



Annual Comprehensive Financial Report

For the Year Ended June 30, 2022

MULTNOMAH EDUCATION SERVICE DISTRICT

Multnomah County, Oregon

Multnomah Education Service District

Multnomah County, Oregon

Annual Comprehensive Financial Report

For the Year Ended June 30, 2022

Prepared by the Business Services Department

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

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

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INTRODUCTORY SECTION

November 10, 2022

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 Annual Comprehensive Financial Report of Multnomah Education Service District (the District or Multnomah ESD or MESD) for the fiscal year ended June 30, 2022 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, 2022. 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 2021-22, 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



October 1 Enrollment	Schools 2021-22	Enrollment 2021-22	Enrollment 2020-21	Change in Enrollment	Percent
Centennial SD 28J	11	5,520	5,710	(190)	-3.4%
Corbett SD 39	2	1,037	1,083	(46)	-4.4
David Douglas SD 40	18	8,720	9,209	(489)	-5.6
Gresham-Barlow SD 10J	22	11,471	11,694	(223)	-1.9
Parkrose SD 3	7	2,772	2,977	(205)	-7.4
Portland SD 1J	104	45,123	46,924	(1,801)	-4.0
Reynolds SD 7	20	9,940	10,443	(503)	-5.1
Riverdale SD 51J	3	563	601	(38)	-6.7
Total MESD districts	187	85,146	88,641	(3,495)	-4.1
Statewide enrollment		553,012	560,917	(7,905)	-1.4
MESD percent of statewide		15.4%	15.8%	-0.4%	

Source: ODE Fall Membership Report (www.oregon.gov/ode/reports-and-data/students)

Within these districts are 187 schools with over 85,000 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 823,000 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. 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. 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 Northwest Regional 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, Regional Equity Initiatives & Partnerships, 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 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 821,000 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 2021 and June 2022, area employment increased by 60,200 jobs, or 5.1 percent.

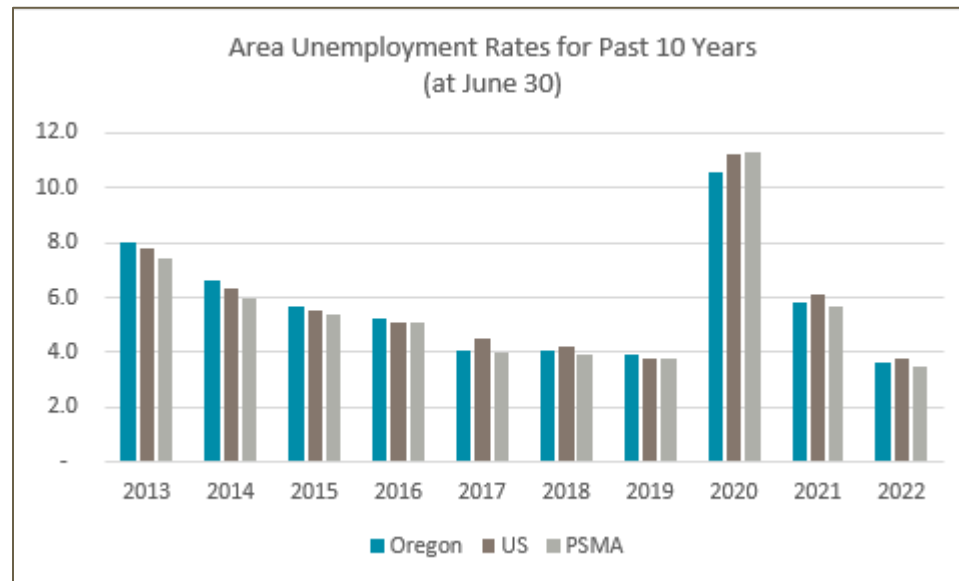
Portland-Vancouver-Hillsboro, OR-WA MSA 2022 ¹ Nonfarm Employment (not seasonally adjusted) Official Oregon Series				
Nonfarm Employment	June 2022	June 2021	Change	Percent
Private				
Mining and logging	1,200	1,300	(100)	-7.7%
Construction	84,900	80,300	4,600	5.7
Manufacturing	131,300	121,800	9,500	7.8
Trade, transportation, and utilities	220,200	221,600	(1,400)	-0.6
Information	27,600	25,900	1,700	6.6
Financial activities	74,900	72,900	2,000	2.7
Professional and business services	200,100	187,500	12,600	6.7
Education and health services	185,500	177,900	7,600	4.3
Leisure and hospitality	118,400	98,400	20,000	20.3
Other services	41,900	40,600	1,300	3.2
Government	150,100	147,700	2,400	1.6
Total nonfarm employment	<u>1,236,100</u>	<u>1,175,900</u>	<u>60,200</u>	<u>5.1%</u>

Source: Oregon Employment Department QualityInfo.org downloaded September 26, 2022.

Since 2013, the area's unemployment rate gradual decreased every year; however, during COVID-19 the unemployment rate for the area as well as the state and nation was significantly impacted. As of June 30, 2022 the Portland-Vancouver-Hillsboro MSA unemployment rate was 3.5%, down from 10.6% two years. The

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.

unemployment rate for the area is about even with the State of Oregon (3.6%) and lower than the national average (3.8%). The following chart shows the 10-year rate history.



Year	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Oregon	8.0	6.6	5.7	5.2	4.2	4.1	3.9	10.6	5.8	3.6
US	7.8	6.3	5.5	5.1	4.5	4.2	3.8	11.2	6.1	3.8
PSMA	7.4	6.0	5.4	5.1	4.0	3.9	3.8	11.3	5.7	3.5

Source: Oregon Employment Department QualityInfo.org downloaded September 26, 2022.

State Funding and Long-Term Financial Planning

The Oregon Legislature approves the distribution of designated local and state revenues to K-12 school districts and ESDs as general operating revenue using an equalization formula. Designated local revenues consist mostly of property taxes and make up about 32% of the formula revenue. The remaining 68% is provided through the State School Fund (SSF) and is mostly derived of state income taxes and lottery revenues. These revenues are subject to fluctuation based on the overall economic status of the state. Districts receive their formula revenue allocation from the state as a SSF Grant, less their local property taxes. Starting from the 2011-12 school year, the ESDs' share of the combined formula revenue is 4.5%.

The *school equalization formula* determines each K-12 school district's general operating revenue distribution. The allocation is based primarily on number of students with adjustments (known as weights) for students in special categories, teacher experience, transportation costs, high cost disability students, classroom construction, and healthy school facilities.

The *ESD equalization formula* determines each ESD's operating revenue distribution. Funding is allocated proportionally based on the school equalization formula revenue of the ESDs' component districts, though there are some adjustments which create a floor for the smallest ESDs. Ninety-percent of this revenue must be used to provide local service plan services approved by its component districts.

The Oregon Legislative Revenue Office provides an annual research report of Oregon Public Finance Basic Facts that includes information about School Finance (Section G). The annual Basic Facts reports are available at <https://www.oregonlegislature.gov/lro/Pages/publications.aspx>.

MAJOR INITIATIVES

Regional K-12 Fiber Optic Network

After more than two years of planning and construction, we have reached substantial completion of a modern, K12 fiber internet network connecting schools across the Portland metro area. A unique partnership between multiple school districts was assembled alongside the network team at Multnomah ESD and Cascade Technology Alliance. This modern mesh network will bring school internet speeds up to 100 gigabits, serving our community for years to come.

Strategic Plan

MESD is in the process of updating our Strategic Plan. Last school year, we conducted our Employee Satisfaction and Component District Satisfaction surveys as well as held conversations during program and site visits. This fall, we began the school year by holding a series of focus groups conducted by our Equity Audit Task Force. The focus groups were comprised of staff from across the organization, including educational assistants, health professionals, educators, administrators, coordinators, custodial staff, and school health assistants. The information that we collected through our focus groups, site visits, and surveys over the past year will be used as a guide as we update our strategic plan. We will be diving deep into the data with approximately 80 staff from across the organization to review our strengths, challenges, and implications from the equity audit. Staff participants will engage in collaborative conversations and provide feedback on our goals, action steps, and metrics. Following this engagement, teams will analyze the information and pull out the key themes to allow us to refine the mission, vision, and goals for MESD and ensure that everything we do is driven by equity and focused on professional development.

Lastly, the draft plan will be shared with our component districts, community partners, and culturally specific organizations through a sequence of input sessions. These sessions will allow for further revision before finalizing the plan. We expect to present the plan to the Board in December, with voting taking place in January 2023.

AWARDS

The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to Multnomah Education Service District for its Annual Comprehensive Financial Report for the year ended June 30, 2021. This was the seventh 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 Annual Comprehensive 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 Annual Comprehensive 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 Annual Comprehensive Financial Report for the year ended June 30, 2021. This was the seventh 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 Annual Comprehensive 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 Annual Comprehensive 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, 2022**

<u>Position</u>	<u>Board Member</u>	<u>Represented Zone</u>	<u>Term Ends</u>
One	Dr. Samuel Henry	East Multnomah County	6/30/2025
Two	Helen Ying	At Large	6/30/2025
Three	Mary Botkin	Central Portland	6/30/2025
Four	Jessica Arzate, Chair	Mid-Multnomah County	6/30/2025
Five	Denyse Peterson, Vice-Chair	N/NE Portland	6/30/2023
Six	Kristine Cornuelle	At Large	6/30/2023
Seven	Katrina Doughty	SE/SW Portland	6/30/2023

ADMINISTRATION**June 30, 2022**

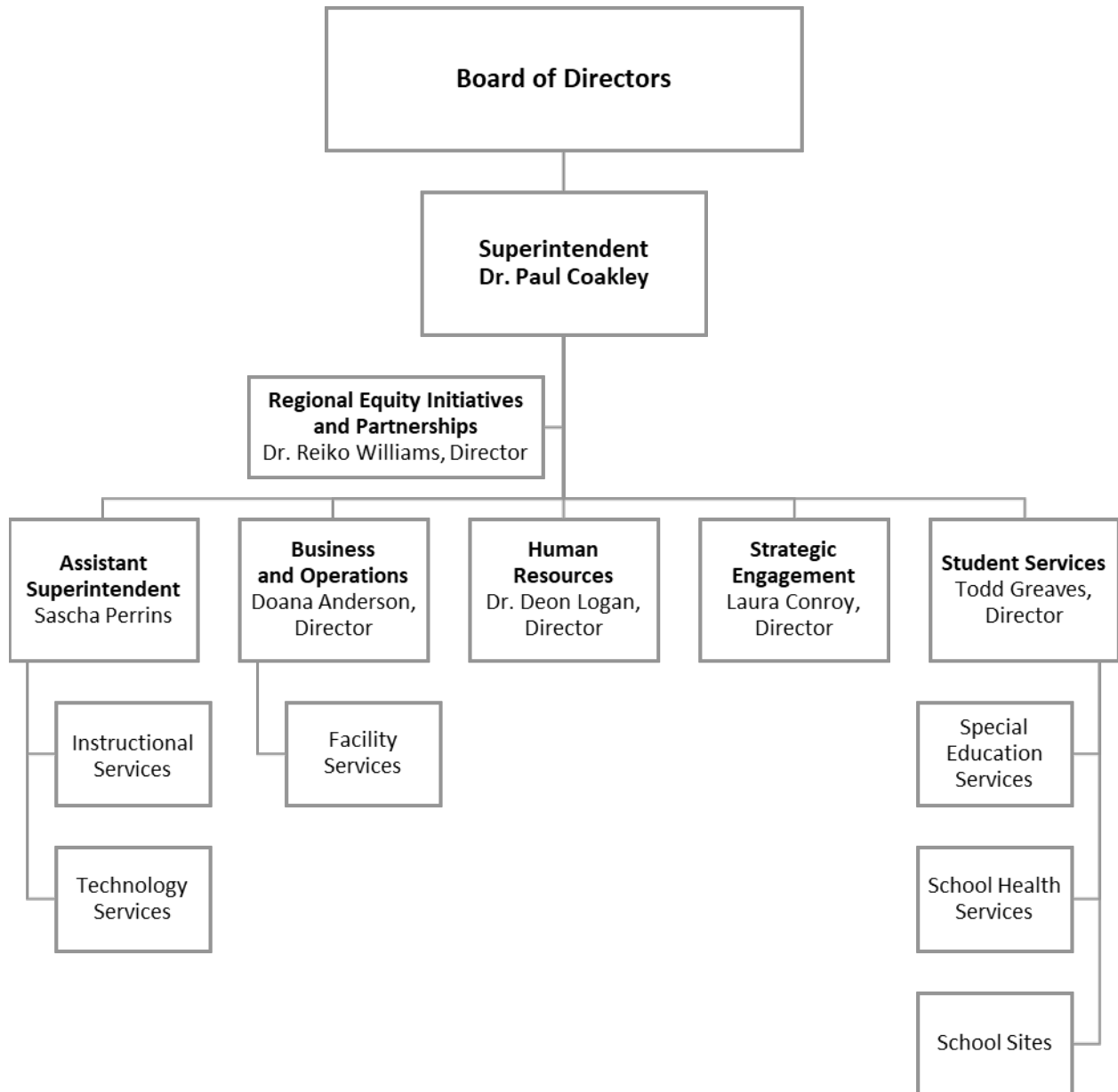
<u>Administrator</u>	<u>Position</u>
Dr. Paul Coakley	Superintendent
Sascha Perrins	Assistant Superintendent
Doana Anderson	Director, Business Services and Operations
Laura Conroy ¹	Director, Strategic Engagement
Todd Greaves	Director, Student Services
Dr. Reiko Williams	Director, Equity and Inclusion
Dr. Deon Logan	Director, Human Resource Services

¹ Mr. David Solano was selected as Senior Program Administrator for Strategic Communication & Public Affairs, effective July 1, 2022. This position replaces the Director, Strategic Engagement.

Multnomah Education Service District

ORGANIZATIONAL CHART

JUNE 30, 2022





Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**Multnomah Education Service District
Oregon**

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

June 30, 2021

Christopher P. Morill

Executive Director/CEO



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

Multnomah Education Service District

**for its Annual Comprehensive Financial Report
for the Fiscal Year Ended June 30, 2021.**

The district report meets the criteria established for
ASBO International's Certificate of Excellence in Financial Reporting.



A handwritten signature in black ink, appearing to read 'Will Sutter', written over a thin horizontal line.

**William A. Sutter
President**

A handwritten signature in black ink, appearing to read 'David J. Lewis', written over a thin horizontal line.

**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 Audit of the Financial Statements

Opinions

We have audited the 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, 2022, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the Table of Contents.

In our opinion, the accompanying 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, 2022, 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.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for 12 months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

INDEPENDENT AUDITOR'S REPORT (Continued)

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that 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 GAAS, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

INDEPENDENT AUDITOR'S REPORT (Continued)

Accounting principles generally accepted in the United States of America require that 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, 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. The information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with GAAS. 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.

Supplementary Information

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 listed in the Table of Contents as 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. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the Supplementary Information and the SEFA are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual comprehensive financial report. The other information comprises the Introductory and Statistical Sections, as listed in the Table of Contents but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 14, 2022 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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering District's internal control over financial reporting and compliance.

INDEPENDENT AUDITOR'S REPORT (Continued)

Other Reporting Required by Oregon Minimum Standards

In accordance with *Minimum Standards for Audits of Oregon Municipal Corporations*, we have also issued our report dated November 14, 2022, 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.



For Talbot, Korvola & Warwick, LLP
Portland, Oregon
November 14, 2022

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, 2022.

Financial Highlights

- In the government-wide statements, the liabilities and deferred inflows of the District exceeded its assets and deferred outflows at June 30, 2022 by \$24 million. Of this amount, \$7 million represents the District's net investment in capital assets, \$11 million is restricted, and the remainder is an unrestricted net deficit of \$42 million.
- The District's ending net position increased by \$2 million.
- The District's governmental funds report combined ending fund balance of \$18.6 million, an increase of \$51 thousand. Approximately 4 percent of this total amount, \$0.8 million, is assigned to help support future program services provided to school districts and approximately 19 percent, \$3.6 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 34 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 36 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 40 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 42 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 Oregon Public Employees Retirement System (PERS) net pension liability and PERS contributions; and, the District's other post-employment benefits obligations (OPEB). This information begins on page 73 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 83 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 \$24 million at the close of the most recent fiscal year.

Multnomah Education Service District's Comparative Statement of Net Position

Governmental Activities	June 30, 2022	June 30, 2021	Increase (Decrease)
Assets			
Cash & Cash Equivalents	\$ 11,008,737	\$ 14,081,725	\$ (3,072,988)
Receivables	15,014,462	14,086,014	928,448
Prepaid Items and Deposits	17,741	497,817	(480,076)
Net OPEB asset	494,114	731,870	(237,756)
Capital assets	12,554,830	7,598,055	4,956,775
Total assets	39,089,884	36,995,481	2,094,403
Deferred outflows of resources			
OPEB	484,359	333,096	151,263
Pension	77,961,926	17,886,929	60,074,997
Total deferred outflows	78,446,285	18,220,025	60,226,260
Liabilities			
Current liabilities	11,093,534	11,848,530	(754,996)
Non-current liabilities due in > 1 year:			
Total OPEB liability	1,792,991	1,824,974	(31,983)
Net pension liability	24,848,775	42,335,258	(17,486,483)
Debt service	79,955,358	18,925,000	61,030,358
Total liabilities	117,690,658	74,933,762	42,756,896
Deferred inflows of resources			
OPEB	1,264,624	1,290,802	(26,178)
Pension	22,139,239	4,109,067	18,030,172
Total deferred outflows	23,403,863	5,399,869	18,003,994
Net position			
Net investment in capital assets	7,494,978	7,598,055	(103,077)
Restricted	11,011,289	10,733,958	277,331
Unrestricted	(42,064,619)	(43,450,138)	1,385,519
Total net position	<u>\$ (23,558,352)</u>	<u>\$ (25,118,125)</u>	<u>\$ 1,559,773</u>

A significant portion of the MESD's net position reflects its net investment in capital assets (e.g. buildings, vehicles, equipment, and right-to-use leases.) 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 \$42 million is unrestricted.

The increase in capital assets is a result of the implementation of *GASB 87 Leases* which requires the recording of right-to-use leases as capital assets. The increase in deferred outflows and debt service is primarily from the issuance of limited tax pension obligation bonds used to fund a lump sum payment towards the District's PERS unfunded actuarial liability. Changes in other liabilities and deferred inflows are attributable to the District's proportionate share of the PERS and OPEB liabilities.

Changes in net position. Governmental activities increased the MESD's net position by \$1.6 million for the fiscal year 2021-2022.

Multnomah Education Service District's Comparative Statement of Activities

Governmental Activities	June 30, 2022	June 30, 2021	Increase (Decrease)
Revenues			
Program revenues			
Charges for services	\$ 15,478,951	\$ 13,267,124	\$ 2,211,827
Operating grants and contributions	17,566,742	15,687,153	1,879,589
General Revenues			
Property taxes	38,295,778	36,432,400	1,863,378
State School Fund	8,485,956	10,065,829	(1,579,873)
Other revenues	733,394	467,100	266,294
Total revenues	<u>80,560,821</u>	<u>75,919,606</u>	<u>4,641,215</u>
Expenses			
Instruction	21,208,090	22,967,726	(1,759,636)
Support services	42,975,167	41,479,654	1,495,513
Enterprise and community services	653,162	126,830	526,332
Apportionment of funds	11,529,200	12,868,000	(1,338,800)
Other expenses	<u>2,635,429</u>	<u>1,569,568</u>	<u>1,065,861</u>
Total expenses	<u>79,001,048</u>	<u>79,011,778</u>	<u>(10,730)</u>
Change in net position	1,559,773	(3,092,172)	4,651,945
Net position - beginning	<u>(25,118,125)</u>	<u>(22,025,953)</u>	<u>(3,092,172)</u>
Net position - ending	<u><u>\$ (23,558,352)</u></u>	<u><u>\$ (25,118,125)</u></u>	<u><u>\$ 1,559,773</u></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. Contracts for school health services and ESSER II funds increased our program revenues from the prior year. The State School Fund (SSF) allocation distributed by the legislature as a SSF Grant increased by \$300 thousand. Apportionment of funds is the amount requested by the MESD's component districts during the year as transit, or pass-through, of SSF funds. The decrease is offset by government-wide adjustments for pension expenditures.

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 2021-22 fiscal year, the fund balance increased by \$215 thousand, or 3%. An unexpected worker's compensation insurance dividend and refund, administrative fee revenues, and decreased expenditures for COVID response contributed to the increase in fund balance.

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 2021-22 fiscal year, the fund balance increased by \$686 thousand. These funds are carried over for component districts to use for future services.

Contracted Services Fund. The Contracted Services Fund accounts for revenues from grants, state contracts, and revenues from school districts for additional local service plan services beyond those purchased through the resolution services fund. Approximately 50% of the revenue is restricted by the federal government, the state, or other grantors and contributors. During the 2021-22 fiscal year, the fund balance decreased by \$1 million. Actual enrollment in the 2021-22 school year in special education programs was lower than projected. Annual prices charged to districts through a contract are determined at the beginning of the school year using projections of total program costs and enrollment. If total contract revenue is higher than actual costs, the remaining funds are carried forward to offset future local service plan deficits or to provide one-time funding for program equipment and pilot programs.

Operating Fund Budgetary Highlights

Original budget compared to final budget. During the year, there was a need to significantly amend the budget to increase appropriations for a PERS UAL lump sum payment funded by the issuance of limited tax pension obligation bonds in the amount of \$60 million and to increase appropriations for the implementation of GASB 87 Leases. This included the recording of a new lease in the amount of \$3.7 million as an expense funded by an other financing source and to reclassify \$900 thousand of lease payments from support services to debt service.

Final budget compared to actuals. The most significant changes from budget to actuals are as follows:

Operating Fund	Final Budget	Actuals	Difference
Revenues			
Other revenues	\$ 161,940	\$ 384,783	\$ 222,843
Overhead revenues	1,110,000	987,142	(122,858)
Expenditures			
Support services	5,562,385	5,441,936	120,449
Facilities acquisition/construction	3,917,296	3,761,195	156,101
Debt service	1,154,475	937,000	217,475
Other Sources			
Inception of lease	3,917,296	3,761,195	(156,101)

Other revenues include charges to Local Education Agencies (LEA's) that primarily consist of administrative fees on service contracts with non-component school districts. This revenue can fluctuate depending on requests by districts for MESD services. Overhead revenues are indirect charges to grants that are a percentage of reimbursable grant expenditures. Revenues depend on the timing of expenditures in biennial grants.

Support services payroll expenditures were less than budgeted because of position vacancies and less than anticipated use of temporary labor. Lease related expenditures in facilities acquisition/construction and debt service, and other sources for new leases are the difference between the budgeted full amount of the lease payments and the actual calculated value of the lease per *GASB 87 Leases*.

Capital Asset and Debt Administration

Capital Assets. The District's investment in capital assets includes buildings and improvements, site improvements, vehicles and equipment, and right-to-use leases. As of June 30, 2022 the District had invested \$12 million in capital assets, net of depreciation and amortization. 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 two bond issues, the OSBA Limited Tax Pension Obligations, Series 2004 bonds with a remaining balance of \$18,925,000 at June 30, 2022, and the newly issued OSBA Limited Tax Pension Obligations, Series 2022A issued for \$60,233,416 on June 22, 2022. These bonds were sold to fund the District's PERS unfunded actuarial liability. The source of funding to repay this debt is derived from State School Fund intercept and charged to funds as a percentage of PERS eligible payroll. This side account 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 74% of its total external revenues.

External Revenue Source	Revenue Amount June 30, 2022	% of Total Revenue	Revenue Composition
ODE SSF allocation	\$ 46,823,386	58%	Property taxes and state school fund general grant
Local	15,372,512	19	Contracts with other districts and local agencies
State	12,605,161	16	State grants and contracts with ODE & other state agencies
Federal	4,113,276	5	Federal Grants and Medicare revenue
Other	1,671,177	2	Interest on investments, sales, other
Total external revenues	<u>\$80,585,512</u>		Excludes services to other funds & internal overhead charges

The District's PERS rates are calculated for a biennium. As shown in the table below, PERS rates for the 2022-23 fiscal year reflect the 13.09% rate credit provided by the MESD's lump sum payment to a PERS UAL side account in June 2022. The rate credit, net of debt service expense for the limited tax pension obligation bonds, is estimated to save the District up to 2.7% in PERS costs in fiscal year 2022-23. Overall, the District's PERS UAL side accounts result in a PERS rate that is up to 4.5% less than the school district pool base rate.

PERS Employer Required Contribution and PERS Debt Service Rate	MESD Rates Effective July 1, 2022	MESD Rates Effective June 30, 2022	Increase (Decrease)	School Districts Effective July 1, 2021 to June 30, 2023 ¹
<u>PERS Tier I/II</u>				
Pension rate	0.29%	13.38%	(13.09)%	
OPEB RHIA rate	0.05	0.05	0.00	
PERS Bond rate ²	21.67	11.30	10.37	
Total PERS Tier I/II	<u>22.01%</u>	<u>24.73%</u>	<u>(2.72)%</u>	26.83%
<u>OPSRP General</u>				
Pension rate	0.00%	10.32%	(10.32)%	
OPEB RHIA rate	0.00	0.00	0.00	
PERS Bond rate ²	21.67	11.30	10.37	
Total OPSRP General	<u>21.67%</u>	<u>21.62%</u>	<u>0.05%</u>	23.72%
<u>OPSRP Police & Fire</u>				
Pension rate	1.59%	14.68%	(13.09)%	
OPEB RHIA rate	0.00	0.00	0.00	
PERS Bond rate ²	21.67	11.30	10.37	
Total OPSRP Police & Fire	<u>23.26%</u>	<u>25.98%</u>	<u>(2.72)%</u>	28.08%

The following table shows the District's current and future PERS pension rates through June 30, 2025.

Net MESD Contribution Pension Rate	PERS (Tier I/II)	OPSRP General	OPSRP Police & Fire
7-1-23 to 6-30-25	3.09%	0.25%	5.04%
7-1-22 to 6-30-23	0.29%	0.00%	1.59%
7-1-21 to 6-30-22	13.38%	10.32%	14.68%

¹ The PERS base rate for school districts without PERS UAL side accounts.

² The District uses a payroll expense on wages to accumulate funds for pension bond debt service payments.

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, 2022

	Governmental Activities
Assets	
Cash and cash equivalents	\$ 11,008,737
Property taxes receivable	1,022,802
Accounts receivable	13,991,660
Prepaid items and deposits	17,741
Net OPEB asset	494,114
Capital assets, not depreciated (land & CIP)	2,304,645
Capital assets, net of depreciation	10,250,185
Total assets	39,089,884
Deferred outflows of resources	
OPEB related	484,359
Pension related	77,961,926
Total deferred outflows of resources	78,446,285
Liabilities	
Accounts payable	1,863,816
Accrued payroll & withholdings	4,749,120
Accrued compensated absences	217,688
Non-current liabilities:	
Due within one year: bonds and leases	4,262,910
Due in more than one year:	
Bonds and leases	79,955,358
Total OPEB liability	1,792,991
Net pension liability	24,848,775
Total liabilities	117,690,658
Deferred inflows of resources	
OPEB related	1,264,624
Pension related	22,139,239
Total deferred inflows of resources	23,403,863
Net position	
Net investment in capital assets	7,494,978
Restricted For	
Net OPEB asset	494,114
Local service plan services	10,092,546
Grants and contributions	424,629
Unrestricted	(42,064,619)
Total net position	\$ (23,558,352)

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, 2022

Functions / Programs	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	
Instruction				
Regular instruction	\$ 1,618,988	\$ 464,114	\$ 1,142,274	\$ (12,600)
Special programs	19,463,574	5,687,465	6,501,403	(7,274,706)
Summer programs	125,528	86,704	48,722	9,898
Support services				
Student services	21,836,991	7,075,299	2,148,664	(12,613,028)
Instructional staff support	1,487,427	8,699	957,748	(520,980)
General administration	1,440,266	65,076	-	(1,375,190)
School administration	3,653,062	764,813	2,053,179	(835,070)
Business services support	4,150,128	947,862	111,531	(3,090,735)
Central support	10,629,307	378,919	3,949,024	(6,301,364)
Enterprise and community services				
Food service	628,458	-	646,197	17,739
Community services	24,704	-	8,000	(16,704)
Apportionment of funds	11,529,200	-	-	(11,529,200)
Unallocated depreciation and amortization ¹	1,191,702	-	-	(1,191,702)
Interest on long-term debt	1,221,713	-	-	(1,221,713)
Total governmental activities	\$ 79,001,048	\$ 15,478,951	\$ 17,566,742	45,955,355
		General Revenues		
		Property taxes – general		38,295,778
		State School Fund – general		8,485,956
		Earnings on investments		156,955
		Miscellaneous revenues		576,439
		Total general revenues		47,515,128
		Change in net position		1,559,773
		Net position – beginning		(25,118,125)
		Net position – ending		\$ (23,558,352)

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

¹ Unallocated depreciation and amortization excludes direct depreciation expenses of the various programs

Multnomah Education Service District
Balance Sheet
Governmental Funds
June 30, 2022

	General Fund	Resolution Services Fund	Contracted Services Fund	Non-major Fund: Debt Service Fund	Total Governmental Funds
Assets					
Cash and cash equivalents	\$ 3,027,124	\$ 7,769,735	\$ -	\$ 211,878	\$ 11,008,737
Property taxes receivable	-	1,022,802	-	-	1,022,802
Accounts receivable	298,267	2,379,651	11,313,742	-	13,991,660
Due from other funds	9,636,597	-	-	-	9,636,597
Prepaid items and deposits	17,241	-	500	-	17,241
Total assets	\$ 12,979,229	\$ 11,172,188	\$ 11,314,242	\$ 211,878	\$ 35,677,537
Liabilities					
Accounts payable	\$ 428,082	\$ 999,346	\$ 436,388	\$ -	\$ 1,863,816
Due to other funds	-	-	9,636,597	-	9,636,597
Accrued payroll & withholdings	4,749,120	-	-	-	4,749,120
Total liabilities	5,177,202	999,346	10,072,985	-	16,249,533
Deferred inflows of resources					
Unavailable tax revenue	-	802,961	-	-	802,961
Total deferred inflows of resources	-	802,961	-	-	802,961
Fund balances					
Nonspendable					
Prepaid items and deposits	17,241	-	500	-	17,741
Restricted					
Local service plan services	-	9,369,881	-	-	9,369,881
Grants and donations	-	-	424,629	-	424,629
Debt service	-	-	-	211,878	211,878
Committed					
Risk aversion	1,777,720	-	-	-	1,777,720
Facilities and equipment	1,971,159	-	-	-	1,971,159
Assigned					
Student program services	-	-	816,128	-	816,128
Next year budget use	415,000	-	-	-	415,000
Unassigned	3,620,907	-	-	-	3,620,907
Total fund balances	7,802,027	9,369,881	1,241,257	211,878	18,625,043
Total liabilities, deferred inflows of resources, and fund balances	\$ 12,979,229	\$ 11,172,188	\$ 11,314,242	\$ 211,878	\$ 35,677,537

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, 2022

	Governmental Funds
Total fund balances - governmental funds	<u>\$ 18,625,043</u>
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	494,114
Net capital assets	12,554,830
Deferred outflows – OPEB related	484,359
Deferred outflows – pension related	77,961,926
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.	
	802,961
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	(79,158,416)
Right to use leases payable	(5,059,852)
Total OPEB liability	(1,792,991)
Net pension liability	(24,848,775)
Deferred inflows – OPEB related	(1,264,624)
Deferred inflows – pension related	(22,139,239)
Accrued compensated absences	(217,688)
Net position (deficit)	<u>\$ (23,558,352)</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, 2022

	General Fund	Resolution Services Fund	Contracted Services Fund	Non-major Fund: Debt Service Fund	Total Governmental Funds
Revenues					
Property taxes	\$ -	\$ 38,337,430	\$ -	\$ -	\$ 38,337,430
State School Fund	-	8,485,956	-	-	8,485,956
Local sources	77,912	32,612	15,261,988	-	15,372,512
State sources	-	1,930,554	10,674,607	-	12,605,161
Federal sources	-	82,479	4,030,797	-	4,113,276
Investment earnings	146,498	-	-	10,457	156,955
Sales of goods & services	-	-	24,467	-	24,467
Other revenues	569,538	16,506	903,711	-	1,489,755
Service to other funds	1,093,786	-	-	3,743,253	4,837,039
Overhead revenues	987,142	-	-	-	987,142
Total revenues	<u>2,874,876</u>	<u>48,885,537</u>	<u>30,895,570</u>	<u>3,753,710</u>	<u>86,409,693</u>
Expenditures					
Current					
Instruction	-	8,830,781	14,306,688	-	23,137,469
Support services	6,604,571	22,534,659	17,054,625	-	46,193,855
Enterprise & community svcs.	-	305,048	350,428	-	655,476
Apportionment of funds	-	11,529,200	-	-	11,529,200
PERS UAL lump sum payment	60,011,402	-	-	-	60,011,402
Debt service					
Principal: bonds and leases	669,430	-	-	2,375,000	3,044,430
Interest: bonds and leases	45,556	-	-	1,176,158	1,221,714
Bond issuance costs	222,014	-	-	-	222,014
Capital outlay					
Instruction	-	15,893	122,729	-	138,622
Support services	167,850	156,694	112,948	-	437,492
Facilities acquisition/construc.	3,761,195	-	-	-	3,761,195
Total expenditures	<u>71,482,018</u>	<u>43,372,275</u>	<u>31,947,418</u>	<u>3,551,158</u>	<u>150,352,869</u>
Excess of revenues over (under) expenditures	<u>(68,607,142)</u>	<u>5,513,262</u>	<u>(1,051,848)</u>	<u>202,552</u>	<u>(63,943,176)</u>
Other financing sources (Uses)					
Bond proceeds	60,233,416	-	-	-	60,233,416
Inception of lease	3,761,195	-	-	-	3,761,195
Transfers in	4,827,338	-	-	-	4,827,338
Transfers out	-	(4,827,338)	-	-	(4,827,338)
Total other financing sources (uses)	<u>68,821,949</u>	<u>(4,827,338)</u>	<u>-</u>	<u>-</u>	<u>63,994,611</u>
Net change in fund balance	<u>214,807</u>	<u>685,924</u>	<u>(1,051,848)</u>	<u>202,552</u>	<u>51,435</u>
Beginning fund balances	<u>7,587,220</u>	<u>8,683,957</u>	<u>2,293,105</u>	<u>9,326</u>	<u>18,573,608</u>
Ending fund balances	<u>\$ 7,802,027</u>	<u>\$ 9,369,881</u>	<u>\$ 1,241,257</u>	<u>\$ 211,878</u>	<u>\$ 18,625,043</u>

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, 2022

	Governmental Funds
Total net changes in fund balances - governmental funds	\$ 51,435
Amounts reported for governmental activities in the Statement of Activities are different because:	
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of these assets is allocated over their estimated useful lives and reported as depreciation and amortization expense	
Purchases of capital assets	576,115
Implementation of GASB 87 Leases	5,729,283
Depreciation and amortization expense	(1,346,151)
Loss on disposal of capital assets	(2,472)
Bond and other debt proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the Statement of Net Position. Repayment of bond and other debt principal is an expenditure in the governmental funds, but repayment reduces long-term liabilities in the Statement of Net Position.	
Issuance of limited tax pension obligation bond	(60,233,416)
Payment of PERS UAL	60,011,402
Issuance of right-to-use building lease	(3,761,195)
Principal paid on pension bond	2,375,000
Principal paid on right-to-use leases	669,431
Revenues that do not meet the measurable and available criteria are not recognized in the current year in the governmental funds. In the Statement of Activities revenues are recognized when earned.	
Property taxes	(41,652)
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.	
Implementation of GASB 87, leases entered into prior to July 1, 2021	(1,968,088)
Changes in OPEB liabilities and related deferred outflows and inflows of resources	(28,332)
Changes in pension liabilities and related deferred outflows and inflows of resources	(480,094)
Compensated absences	8,507
Change in net position	<u>\$ 1,559,773</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, 2022

	Agency Pass- Through Fund
Assets	
Cash and cash equivalents	\$ 29,885
Accounts receivable	292,294
Total assets	<u>322,179</u>
Liabilities	
Accounts payable	292,996
Total liabilities	<u>292,996</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, 2022

	Agency Pass- Through Fund
Additions	
E-rate reimbursements	\$ 1,185,682
Measure 99 Outdoor School reimbursement	292,294
Emergency Connectivity Fund – Corbett SD	60,000
Total additions	<u>1,537,976</u>
Deductions	
Distribution to other governments	1,537,976
Total deductions	<u>1,537,976</u>
Net decrease in fiduciary position	-
Net position – beginning	29,183
Net position – ending	<u>\$ 29,183</u>

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 local service plan 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. This fund is primarily used for E-Rate revenue and Oregon Measure 99 (Outdoor School Education Fund) revenue which is recorded as a liability and passed on to school 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, 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. In fiscal year 2021-22, the Board approved four amendments to the budget.

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, 2022, 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, 2022.

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
Leases	Lease term 2 to 30 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*, represent a consumption of net assets that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense/expenditure) until then. 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*, represent an acquisition of net assets that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time. The District has three types of items which qualify for reporting in deferred inflows 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 inflows 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.

12. Leases

The District is a lessee for three buildings used to house instructional and special educational programs. While the leases are cancellable, the District anticipates renewing the leases at end of the current terms. The District recognizes a lease liability and an intangible right-to-use lease asset (lease asset) in the government-wide financial statements. The District recognizes lease liabilities with an initial, individual values of \$100,000 or more.

At the commencement of a lease, the District initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized on a straight-line basis over its useful life.

Key estimates and judgments related to leases include how the District determines (1) the discount rate it uses to discount the expected lease payments to present value, (2) lease term, and (3) lease payments.

- The District uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the District generally uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the noncancellable period of the lease. Lease payments included in the measurement of the lease liability are composed of fixed payments and purchase option price that the District is reasonably certain to exercise.

The District monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease asset and liability if certain changes occur that are expected to significantly affect the amount of the lease liability.

Lease assets are reported with other capital assets and lease liabilities are reported with long-term debt on the statement of net position.

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 2021-2022.

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, 2022 was \$5,032,046 (carrying amount \$2,622,913). 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, 2022
Cash and cash equivalents (recorded at fair value)	
Cash on hand	\$ 3,317
Demand deposits	2,622,913
Local Government Investment Pool	8,412,392
Total all funds	11,038,622
less funds held in custodial capacity	(29,885)
Total governmental funds	<u>\$ 11,008,737</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	\$ 48,627	\$ 983	\$ 219,624	\$ 269,234
Contracts	249,640	2,378,668	8,671,282	11,299,590
Grants	-	-	2,422,836	2,422,836
Total Receivables	<u>\$ 298,267</u>	<u>\$ 2,379,651</u>	<u>\$ 11,313,742</u>	<u>\$ 13,991,660</u>

D. Capital assets

Changes in Capital Assets	Balance as of June 30, 2021	Additions	Dispositions	Balance as of June 30, 2022
Non-depreciable capital assets				
Land	\$ 1,935,748	\$ -	\$ -	\$ 1,935,748
Construction in progress	136,889	232,008	-	368,897
Total non-depreciable capital assets	<u>2,072,637</u>	<u>232,008</u>	<u>-</u>	<u>2,304,645</u>
Depreciable capital assets				
Buildings & improvements	10,777,767	-	(26,380)	10,751,387
Site improvements	1,395,998	63,141	-	1,459,139
Equipment and furniture	1,564,356	179,548	(154,714)	1,589,190
Vehicles	454,517	101,418	(17,001)	538,934
Right-to-use building leases	-	5,729,283	-	5,729,283
Total depreciable assets	<u>14,192,638</u>	<u>6,073,390</u>	<u>(198,095)</u>	<u>20,067,933</u>
Less: accumulated depreciation & amortization				
Buildings & improvements	6,128,995	279,700	(23,909)	6,384,786
Site improvements	729,448	66,272	-	795,720
Equipment and furniture	1,389,924	66,212	(154,714)	1,301,422
Vehicles	418,853	22,063	(17,000)	423,916
Right-to-use building leases amortization	-	911,904	-	911,904
Total accumulated depreciation & amort.	<u>8,667,220</u>	<u>1,346,151</u>	<u>(195,623)</u>	<u>9,817,748</u>
Total depreciable capital assets, net	<u>5,525,418</u>	<u>4,727,239</u>	<u>(2,472)</u>	<u>10,250,185</u>
Total capital assets, net	<u>\$ 7,598,055</u>	<u>\$ 4,959,247</u>	<u>\$ (2,472)</u>	<u>\$ 12,554,830</u>

Depreciation & amortization expense allocated	Expense June 30, 2022
Regular programs	\$ 194
Special programs	11,834
Student services	36,777
General administration	1,540
Business services	57,233
Central activities	46,871
Unallocated depreciation & amortization	1,191,702
Total depreciation	<u>\$ 1,346,151</u>

E. Pension obligations

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

Copies of the PERS' Annual Comprehensive 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, Series 2004, to establish a side account and contribution rates have been reduced. In 2022, the District made another lump sum payment of \$60 million funded by the Limited Tax Obligation Bond, Series 2022A. The District's contribution rates beginning July 1, 2022 will reflect the reduction from the additional side account. More information about the District's Limited Tax Pension Obligations is on page 69 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
7-1-21 to 6-30-22	13.38%	10.32%	14.68%
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%

The District's contributions to the plan for the years ending June 30, 2022, 2021, and 2020 were approximately \$3.3 million, \$2.6 million, and \$2.7 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 \$1.9 million, \$1.8 million, and \$1.7 million for the years ended June 30, 2022, 2021 and 2020, respectively.

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

At June 30, 2022, the District reported a liability of \$24,848,775 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2019 rolled forward to June 30, 2021. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected long-term contributions of all participating employers, actuarially determined. At June 30, 2022, the

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

District's proportion was 0.20765317% which was an increase of 0.01366332% from its proportion as of June 30, 2021.

For the year ended June 30, 2022, the District recognized net pension expense of \$4,167,828. At June 30, 2022, 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	\$ 2,326,008	\$ -
Changes of assumptions	6,220,397	65,396
Net difference between projected and actual earnings on investments	-	18,395,355
Changes in proportionate share	5,783,568	558,605
Differences between employer contributions and proportionate share of system contributions	-	3,119,883
Total (prior to post-MD contributions)	14,329,973	22,139,239
Contributions subsequent to the MD	3,620,551	
Contribution to PERS side account	60,011,402	
Total Deferred Outflow/(Inflow) of Resources	<u>\$ 77,961,926</u>	<u>\$ 22,139,239</u>
Net Deferred Outflow/(Inflow) of Resources		<u>\$ 55,822,687</u>

\$63,361,953 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, 2023. 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	\$ 782,572	\$ 2,044,544	\$ (4,432,606)	\$ 1,740,184	\$ (1,158,268)	\$ (1,023,574)
2023	717,476	1,328,850	(3,855,006)	1,247,423	(905,874)	(1,467,131)
2024	454,636	1,149,922	(4,216,596)	1,341,793	(634,613)	(1,904,858)
2025	278,886	1,163,792	(5,891,147)	721,821	(331,173)	(4,057,821)
2026	92,438	467,893	-	173,742	(89,955)	644,118
Total	<u>\$ 2,326,008</u>	<u>\$ 6,155,001</u>	<u>\$ (18,395,355)</u>	<u>\$ 5,224,963</u>	<u>\$ (3,119,883)</u>	<u>\$ (7,809,266)</u>

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, 2019 rolled forward to June 30, 2021
Experience Study Report	2018, published July 24, 2019
Actuarial assumptions:	
Actuarial cost method	Entry Age Normal
Inflation rate (CPI)	2.4% (previously 2.5%)
Long-term expected rate of return	6.9% (previously 7.2%)
Discount rate	6.9% (previously 7.2%)
Projected salary increases	3.4% (previously 3.5%)
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> <p><i>Disabled retirees:</i> 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.</p>

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 October, 2021 meeting, the PERS Board adopted a new assumed rate of 6.90% beginning with the 2020 valuation. 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 6.90%. 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 June 2021 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
Global Equity	30.62%	7.11%	5.85%	17.05%
Private Equity	25.50	11.35	7.71	30.00
Core Fixed Income	23.75	2.80	2.73	3.85
Real Estate	12.25	6.29	5.66	12.00
Master Limited Partnership	0.75	7.65	5.71	21.30
Infrastructure	1.50	7.24	6.26	15.00
Commodities	0.63	4.68	3.10	18.85
Hedge Fund of Funds – Multistrategy	1.25	5.42	5.11	8.45
Hedge Fund Equity – Hedge	0.63	5.85	5.31	11.05
Hedge Fund – Macro	5.62	5.33	5.06	7.90
US Cash	-2.50 ³	1.77	1.76	1.20

¹ Based on the OIC Statement of Investment Objectives and Policy Framework for the Oregon Public Employees Retirement Fund, revised as of June 2, 2021.

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.

³ Negative allocation to cash represents levered exposure from allocation to Risk Parity strategy.

Asset Class	Target Allocation	Annual Arithmetic Return ²	20-Year Annualized Geometric Mean	Annual Standard Deviation
Assumed Inflation - Mean			2.40%	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 6.90%, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.90%) or 1-percentage-point higher (7.90%) than the current rate:

	1% Decrease (5.90%)	Discount Rate (6.90%)	1% Increase (7.90%)
District's proportionate share of the net pension liability	\$ 48,797,049	\$ 24,848,775	\$ 4,812,761

9. *Pension plan fiduciary net position.*

Detailed information about the Plan's fiduciary net position is available in the separately issued PERS financial report¹.

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.

¹ PERS financial report is located at <http://www.oregon.gov/pers/Pages/Financials/Actuarial-Financial-Information.aspx>

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)
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 \$1,792,991 was measured as of June 30, 2022, 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, 2022
Actuarial cost method	Entry Age Normal, level percent of salary
Actuarial Assumptions:	
Discount rate	3.5% per year, based on all years discounted at municipal bond rate. (Previously 2.25%)
General inflation	2.0% per year
Payroll growth	3.0% per year
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	<p><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.</p> <p><i>Beneficiaries:</i> Pub-2010 General Employees table, Healthy Annuitant, sex distinct, generational, set back 12 months for males, no set back for females.</p> <p><i>Improvement Scale:</i> Unisex Social Security Data Scale (60 year average), with data through 2015.</p>
Demographic assumptions	Match (as closely as possible) those developed in the most recent experience study for PERS.

Changes in the Total OPEB Liability (TOL)

	2022
Changes for the year	
Service costs	\$ 208,767
Interest	44,957
Changes in assumptions or other input	(214,407)
Benefit payments	(71,300)
Net changes in the Total OPEB Liability	(31,983)
Total OPEB Liability - beginning	1,824,974
Total OPEB Liability - end of year	\$ 1,792,991
Estimated covered payroll	\$ 33,123,016
Total OPEB liability as a percentage of covered payroll	5.41%

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 (2.50%) or one percentage point higher (4.50%) than the current rate:

	1% Decrease 2.50%	Discount Rate 3.50%	1% Increase 4.50%
Total OPEB Liability	\$ 1,962,496	\$ 1,792,991	\$ 1,639,179

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 (5.0% graded down to 3.5%) or one percentage point higher (7.0% graded down to 5.5%) 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	\$ 1,538,979	\$ 1,792,991	\$ 2,105,569

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

For the year ended June 30, 2022, the District recognized OPEB expense of \$103,295. At June 30, 2022, 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	\$ -	\$ 496,517
Changes in Assumptions	206,546	565,637
Total (prior to post-MD contributions)	\$ 206,546	\$ 1,062,154

Sources	Deferred Outflows of Resources	Deferred Inflows of Resources
Net Deferred Outflows (Inflows) of Resources		\$ (855,608)

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:	2023	2024	2025	2026	2027	Thereafter	Total
SERHB Expense	\$ (150,429)	\$ (150,429)	\$ (150,429)	\$ (150,429)	\$ (49,151)	\$ (204,741)	\$ (855,608)

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' Annual Comprehensive 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 42,857, and there were 43,108 active and 12,734 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
7-1-21 to 6-30-23	0.05%	0.00%	0.00%
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%

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

At June 30, 2022, the District reported an asset of \$494,114 for its proportion share of the net OPEB liability (NOL). The NOL was measured as of June 30, 2021, and the total OPEB liability used to calculate the NOL was determined by an actuarial valuation as of December 31, 2019 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, 2022, the District's proportion was 0.14388854%, which is an decrease of 0.21529329% from its proportion as of June 30, 2021.

For the year ended June 30, 2022, the District recognized OPEB expense of \$834. At June 30, 2022, 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	\$ -	\$ 13,747
Changes in assumptions or other input	9,722	7,351
Net differences between projected and actual earnings on investments	-	117,428
Changes in employer proportionate share	264,006	63,944
Total (prior to post-MD contributions)	273,728	202,470
Contributions subsequent to the MD	4,085	-
Total Deferred Outflows (Inflows) of Resources	<u>\$ 277,813</u>	<u>\$ 202,470</u>
Net Deferred Outflows (Inflows) of Resources		<u>\$ 75,343</u>

\$4,085 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, 2023. 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:	2023	2024	2025	2026	Total
RHIA Expense	\$50,139	\$85,023	\$(26,809)	\$(37,094)	\$71,259

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, 2019
Measurement date	June 30, 2021
Experience Study	2018, published July 24, 2019
Actuarial Assumptions:	
Actuarial cost method	Entry Age Normal
Inflation rate	2.4% (previously 2.5%)
Long-term expected rate of return	6.9% (previously 7.2%)
Discount Rate	6.9% (previously 7.2%)
Projected salary increases	3.4% (previously 3.5%)
Retiree healthcare participation	Healthy retirees: 32%; Disabled retirees: 20%

Actuarial Methods and Assumptions	RHIA
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, 2021 was 6.9%. 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 (5.9%) or one percentage point higher (7.9%) than the current discount rate:

	1% Decrease 5.9%	Discount Rate 6.9%	1% Increase 7.9%
District's proportionate share of system NOL/(A)	\$ (436,971)	\$ (494,114)	\$ (542,928)

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	\$ 253,724	\$ -	\$ 253,724
Differences in experience	(91,668)	-	(91,668)
Changes of assumptions	(58,761)	-	(58,761)
Share of system OPEB expense/(income)	-	(80,811)	(80,811)
Changes in proportionate share	-	81,645	81,645
Total OPEB expense/(income) for measurement period	103,295	834	104,129
Contributions during measurement period	(71,300)	(4,262)	(75,562)
Net OPEB expense/(income) for measurement period	31,995	(3,428)	28,567
Deferred outflows/(inflow) of resources			
Differences in experience	91,668	61,071	152,739
Changes of assumptions	(155,646)	41,273	(114,373)
Changes in investment differences	-	(198,818)	(198,818)
Changes in proportionate share	-	337,658	337,658
Change in deferred outflow/(inflow)	(63,978)	241,184	177,206
Total change in OPEB liability/(asset)	(31,983)	237,756	
Beginning OPEB liability/(asset)	1,824,974	(731,870)	
Proportion of net OPEB liability/(asset)		\$ (494,114)	
Total OPEB liability	\$ 1,792,991		
Net deferred outflows/(inflow) of resources			
Change in deferred outflow/(inflow)	(63,978)	241,184	177,206
Beginning deferred outflows/(inflow)	(791,630)	(169,926)	(961,556)
Total (prior to post-MD contributions)	(855,608)	71,258	(784,350)
Contributions subsequent to the MD	-	4,085	4,085
Net deferred outflows/(inflows) of resources	\$ (855,608)	\$ 75,343	\$ (780,265)

\$4,085 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, 2023.

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
2023	\$ (150,429)	\$ 50,139	\$ (100,290)
2024	(150,429)	85,023	(65,406)
2025	(150,429)	(26,809)	(177,238)
2026	(150,429)	(37,095)	(187,524)
2027	(49,151)	-	(49,151)
Thereafter	(204,741)	-	(204,741)
Total	<u>\$ (855,608)</u>	<u>\$ 71,258</u>	<u>\$ (785,350)</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. Right-to-Use Leases Payable

During the current fiscal year, the District implemented *GASB 87 Leases* which requires the recording of right-to-use-leases as intangible assets and long-term debt liabilities. There are three leases that meet this criteria. All leases are cancellable, however the district is reasonably certain that the agreements will not be terminated early.

During the 2013-14 fiscal year, the District entered into a 10-year agreement as lessee for a school building to house Helensview School, an instructional program for at-risk youth. A lease liability was recorded in the amount of \$341,220 during the current fiscal year. As of June 30, 2022, the value of the lease liability was \$175,063. The District is required to make annual payments in quarterly installments. The annual payment increases 5% until the end of the term. The value of the right to use asset as of the end of the current fiscal year was \$170,610 and had accumulated amortization of \$170,610 with an interest rate of 0.326%. The District has leased the building since 1993 under multiple agreements. Negotiations for a new lease will begin Spring of 2023.

During the 2017-18 fiscal year, the District entered into a new 10-year lease agreement as lessee for a school building to house the new Knott Creek School, an expansion of the social-emotional and behavioral health program. A lease liability was recorded in the amount of \$1,626,868 during the current fiscal year. As of June 30, 2022, the value of the lease liability was \$1,386,927. The District is required to make annual payments in quarterly installments. The annual payment increases 4% each year. The value of the right to use asset as of the end of the current fiscal year was \$1,355,723 and had accumulated amortization of \$271,145 with an interest rate of 0.723%.

During the current fiscal year, the District entered into a 7-year lease agreement as lessee for a school building to house Wheatley School, a functional living skills alternative program. An initial lease liability was recorded in the amount of \$3,761,195 during the current fiscal year. As of June 30, 2022, the value of the lease liability was \$3,497,863. The District is required to make annual payments in quarterly installments. The annual payment

increases 30% the second year, 23% the third year, and then 5% annually until the end of the term. The value of the right to use asset as of the end of the current fiscal year was \$3,291,046 and had accumulated amortization of \$470,149 with an interest rate of 0.95%. The District has leased the building since 2001 under multiple agreements.

The future principal and interest lease payments as of June 30, 2022, were as follows:

For the Year Ending June 30,	Principal	Interest	Total
2023	\$ 781,911	\$ 40,169	\$ 822,080
2024	712,303	34,162	746,465
2025	753,297	27,779	781,076
2026	796,286	21,025	817,311
2027	841,363	13,881	855,244
2028-2029	1,174,692	9,921	1,184,613
Totals	<u>\$ 5,059,852</u>	<u>\$ 146,937</u>	<u>\$ 5,206,789</u>

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 and June 2022, the District participated with a group of 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" expenditure 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 \$18,925,000 at June 30, 2022. The interest rate for the remaining balance is 5.53%. For the year ended June 30, 2022, the District's annual debt service for the limited tax pension bonds included \$2,375,000 of principal, and \$1,176,158 of interest. Total debt service payments for the fiscal years 2022, 2021 and 2020 were \$3.6 million, \$3.4 million, and \$3.2 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 District issued Limited Tax Pension Obligations, Series 2022A bonds on June 22, 2022 in the amount of \$60,233,416. The fixed interest rate for the bond is 4.45%. Debt service payments will begin in fiscal year 2022-23. The series 2022A bonds maturing on June 30, 2042 are subject to optional prepayment, in whole or in part, on or after June 22, 2030.

The changes in long-term pension obligation bond debt, for the year ended June 30, 2022 are as follows:

	OSBA Pension Bonds 2004	OSBA Pension Bonds 2022A	Total Pension Bonds
Original Amount	<u>\$ 33,140,000</u>	<u>\$ 60,233,416</u>	<u>\$ 93,373,416</u>
Balance at June 30, 2021	\$ 21,300,000	\$ -	\$ 21,300,000
Issued	-	60,233,416	60,233,416
Payments	(2,375,000)	-	(2,376,000)
Balance at June 30, 2022	<u>\$ 18,925,000</u>	<u>\$ 60,233,416</u>	<u>\$ 79,158,416</u>

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

Ending June 30,	OSBA Pension Bond 2004	OSBA Pension Bond 2022A	Total	Interest
2023	\$ 2,680,000	\$ 800,999	\$ 3,480,999	\$ 3,786,125
2024	3,015,000	1,016,600	4,031,600	3,542,766
2025	3,370,000	1,186,324	4,556,324	3,330,858
2026	3,755,000	1,367,833	5,122,833	3,091,773
2027	4,170,000	1,561,797	5,731,797	2,823,328
2028-2032	1,935,000	11,205,601	13,140,601	11,299,865
2033-2037	-	18,372,755	18,372,755	8,101,369
2038-2042	-	24,721,507	24,721,507	3,200,113
Total	<u>\$ 18,925,000</u>	<u>\$ 60,233,416</u>	<u>\$ 79,158,416</u>	<u>\$ 39,176,199</u>

K. Interfund receivables and payables

The District has one interfund balance as of June 30, 2022:

Due to/from other funds:

Receivable Fund	Payable Fund	Amount
General Fund	Contracted Services	\$ 9,636,597

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 \$4,827,338 from the Resolution Services Fund to the General Fund during the year ended June 30, 2022 in order to fund the District's indirect and support service functions.

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 \$840,315 under agreements entered into by Multnomah County. The following table shows Multnomah County property exemption data for tax year 2021-2022. 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	\$ 45,817
44	Cop Low Income Rental Housing	332,745
45	Enterprise Zone	315,725
46	Cancelled Assessment Enterprise Zone	3,597
55	Transit Oriented Devel PDX	125,639
59	Food Processor	16,792
	Grand Total	<u>\$ 840,315</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.

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, 2022

	Original Budget	Final Budget	Actual	Variance to Final Budget Positive (Negative)
Revenues				
Local sources	\$ 22,005	\$ 22,005	\$ 68,885	\$ 46,880
Investment earnings	125,000	125,000	146,498	21,498
Other revenues	201,940	161,940	384,783	222,843
Overhead revenues	1,005,000	1,110,000	987,142	(122,858)
Total revenues	1,353,945	1,418,945	1,587,308	168,363
Expenditures¹				
Current				
Support services	6,341,732	5,562,385	5,441,936	120,449
Facilities acquisition/construction	-	3,917,296	3,761,195	156,101
PERS UAL lump sum payment	-	60,050,000	60,011,402	38,598
Debt service	-	1,154,475	937,000	217,475
Contingencies	341,681	355,966	-	355,966
Total expenditures	6,683,413	71,040,122	70,151,533	888,589
Excess of revenues over (under) expenditures	(5,329,468)	(69,621,177)	(68,564,225)	1,056,952
Other financing sources (uses)				
Bond proceeds	-	60,300,000	60,233,416	(66,584)
Inception of Lease	-	3,917,296	3,761,195	(156,101)
Transfers in	4,635,318	4,718,596	4,687,477	(31,119)
Transfers out	(275,850)	(365,850)	(365,850)	-
Total other financing sources (uses)	4,359,468	68,570,042	68,316,238	(253,804)
Net change in fund balance	(970,000)	(1,051,135)	(247,987)	803,148
Beginning fund balances	4,220,000	4,301,135	4,301,135	-
Ending fund balances	<u>\$ 3,250,000</u>	<u>\$ 3,250,000</u>	<u>\$ 4,053,148</u>	<u>\$ 803,148</u>

Reconciliation to financial statement – General Fund Ending Fund Balance

	Actual
Operating Fund	\$ 4,053,148
Risk Management Reserve Fund	1,777,720
Facilities and Equipment Reserve Fund	1,971,159
Total General Fund	<u>\$ 7,802,027</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, 2022

	Original Budget	Final Budget	Actual	Variance to Final Budget Positive (Negative)
Revenues				
Property taxes	\$ 37,350,000	\$ 38,600,000	\$ 38,337,430	\$ (262,570)
State School Fund	9,003,184	8,485,956	8,485,956	-
Local sources	17,500	22,389	32,612	10,223
State sources	2,569,700	2,304,559	1,930,554	(374,005)
Federal sources	22,940	97,940	82,479	(15,461)
Other revenues	55,535	66,022	16,506	(49,516)
Total revenues	<u>49,018,859</u>	<u>49,576,866</u>	<u>48,885,537</u>	<u>(691,329)</u>
Expenditures¹				
Current				
Instruction	10,053,191	8,896,547	8,846,674	49,873
Support services	23,440,833	23,196,308	22,691,353	504,955
Enterprise & community services	637,813	481,178	305,048	176,130
Apportionment of funds	10,829,200	11,529,200	11,529,200	-
Contingencies	6,307,504	9,303,994	-	9,303,994
Total expenditures	<u>51,268,541</u>	<u>53,407,227</u>	<u>43,372,275</u>	<u>10,034,952</u>
Excess of revenues over (under) expenditures	<u>(2,249,682)</u>	<u>(3,830,361)</u>	<u>5,513,262</u>	<u>9,343,623</u>
Other financing sources (uses)				
Transfers out	(4,780,318)	(4,853,596)	(4,827,338)	26,258
Total other financing sources (uses)	<u>(4,780,318)</u>	<u>(4,853,596)</u>	<u>(4,827,338)</u>	<u>26,258</u>
Net change in fund balance	<u>(7,030,000)</u>	<u>(8,683,957)</u>	<u>685,924</u>	<u>9,369,881</u>
Beginning fund balances	<u>7,030,000</u>	<u>8,683,957</u>	<u>8,683,957</u>	<u>-</u>
Ending fund balances	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 9,369,881</u>	<u>\$ 9,369,881</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
Contracted Services Fund
For the Year Ended June 30, 2022

	Original Budget	Final Budget	Actual	Variance to Final Budget Positive (Negative)
Revenues				
Local sources	\$ 16,748,392	\$ 16,244,821	\$ 15,261,988	\$ (982,833)
State sources	10,587,355	12,210,536	10,674,607	(1,535,929)
Federal sources	4,899,503	4,451,625	4,030,797	(420,828)
Sales of goods & services	10,320	1,500	24,467	22,967
Other revenues	607,644	785,221	903,711	118,490
Total revenues	<u>32,853,214</u>	<u>33,693,703</u>	<u>30,895,570</u>	<u>(2,798,133)</u>
Expenditures¹				
Current				
Instruction	15,112,539	15,872,368	14,429,417	1,442,951
Support services	16,909,185	18,665,686	17,167,573	1,498,113
Enterprise & community services	801,173	428,375	350,428	77,947
Contingencies	1,240,317	1,020,379	-	1,020,379
Total expenditures	<u>34,063,214</u>	<u>35,986,808</u>	<u>31,947,418</u>	<u>4,039,390</u>
Excess of revenues over (under) expenditures	<u>(1,210,000)</u>	<u>(2,293,105)</u>	<u>(1,051,848)</u>	<u>1,241,257</u>
Net change in fund balance	<u>(1,210,000)</u>	<u>(2,293,105)</u>	<u>(1,051,848)</u>	<u>1,241,257</u>
Beginning fund balances	<u>1,210,000</u>	<u>2,293,105</u>	<u>2,293,105</u>	<u>-</u>
Ending fund balances	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,241,257</u>	<u>\$ 1,241,257</u>

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-employee payroll
2022	\$ 1,824,974	\$ 208,767	\$ 44,957	\$ -	\$ (214,407)	\$ (71,300)	\$ 1,792,991	\$ 33,123,016	5.41%
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
2022	0.14388854%	\$ (494,114)	\$ 30,633,414	(1.61)%	183.86%
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
2022	\$ 4,262	\$ (4,262)	\$ -	\$ 33,123,016	0.01%
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
2022	0.20765317%	\$ 24,848,775	\$ 30,633,414	81.12%	87.57%
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
2022	\$ 3,273,959	\$ (3,273,959)	\$ -	\$ 33,123,016	9.88%
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, 2022

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 85 and 86.

NOTE II - SIGNIFICANT FACTORS AFFECTING PERS AS OF JUNE 30, 2022

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 111, enacted in June 2021, increased the optional death benefit available to a surviving spouse when a retirement-eligible member dies. Previously, this benefit was based on 50% of the actuarial equivalent value of the member's retirement benefit, but this was increased to 100% of the actuarial equivalent value. House Bill 2906 increased the monthly pay threshold for member redirect contributions to \$3,333 (indexed) effective in 2022. Both plan changes were first reflected in the December 31, 2020 advisory actuarial valuation. This is the first rate-setting valuation where the provisions are reflected.

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, 2022

	Original Budget	Final Budget	Actual	Variance to Final Budget Positive (Negative)
Revenues				
Investment earnings	\$ 10,000	\$ 10,000	\$ 10,457	\$ 457
Services to other funds	3,541,518	3,532,192	3,743,253	211,061
Total revenues	3,551,518	3,542,192	3,753,710	211,518
Expenditures¹				
Current				
Debt service	3,551,518	3,551,518	3,551,158	360
Total expenditures	3,551,518	3,551,518	3,551,158	360
Excess of revenues over (under) expenditures	-	(9,326)	202,552	211,878
Net change in fund balance	-	(9,326)	202,552	211,878
Beginning fund balances (deficits)	-	9,326	9,326	-
Ending fund balances	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 211,878</u>	<u>\$ 211,878</u>

¹ Amounts shown at appropriation level.

Multnomah Education Service District
Combining Balance Sheet
General Fund
June 30, 2022

	Operating Fund	Risk Management Reserve Fund	Facilities & Equipment Reserve Fund	Total General Fund
Assets				
Cash and cash equivalents	\$ -	\$ 993,196	\$ 2,033,928	\$ 3,027,124
Accounts receivable	298,267	-	-	298,267
Due from other funds	8,852,073	784,524	-	9,636,597
Prepaid items and deposits	17,241	-	-	17,241
Total assets	<u>\$ 9,167,581</u>	<u>\$ 1,777,720</u>	<u>\$ 2,033,928</u>	<u>\$ 12,979,229</u>
Liabilities				
Accounts payable	\$ 365,313	\$ -	\$ 62,769	\$ 428,082
Accrued payroll & withholdings	4,749,120	-	-	4,749,120
Total liabilities	<u>5,114,433</u>	<u>-</u>	<u>62,769</u>	<u>5,177,202</u>
Fund Balances				
Nonspendable				
Prepaid items and deposits	17,241	-	-	17,241
Committed				
Risk aversion	-	1,777,720	-	1,777,720
Facilities and equipment	-	-	1,971,159	1,971,159
Assigned				
Next year budget use	415,000	-	-	415,000
Unassigned	3,620,907	-	-	3,620,907
Total fund balances	<u>4,053,148</u>	<u>1,777,720</u>	<u>1,971,159</u>	<u>7,802,027</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 9,167,581</u>	<u>\$ 1,777,720</u>	<u>\$ 2,033,928</u>	<u>\$ 12,979,229</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, 2022

	Operating Fund	Risk Management Reserve Fund	Facilities & Equipment Reserve Fund	Eliminations ¹	Total General Fund
Revenues					
Local sources	\$ 68,885	\$ -	\$ 9,027	\$ -	\$ 77,912
Investment earnings	146,498	-	-	-	1,093,786
Other revenues	384,783	172,526	12,229	-	987,142
Service to other funds	-	1,093,786	-	-	2,874,876
Overhead revenues	987,142	-	-	-	-
Total revenues	1,587,308	1,266,312	21,256	-	2,874,876
Expenditures²					
Current					
Support services	5,663,950	837,128	493,357	-	6,994,435
Facilities acquisition/constr.	3,761,195	-	-	-	3,761,195
PERS UAL lump sum payment	60,011,402	-	-	-	60,011,402
Debt Service	714,986	-	-	-	714,986
Total expenditures	70,151,533	837,128	325,507	-	71,482,0018
Excess of revenues over (under) expenditures	(68,564,225)	429,184	(472,101)	-	(68,607,142)
Other financing sources (uses)					
Bond proceeds	60,233,416	-	-	-	60,233,416
Inception of lease	3,761,195	-	-	-	3,761,195
Transfers in	4,687,477	90,000	420,850	(370,989)	4,827,338
Transfers out	(365,850)	(5,139)	-	370,989	-
Total other financing sources (uses)	68,316,238	84,861	420,850	-	68,821,949
Net change in fund balance	(247,987)	514,045	(51,251)	-	214,807
Beginning fund balances	4,301,135	1,263,675	2,022,410	-	7,587,220
Ending fund balances	<u>\$ 4,053,148</u>	<u>\$ 1,777,720</u>	<u>\$ 1,971,159</u>	<u>\$ -</u>	<u>\$ 7,802,027</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, 2022

	Original Budget	Final Budget	Actual	Variance to Final Budget Positive (Negative)
Revenues				
Other revenues	\$ -	\$ -	\$ 172,526	\$ 172,526
Services to other funds	989,980	989,980	1,093,786	103,806
Total revenues	989,980	989,980	1,266,312	276,332
Expenditures¹				
Current				
Support services	1,012,777	962,031	837,128	124,903
Contingencies	502,203	796,624	-	796,624
Total expenditures	1,514,980	1,758,655	837,128	921,527
Excess of revenues over (under) expenditures	(525,000)	(768,675)	429,184	1,197,859
Other financing sources (uses)				
Transfers in	-	90,000	90,000	-
Transfers out	-	(10,000)	(5,139)	4,861
Total other financing sources (uses)	-	80,000	84,861	4,861
Net change in fund balance	(525,000)	(688,675)	514,045	1,202,720
Beginning fund balances	1,100,000	1,263,675	1,263,675	-
Ending fund balances	\$ 575,000	\$ 575,000	\$ 1,777,720	\$ 1,202,720

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, 2022

	Original Budget	Final Budget	Actual	Variance to Final Budget Positive (Negative)
Revenues				
Local sources	\$ 25,000	\$ -	\$ 9,027	\$ 9,027
Other revenues	12,200	12,200	12,229	29
Total revenues	37,200	12,200	21,256	9,056
Expenditures¹				
Current				
Support services	896,019	710,460	493,357	217,103
Facilities acquisition/construction	5,000	5,000	-	5,000
Contingencies	712,031	1,240,000	-	1,240,000
Total expenditures	1,613,050	1,955,460	493,357	1,142,103
Excess of revenues over (under) expenditures	(1,575,850)	(1,943,260)	(472,101)	1,471,159
Other financing sources (uses)				
Transfers in	420,850	420,850	420,850	-
Total other financing sources (uses)	420,850	420,850	420,850	-
Net change in fund balance	(1,155,000)	(1,522,410)	(51,251)	1,471,159
Beginning fund balances	1,655,000	2,022,410	2,022,410	-
Ending fund balances	<u>\$ 500,000</u>	<u>\$ 500,000</u>	<u>\$ 1,971,159</u>	<u>\$ 1,471,159</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 Annual Comprehensive 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.

<u>Contents</u>	<u>Page</u>
Financial Trends	91
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	95
These schedules contain information to help the reader assess the MESD's most significant local revenue source, the property tax.	
Debt Capacity	99
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	101
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	104
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

	2013	2014 as restated	2015	2016	2017 as restated	2018	2019	2020	2021	2022
Assets										
Cash and cash equivalents	\$ 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	\$ 11,008,737
Property taxes receivable	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	1,022,802
Accounts receivable	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	13,991,660
Inventory	24,600	21,597	-	-	-	-	-	-	-	-
Prepaid items and deposits	19,944	34,334	19,944	1,062	1,062	3,062	471,839	446,148	497,817	17,741
Prepaid pension costs, net amortization	19,716,219	-	-	-	-	-	-	-	-	-
Bond issuance costs, net amortization	145,082	-	-	-	-	-	-	-	-	-
Net OPEB asset	-	-	-	-	-	85,210	242,512	439,291	731,870	494,114
Net Pension asset	-	-	7,430,660	-	-	-	-	-	-	-
Right-to-use leases, net of amortization	-	-	-	-	-	-	-	-	-	4,817,379
Capital assets, net of depreciation	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	7,737,451
Total assets	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	39,089,884
Deferred outflows of resources										
OPEB contributions after md	-	-	-	-	-	-	112,671	25,650	3,850	4,085
Deferred OPEB differences	-	-	-	-	-	806	507	289,374	329,246	480,274
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	63,631,953
Deferred pension differences	-	-	-	1,014,468	9,154,568	5,788,842	9,982,326	7,483,904	14,680,153	14,329,973
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	78,446,285
Liabilities										
Accounts payable	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	1,863,816
Accrued payroll & withholdings	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	4,749,120
Accrued compensated absences	151,029	154,983	141,446	147,778	135,523	136,080	159,132	186,019	226,196	217,688
Non-current liabilities										
Debt service due within one year	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	4,262,910
Debt service due > 1 year	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	79,955,358
Other post-employment benefits	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	1,792,991
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	24,848,775
Total liabilities	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	117,690,658
Deferred inflows of resources										
Deferred OPEB differences	-	-	-	-	-	39,464	777,815	699,870	1,290,802	1,264,624
Deferred pension differences	-	-	14,986,419	5,466,050	3,366,717	3,144,106	4,148,348	4,641,712	4,109,067	22,139,239
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	23,403,863
Net position										
Net investment in capital assets	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	7,494,978
Restricted	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	11,011,289
Unrestricted	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)	(42,064,619)
Total net position	\$ 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)	\$(23,558,352)

Multnomah Education Service District
Changes in Net Position
Last 10 Years

	2013	2014	2015 ¹	2016	2017	2018	2019	2020	2021	2022
Revenues										
Program revenues										
Charges for services										
Instructional services	\$ 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	\$6,238,283
Support services	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	9,240,668
Enterprise & community services	-	216,243	150	241,335	542,250	251,149	182,222	69,988	-	-
Operating grants & contributions										
Instructional services	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	7,692,399
Support services	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	9,220,146
Enterprise & community services	4,447,829	5,092,321	5,287,805	4,472,870	2,278,818	372,126	556,830	579,732	7,202	654,197
Facilities repairs & maintenance	-	-	-	1,000	-	2,216	323,220	-	-	-
Apportionment of funds	1,517,984	-	-	-	-	-	-	-	-	-
General revenues										
Property taxes – general	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	38,295,778
State School Fund – general	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	8,485,956
Earnings on investments	79,693	79,432	81,783	82,524	140,582	221,230	385,778	385,234	177,819	156,955
Federal stimulus	299,974	6,500	-	-	-	-	-	-	-	-
Miscellaneous	3,079,530	2,774,348	3,345,660	923,217	407,205	385,042	450,608	797,781	289,281	576,439
Total revenues	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	80,560,821
Expenses										
Instructional services	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	21,208,090
Support services	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	42,975,167
Enterprise & community services	3,624,992	5,241,283	6,121,464	5,074,232	3,031,475	971,495	1,141,953	648,895	126,830	653,162
Facilities repairs & maintenance	110,488	235,065	-	-	-	3,908	1,358	-	-	-
Apportionment of funds	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	11,529,200
Bond issuance costs	-	-	-	-	-	-	-	-	-	222,014
Unallocated depreciation	294,277	282,651	322,716	268,615	265,352	266,696	273,591	279,798	279,798	1,191,702
Interest on long-term debt	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	1,221,713
Total expenses	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	79,001,048
Total net (expense) / revenue	(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)	1,559,773
Net position, beginning	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)	(25,118,125)
Net position, ending	\$ 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)	\$(23,558,352)

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

	2013	2014 ¹	2015	2016	2017	2018	2019	2020	2021	2022
General fund										
Nonspendable	\$ 44,544	\$ 45,981	\$ 19,944	\$ 1,062	\$ 1,062	\$ 3,062	\$ 286,839	\$ 261,148	\$ 312,817	\$ 17,241
Committed	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	3,748,879
Assigned	877,867	767,025	393,277	-	-	-	450,000	620,000	970,000	415,000
Unassigned	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	3,620,907
Total general fund	<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>	<u>\$ 7,802,027</u>
Special revenue funds										
Nonspendable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 185,000	\$ 185,000	\$ 185,000	\$ 500
Restricted	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	9,794,510
Assigned	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	816,128
Total special revenue funds	<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>	<u>\$10,611,138</u>
All other governmental funds										
Restricted	\$ 20	\$ 35,521	\$ 5,990	\$ 8,619	\$ 81,272	\$ 64,481	\$ 7,413	\$ -	\$ 9,326	\$ 211,878
Assigned	1,799,934	-	-	-	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-	-	(50,499)	-	-
Total all other governmental funds	<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>	<u>\$ 211,878</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

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Revenues										
Property taxes	\$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	\$38,337,430
State School Fund	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	8,485,956
Local sources	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	15,372,512
State sources	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	12,605,161
Federal sources	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	4,113,276
Investment earnings	79,693	79,432	81,783	82,524	140,582	221,230	385,778	385,234	177,819	156,955
Sales of goods & services	22,903	7,025	8,700	6,149	1,116	2,085	1,337	13	46	24,467
Other revenues	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	6,326,794
Overhead revenues	2,557,141	1,087,745	993,228	1,152,251	897,565	651,127	713,313	666,110	875,092	987,142
Total revenues	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	86,409,693
Expenditures										
Instruction	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	23,276,091
Support services	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	46,631,347
Enterprise & community	3,690,706	5,313,875	6,597,046	5,365,144	3,216,487	984,888	1,152,753	655,399	126,830	655,476
Facilities repairs & maintenance	110,488	235,065	-	36,782	-	124,841	332,614	-	-	3,761,195
Apportionment of funds	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	11,529,200
Debt service										
Principal	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	3,044,430
Interest	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	1,221,714
Bond issuance costs	-	-	-	-	-	-	-	-	-	222,014
Total expenditures	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	150,352,869
Excess of revenues over (under) expenditures	(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	(63,943,176)
Other financing sources (uses)										
Bond proceeds	-	-	-	-	-	-	-	-	-	60,233,416
Inception of lease	-	-	-	-	-	-	-	-	-	3,761,195
Transfers in	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	4,827,338
Transfers out	(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)	(4,827,338)
Total other financing sources (uses)	-	-	-	-	-	-	-	-	-	63,994,611
Net change in fund balance	(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	51,435
Beginning 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
Ending fund balances	\$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	\$18,625,043
Debt service as a percentage of noncapital expenditures	3.79%	4.95%	4.93%	5.05%	5.04%	4.49%	4.37%	4.22%	4.26%	2.85%

Multnomah Education Service District
Assessed Values of Taxable Property Within District Boundaries
Last Ten Fiscal Years
(in thousands)

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						
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
2022	85,819,125	3,247,439	145,795	4,734,669	93,947,028	35,066	7,249,046	86,733,048	0.4576	39,321

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	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
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	1.2200	1.2400	1.2000	1.1800	1.1800	1.1800	1.1800	1.1800	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	0.0750
Average Rate	0.3123	0.3123	0.3163	0.3083	0.3043	0.3043	0.3043	0.3043	0.3043	0.0854
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	1.9500	1.8159	1.8159	1.9300	1.6190	1.3284	1.1482	1.7504
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	3.4203	3.3979	3.3979	3.4169	3.3651	3.3167	3.2866	3.3870
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	2.8527	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	1.7837	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	1.6109	1.6658	1.7389	1.6243	1.6243	1.0546	1.0893	1.1339	1.2033	1.2380
Average Rate	1.4913	1.5023	1.5169	1.4940	1.4940	1.3801	1.3870	1.3959	1.4098	1.4168
Total Direct and Average Overlapping Rate	<u>\$15.5812</u>	<u>\$15.5922</u>	<u>\$15.6108</u>	<u>\$15.5576</u>	<u>\$15.5536</u>	<u>\$15.4587</u>	<u>\$15.4138</u>	<u>\$15.3742</u>	<u>\$15.3239</u>	<u>\$15.2122</u>

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 2021-2022			Tax Year 2012-2013		
	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value
Portland General Electric Co	\$ 750,984,470	1	0.89%	\$ 425,574,917	2	0.73%
Port of Portland	676,548,330	2	0.80	512,747,500	1	0.88
Pacificorp (PP&L)	587,786,000	3	0.69	332,377,000	4	0.57
Boeing Company	402,611,140	4	0.48	178,208,580	8	0.31
Alaska Airlines Inc	388,289,500	5	0.46	173,934,000	9	0.30
Lumen Technologies Inc	331,842,000	6	0.39	-		0.00
Weston Investment Co LLC	298,087,870	7	0.35	251,667,430	5	0.43
Verizon Communications Inc	247,906,000	8	0.29	-		0.00
Comcast Corporation	243,730,000	9	0.29	375,683,500	3	0.64
Fred Meyer Stores Inc	205,005,080	10	0.24	167,172,621	10	0.29
Evraz Inc NA	-			217,362,464	6	0.37
LC Portland LLC	-			178,597,560	7	0.31
All other taxpayers	80,601,965,032		95.12	55,483,259,299		95.17
Total net assessed value for Multnomah County	<u>\$ 84,734,737,422</u>			<u>\$ 58,296,584,871</u>		
Reconciliation to total net assessed value:						
Multnomah county	\$ 84,734,737,422					
Clackamas county	1,597,545,751					
Washington county	<u>400,764,704</u>					
Total net assessed value within MESD boundaries	<u>\$ 86,733,047,877</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						
2013	\$ 26,275,966	\$ 25,557,305	97.26%	\$ 715,782	\$ 26,273,087	99.99%
2014	27,116,896	26,411,612	97.40	703,082	27,114,694	99.99
2015	28,582,154	27,909,538	97.65	670,234	28,579,772	99.99
2016	29,846,772	29,194,891	97.82	649,077	29,843,968	99.99
2017	31,092,239	30,493,392	98.07	592,463	31,085,855	99.98
2018	31,054,016	30,621,340	98.61	420,388	31,041,728	99.96
2019	33,630,028	33,124,099	98.50	459,568	33,583,667	99.86
2020	35,099,128	34,565,752	98.48	425,197	34,990,949	99.69
2021	36,677,980	36,186,349	98.66	310,941	36,497,290	99.51
2022	38,444,939	38,003,324	98.85	-	38,003,324	98.85
Clackamas County						
2013	\$ 482,300	\$ 468,043	97.04%	\$ 14,154	\$ 482,197	99.98%
2014	500,200	487,628	97.49	12,480	500,108	99.98
2015	532,312	519,897	97.67	12,297	532,194	99.98
2016	557,285	545,085	97.81	12,074	557,159	99.98
2017	580,627	569,536	98.09	10,924	580,460	99.97
2018	638,927	626,868	98.11	11,804	638,672	99.96
2019	632,460	623,269	98.55	8,534	631,803	99.90
2020	664,524	653,897	98.40	7,859	661,756	99.58
2021	698,574	687,972	98.48	5,436	693,408	98.26
2022	727,814	713,334	98.01	-	713,334	98.01
Washington County						
2013	\$ 128,770	\$ 126,079	97.91%	\$ 2,641	\$ 128,720	99.96%
2014	133,931	131,275	98.02	2,652	133,927	100.00
2015	139,192	136,845	98.31	2,334	139,189	100.00
2016	143,996	141,587	98.33	2,409	143,996	100.00
2017	148,300	145,886	98.37	2,413	148,299	100.00
2018	154,122	152,510	98.95	1,583	154,093	99.98
2019	159,562	157,955	98.99	1,508	159,463	99.94
2020	164,753	163,040	98.96	1,457	164,497	99.84
2021	171,428	169,751	99.02	1,171	170,922	99.70
2022	179,654	178,074	99.12	-	178,074	99.12

Note: Collections include discounts, adjustment, and interest.

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 2004	Limited Tax Pension Obligations 2022A	Total Outstanding Debt	Percentage of Personal Income	Personal Income All Counties (thousands)	Per Capita	Population All Counties
2013	\$ 1,960,000	\$31,820,000	\$ -	\$33,780,000	0.04%	\$ 78,302,164	\$ 20	1,709,991
2014	1,490,000	31,165,000	-	32,655,000	0.04	83,932,883	19	1,735,098
2015	1,000,000	30,355,000	-	31,355,000	0.03	90,518,662	18	1,763,530
2016	500,000	29,370,000	-	29,870,000	0.03	94,803,663	17	1,796,043
2017	-	28,200,000	-	28,200,000	0.03	100,516,507	16	1,813,143
2018	-	26,825,000	-	26,825,000	0.02	107,193,543	15	1,822,064
2019	-	25,230,000	-	25,230,000	0.02	112,041,538	14	1,831,571
2020	-	23,395,000	-	23,395,000	N/A	119,728,916	13	1,840,747
2021	-	21,300,000	-	21,300,000	N/A	N/A	12	1,851,024
2022	-	18,925,000	60,233,416	79,158,416	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, 2022**

Overlapping District Name	Outstanding Net Property Tax Backed Debt ¹	Percent Overlapping ²	Net Overlapping Debt ²
Burlington Water District	\$ 1,089,132	100.00%	\$ 1,089,132
City of Beaverton	31,357,988	1.62	507,968
City of Fairview	6,378,607	100.00	6,378,607
City of Gresham	56,278,065	100.00	56,278,065
City of Lake Oswego	82,050,000	4.59	3,764,618
City of Milwaukie	33,677,535	0.70	235,608
City of Portland	407,674,643	99.69	406,396,583
City of Troutdale	9,230,000	100.00	9,230,000
City of Wood Village	3,285,000	100.00	3,285,000
Clackamas Community College	134,508,536	0.00	3,901
Clackamas County	115,525,000	3.19	3,682,706
Clackamas Cty RFPD 1	25,184,520	5.67	1,426,779
Clackamas Cty SD 7J (Lake Oswego)	396,796,752	0.01	30,157
Clackamas Soil & Water Conservation	5,785,000	3.19	184,414
Corbett Water District	454,269	100.00	454,269
Lusted Water District	500,000	100.00	500,000
Metro	873,470,000	52.33	457,124,410
Mt Hood Community College	76,545,000	87.93	67,307,014
Multnomah County	627,742,035	99.57	625,067,854
Multnomah Cty RFPD 10	1,154,878	100.00	1,154,878
Multnomah Cty SD 10J (Gresham-Barlow)	309,023,557	100.00	309,023,557
Multnomah Cty SD 1J (Portland)	1,732,229,650	100.00	1,732,229,650
Multnomah Cty SD 28J (Centennial)	63,934,548	100.00	63,934,548
Multnomah Cty SD 3 (Parkrose)	90,489,456	100.00	90,489,456
Multnomah Cty SD 39 (Corbett)	5,290,779	100.00	5,290,779
Multnomah Cty SD 40 (David Douglas)	56,217,481	100.00	56,217,481
Multnomah Cty SD 51J (Riverdale)	13,631,260	100.00	13,631,260
Multnomah Cty SD 7 (Reynolds)	171,657,497	100.00	171,657,497
Pleasant Home Water District	1,205,000	94.13	1,134,251
Portland Community College	496,110,000	50.06	248,351,674
Tualatin Hills Park & Rec District	54,782,795	1.19	650,929
Tualatin Valley Fire & Rescue District	60,075,000	1.71	1,026,502
Valley View Water District	1,014,647	100.00	1,014,647
Washington County	181,686,051	0.58	1,055,051
Subtotal, overlapping debt ³	\$6,044,066,731		4,339,806,245
Direct District limited tax PERS pension bond ⁴			79,158,416
Total direct and overlapping debt			<u>\$4,418,964,661</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.

⁴ Direct limited tax PERS pension obligations are payable from available general funds without any obligation to levy additional taxes.

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

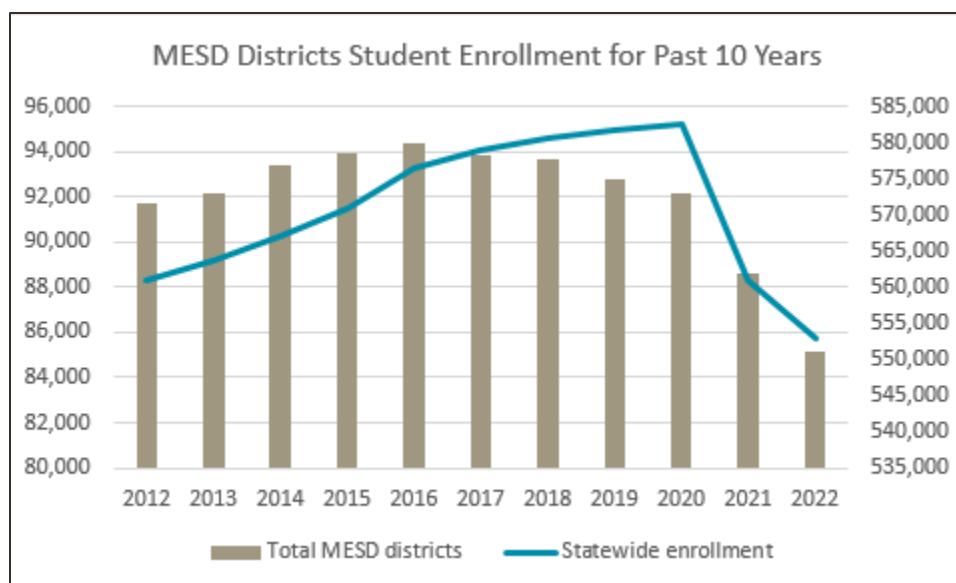
	Year	Population	Personal Income (thousands)	Per Capita Income	Unemployment Rate (June)
Multnomah County					
	2013	766,977	\$ 34,382,517	\$ 44,829	7.0%
	2014	779,002	36,783,187	47,218	5.9
	2015	790,723	39,665,216	50,163	5.1
	2016	803,630	41,142,258	51,196	4.7
	2017	808,192	43,634,375	53,990	3.7
	2018	809,448	46,296,317	57,195	3.7
	2019	812,439	48,260,484	59,402	3.5
	2020	815,637	52,080,033	63,852	12.9
	2021	820,672	N/A	N/A	6.3
	2022	N/A	N/A	N/A	3.5
Clackamas County					
	2013	387,571	\$ 18,128,043	\$ 46,773	7.4%
	2014	393,544	18,943,324	48,135	6.2
	2015	399,852	20,289,116	50,742	5.4
	2016	407,055	21,740,757	53,410	4.9
	2017	412,982	22,842,500	55,311	3.8
	2018	415,586	24,479,143	58,903	3.8
	2019	418,199	25,666,905	61,375	3.6
	2020	421,596	27,315,706	64,791	10.2
	2021	425,316	N/A	N/A	5.5
	2022	N/A	N/A	N/A	3.3
Washington County					
	2013	555,443	\$ 25,791,604	\$ 46,434	6.6%
	2014	562,552	28,206,372	50,140	5.6
	2015	572,955	30,564,330	53,345	4.9
	2016	585,358	31,920,648	54,532	4.7
	2017	591,969	34,039,632	57,502	3.6
	2018	597,030	36,418,083	60,999	3.6
	2019	600,933	38,114,149	63,425	3.3
	2020	603,514	40,333,177	66,831	9.5
	2021	605,036	N/A	N/A	5.0
	2022	N/A	N/A	N/A	3.0

N/A Data unavailable at time of print.

Sources:

2013-2020 population: U.S. Bureau of Economic Analysis report CAINC1 (last updated November 16, 2021) www.bea.gov
 2021 population: Portland State University, Population & Research Center 2021 Annual Population Report - Table 4
 Income: U.S. Bureau of Economic Analysis report CAINC1 (last updated November 16, 2021) www.bea.gov
 Unemployment rates: Oregon Employment Department (qualityinfo.org) as of September 26, 2022

**Multnomah Education Service District
Public School Fall Membership Enrollment¹
Multnomah County School Districts
Last Ten Years**



School Year	Centennial SD 28J	Corbett SD 39	David Douglas SD 40	Gresham- Barlow SD 10J	Parkrose SD 3	Portland Public SD 1J	Reynolds SD 7	Riverdale SD 51J	Total MESD Districts	Oregon Enrollment	Percent of State
2011-12	6,252	1,101	10,706	12,126	3,476	46,190	11,330	574	91,755	560,946	16%
2012-13	6,105	1,271	10,761	12,130	3,386	46,581	11,366	562	92,162	563,714	16%
2013-14	6,177	1,338	10,946	12,180	3,339	47,111	11,691	586	93,368	567,098	16%
2014-15	6,242	1,317	10,988	12,137	3,345	47,647	11,702	588	93,966	570,857	16%
2015-16	6,321	1,239	10,849	12,141	3,328	48,383	11,553	601	94,415	576,407	16%
2016-17	6,275	1,238	10,616	12,124	3,238	48,198	11,538	628	93,855	578,947	16%
2017-18	6,215	1,235	10,420	12,044	3,198	48,650	11,276	639	93,677	580,684	16%
2018-19	6,184	1,222	10,009	11,981	3,066	48,677	11,019	637	92,795	581,730	16%
2019-20	6,099	1,188	9,719	11,979	3,068	48,559	10,940	648	92,200	582,661	16%
2020-21	5,710	1,083	9,209	11,694	2,977	46,924	10,443	601	88,641	560,917	16%
2021-22	5,520	1,037	8,720	11,471	2,772	45,123	9,940	563	85,146	553,012	15%

Source:

ODE Fall Membership Reports (www.oregon.gov/ode/reports-and-data/students). Counts include students attending district and school institutions.

¹ Fall Membership enrollment includes all students in grades K-12 on October 1st for all attending programs, schools, and districts submitted in the school year's 1st Period Cumulative ADM data collection.

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

Top Ten Principal Employers	2022			2013		
	Employees	Rank	Percentage of Total Employment	Employees	Rank	Percentage of Total Employment
Intel Corporation	22,328	1	1.8%	16,700	1	1.6%
Providence Health System	19,687	2	1.6	14,132	2	1.3
Oregon Health and Science University	18,497	3	1.5	14,106	3	1.3
Nike Inc	15,125	4	1.2	7,000	10	0.7
Legacy Health System	13,087	5	1.1	9,835	7	0.9
Kaiser Permanente	12,262	6	1.0	9,896	6	0.9
Fred Meyers Store	9,374	7	0.8	10,176	5	1.0
Portland Public Schools	6,814	8	0.6	-		
City of Portland	6,483	9	0.5	9,318	8	0.9
Multnomah County	5,307	10	0.4	-		
US Federal Government				13,900	4	1.3
State of Oregon				7,559	9	0.7
All other employers	1,107,136		89.6	938,478		89.3
Total Employment – PMSA ¹	<u>1,236,100</u>			<u>1,051,100</u>		

Sources:

Top Largest Employers: Portland Business Journal (portlandbizjournal.com) Published September 2022 & July 2013

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
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
2022	197	390	62	649

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
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
2022	21,991,909	19,162,324	15,455,751	18,709,709	75,319,693

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. <u>Lease cancelled effective June 30, 2022.</u>
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 Multnomah Education Service District (the District) as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated November 14, 2022.

Report on 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 District's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

Report on Compliance and Other Matters

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

**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)**

Purpose of This Report

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

Talbot, Kowala & Warwick LLP

Portland, Oregon
November 14, 2022



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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

Opinion on Each Major Federal Program

We have audited Multnomah Education Service District (the District's) compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on each of District's major federal programs for the year ended June 30, 2022. The District's major federal programs are identified in the summary of auditor's results section of the accompanying *Schedule of Findings and Questioned Costs*.

In our opinion, the District complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2022.

Basis for Opinion on Each Major Federal Program

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

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

Responsibilities of Management for Compliance

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

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

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the District's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the District's compliance with the requirements of each major federal program as a whole.

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

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

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

Other Matters

The results of our auditing procedures disclosed instances of noncompliance which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying Schedule of Findings and Questioned Costs as item 2022-001. Our opinion on each major federal program is not modified with respect to these matters.

Government Auditing Standards requires the auditor to perform limited procedures on the District's response to the noncompliance findings identified in our compliance audit described in the accompanying Schedule of Findings and Questioned Costs. The District's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control Over Compliance

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, as discussed below, we did identify a certain deficiency in internal control over compliance that we consider to be significant deficiency.

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

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiency in internal control over compliance described in the accompanying Schedule of Findings and Questioned Costs as item 2022-001, to be a significant deficiency.

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

Government Auditing Standards requires the auditor to perform limited procedures on the District's response to the internal control over compliance findings identified in our compliance audit described in the accompanying Schedule of Findings and Questioned Costs. The District's response was not subjected to the other 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
November 14, 2022

Multnomah Education Service District
Schedule of Expenditures of Federal Awards
For the For the Year Ended June 30, 2022

FEDERAL GRANTOR	Assistance Listing Number	Grantor or Pass-Through Number	Expenditures Year Ended June 30, 2022
Pass-Through Grantor			
Program Title / Cluster			
US DEPARTMENT OF AGRICULTURE			
Passed through Oregon Department of Education			
School Breakfast Program	10.553	CNP	\$ 49,883
National School Lunch Program	10.555	CNP	61,681
NSLP COVID Sponsor Reimbursement Payments	10.555	CNP	55,894
<i>Total Child Nutrition Cluster (10.553 & 10.555)</i>			<u>167,459</u>
CNP SNAP State and Local P-EBT FY22	10.649	CNP	614
TOTAL US DEPARTMENT OF AGRICULTURE			<u>168,073</u>
US DEPARTMENT OF EDUCATION			
Direct			
TRIO - Talent Search	84.044	P044A170443 - 19	15,165
TRIO - Talent Search	84.044	P044A170443 - 21	291,631
<i>Total TRIO Cluster (84.044)¹</i>			<u>306,796</u>
Passed through Oregon Department of Education			
Migrant Education - State Grant Program	84.011	49214	5,764
Migrant Education - State Grant Program	84.011	53724	46,936
Migrant Education - State Grant Program	84.011	57317	12,940
Migrant Education - State Grant Program	84.011	58920	103
Migrant Education - State Grant Program	84.011	61773	493
Migrant Education - State Grant Program	84.011	66112	152,768
Migrant Education - State Grant Program	84.011	68124	522,277
Migrant Education - State Grant Program	84.011	68135	27,778
<i>Total Assistance Listing Number 84.011</i>			<u>769,059</u>
Special Education - Grants to States (IDEA, Part B)	84.027	15287	9,836
Special Education - Grants to States (IDEA, Part B)	84.027	15600	14,627
Special Education - Grants to States (IDEA, Part B)	84.027	15607	17,286
<i>Total Special Education (IDEA) Cluster (84.027)</i>			<u>41,749</u>
Career and Technical Education - Basic Grants to States (Perkins IV)	84.048	59994	37,245
Career and Technical Education - Basic Grants to States (Perkins IV)	84.048	66149	572,753
Career and Technical Education - Basic Grants to States (Perkins IV)	84.048	66186	126,462
<i>Total Assistance Listing Number 84.048</i>			<u>736,460</u>
Elementary and Secondary Education Emergency Relief Fund	84.425D	64781	36,399
Elementary and Secondary Education Emergency Relief Fund	84.425D	65031	1,578,514
<i>Total Assistance Listing Number 84.425D²</i>			<u>1,614,913</u>
Title I State Agency Program for Neglected & Delinquent Children & Youth	84.013	15607	94,094
Rehabilitation Services - Vocational Rehabilitation Grants to States	84.126	10202	160,513
Title II, Part A, Teacher and Principal Training & Recruiting Fund	84.367A	72448	7,888
TOTAL US DEPARTMENT OF EDUCATION			<u>3,731,472</u>

¹ Major Program

² Major Program

Multnomah Education Service District
Schedule of Expenditures of Federal Awards
For the For the Year Ended June 30, 2022 (continued)

FEDERAL GRANTOR	Assistance	Grantor or	Expenditures
Pass-Through Grantor	Listing	Pass-Through	Year Ended
Program Title / Cluster	Number	Number	June 30, 2022
US DEPARTMENT OF HEALTH & HUMAN SERVICES			
Passed through Oregon Department of Education			
CNP Improving Student Health - COVID	93.981	52558	3,884
CNP Improving Student Health - COVID	93.981	61752	12,500
CNP Improving Student Health - COVID	93.981	70238	12,500
TOTAL US DEPARTMENT OF HEALTH & HUMAN SERVICES			28,884
FEDERAL COMMUNICATIONS DIVISION			
Passed though Universal Service Administrative Company			
COVID Emergency Connectivity Fund Program	32.009	ECF202109625	119,048
TOTAL FEDERAL EMERGENCY MANAGEMENT AGENCY			119,048
GRAND TOTAL EXPENDITURES OF FEDERAL AWARDS			\$ 4,047,477
Reconciliation to financial statements			
Schedule of Expenditure of Federal Awards			\$ 4,047,477
Medicaid revenue			65,799
Total revenue from federal sources			\$ 4,113,276

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, 2022

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, 2022. 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, 2022

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 No X
- 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 No X
- Significant deficiency(ies) identified? Yes X No

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>
--	--

84.044	TRIO Cluster
--------	--------------

84.425	Education Stabilization Fund
--------	------------------------------

Dollar threshold used to distinguish between type A and type B programs:

\$ 750,000

Auditee qualified as low-risk auditee?

Yes No X

Multnomah Education Service District
Schedule Of Findings and Questioned Costs
Year Ended June 30, 2022

SECTION II — FINANCIAL STATEMENT FINDINGS

No financial statement findings were reported.

SECTION III — FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

Finding 2022-001

Federal program:

84.425 Education Stabilization Fund (ESF)

Criteria:

Construction contracts in excess of \$2,000 financed by federal assistance funds are required to include: a provision that the contractor or subcontractor comply with the wage rate requirements of the Davis-Bacon Act and the U.S. Department of Labor regulations (29 CFR Part 5, Labor Standards Provisions Applicable to Contracts Governing Federally Financed and Assisted Construction); and a requirement for the contractor or subcontractor to submit to the nonfederal entity weekly, for each week in which any contract work is performed, a copy of the payroll and a statement of compliance (certified payrolls) (29 CFR sections 5.5 and 5.6; the A-102 Common Rule (section 36(i)(5)); OMB Circular A-110 (2 CFR Part 215, Appendix A, Contract Provisions); 2 CFR Part 176, Subpart C; and 2 CFR section 200.326).

Condition:

The provisions for the prevailing wage rates requirements were not included in the construction contracts in excess of \$2,000 financed by ESF funds and that the required certified payrolls were not obtained. The related deficiency in internal controls over compliance is considered to be a significant deficiency.

Cause:

As the District does not typically fund construction projects with federal funds, the District's staff were unaware of the \$2,000 threshold for construction contracts financed by ESF funds to include prevailing wage rates requirements and used a threshold of \$50,000, the Oregon Bureau of Labor & Industries' threshold for prevailing wage rate requirements for public works projects in Oregon.

Effect or potential effect:

Without adequate internal controls over wage rate requirements and including the required provisions in construction contracts in excess of \$2,000 financed by ESF funds, the District cannot demonstrate compliance with the wage rate requirements of the Davis-Bacon Act requirements.

Questioned Costs:

Questioned costs, if any, are indeterminable.

Context:

Out of nine capital projects totaling \$123,558, a sample of three capital projects was haphazardly selected. The capital projects were between \$9,405 and \$14,360 and totaled \$26,024.

Recommendation:

The District should obtain an understanding of all compliance requirements and implement controls to ensure compliance with federal wage rate requirements.

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, 2022**

Finding 2021-001Audit Finding:

Material weakness:

A material weakness in controls over financial reporting and compliance was identified while obtaining an understanding of the District's controls over financial reporting and performing audit procedures over significant account balances. The cause appears to be the lack of timely reconciliations and reviews of various account balances, including accounts receivable, accounts payable, and accrued payroll. 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.

Auditor recommendation:

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

Corrective Action Plan Taken:

Starting January, 2022, the District Senior Accountant provided a monthly report to the Director, Business & Operations, or designee, showing the status of reconciliation completions, approvals, and ongoing outstanding balances. Acknowledgements of receipt will be kept on file. Status reports will be provided to the Superintendent as requested.

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	\$ 233,874
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, 2022

ODE Resource	Totals	Fund 100 ¹	Fund 200	Fund 300
Revenue from local sources				
Ad valorem taxes	\$ 38,324,789	\$ 38,324,789	\$ -	\$ -
Penalties & interest on taxes	12,641	12,641	-	-
Earnings on investments	156,955	146,498	-	10,457
Rentals	23,940	23,940	-	-
Private contributions and donations	389,679	12,397	377,282	-
Services provided other local education agencies	15,387,952	101,497	15,286,455	-
Recovery of prior year's expenditures	3,039	3,002	37	-
Services provided other funds	4,837,039	1,093,786	-	3,743,253
Fees charged to grants	1,299,135	1,299,135	-	-
Miscellaneous	311,505	261,750	49,755	-
Total revenue from local sources	60,746,674	41,279,435	15,713,529	3,753,710
Revenue from intermediate sources				
Restricted revenue	524,426	8,421	516,005	-
Total revenue from intermediate sources	524,426	8,421	516,005	-
Revenue from state sources				
State school fund – general support	8,485,956	8,485,956	-	-
State school fund – school lunch match	-	(3,419)	3,419	-
Other restricted grants-in-aid	12,605,161	1,933,973	10,671,188	-
Total revenue from state sources	21,091,116	10,416,509	10,674,607	-
Revenue from federal sources				
Restricted revenue from the federal government	306,796	-	306,796	-
Federally restricted revenue through the state	3,621,633	56,047	3,565,586	-
Revenue for/on behalf of the district	119,048	-	119,048	-
Total revenue from federal sources	4,047,477	56,047	3,991,430	-
Other sources				
Long term debt financing sources	63,994,611	63,994,611	-	-
Interfund transfers ²	5,198,327	5,198,327	-	-
Beginning fund balance	18,573,608	16,271,177	2,293,105	9,326
Total other sources	87,766,547	85,464,115	2,293,105	9,326
Grand total	\$ 174,176,240	\$ 137,224,528	\$ 33,188,676	\$ 3,763,036

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, 2022

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	\$ 598,385	\$ 236,501	\$ 55,330	\$ 283,344	\$ 23,210	\$ -	\$ -	\$ -
1220 Restrictive programs – disabil.	6,611,423	3,827,656	2,320,460	264,195	198,289	-	823	-
1250 Less restrictive programs	206,286	123,001	82,274	754	257	-	-	-
1280 Alternative education	1,018,490	528,703	337,477	15,078	113,389	15,893	7,950	-
1291 English second language prog.	663	-	-	123	540	-	-	-
1292 Teen parent program	48,927	26,132	22,346	449	-	-	-	-
1294 Youth corrections education	362,504	222,824	138,043	562	1,075	-	-	-
Total instruction expenditures	8,846,678	4,964,817	2,955,930	564,505	336,760	15,893	8,773	-
Support service expenditures								
2110 Attendance and social work	646,689	397,665	241,278	6,636	1,060	-	50	-
2130 Health services	10,980,247	6,410,868	3,850,752	563,829	153,914	-	884	-
2140 Psychological services	281,944	138,276	74,893	68,219	221	-	335	-
2150 Speech pathology & audiology	847,572	429,694	249,814	138,283	20,760	7,798	1,223	-
2160 Other student treatment svcs.	680,322	274,365	173,843	202,846	28,494	-	774	-
2190 Service direct., student supp.	1,279,156	810,651	432,491	11,501	22,718	-	1,795	-
2210 Instruction services improve.	442,980	254,090	139,060	33,752	14,536	-	1,542	-
2310 Board of education services	265,028	24,420	12,609	155,699	1,547	-	70,753	-
2320 Executive administration svcs.	1,003,721	599,211	317,486	72,529	13,305	-	1,190	-
2410 Office of principal services	1,184,094	704,559	427,875	19,250	29,299	-	3,111	-
2490 Other school admini services	917,269	449,800	280,647	165,902	19,847	-	1,073	-
2510 Direction of business support	231,083	143,211	82,113	301	3,478	-	1,980	-
2520 Fiscal services	1,058,353	637,834	360,784	21,991	15,670	-	22,074	-
2540 Operations & maint. of plant	1,140,629	479,316	304,940	256,450	58,302	33,669	7,952	-
2550 Student transportation svcs.	48,897	-	-	48,331	566	-	-	-
2570 Internal services	952,053	165,577	90,869	88,056	8,991	-	598,560	-
2610 Direction of central support	55	-	-	35	20	-	-	-
2630 Information services	426,990	251,555	126,795	19,861	15,524	-	13,255	-
2640 Staff services	1,341,051	655,083	483,801	161,683	32,457	-	8,027	-
2660 Technology services	5,479,695	2,097,468	1,209,964	1,615,887	273,098	283,078	200	-
2690 Other central support services	255,946	145,958	74,147	28,552	6,694	-	595	-
Total support svc. expenditures	29,463,774	15,069,601	8,934,161	3,679,593	720,501	324,545	735,373	-
Enterprise & community svc. exp.								
3100 Food service	305,049	1,200	246	149,767	153,836	-	-	-
Facilities acquisition & construct.								
4150 Building acquisition,construct.	3,761,195	-	-	-	-	3,761,195	-	-
Other uses								
5100 Debt Service	937,000	-	-	-	-	-	937,000	-
5200 Transfers of Funds ²	5,198,327	-	-	-	-	-	-	5,198,327
5300 Apportionment of funds ESD	11,529,200	-	-	-	-	-	-	11,529,200
5400 PERS UAL bond lump sum	60,011,402	-	-	-	-	-	60,011,402	-
Total other uses	77,675,929	-	-	-	-	-	60,948,402	16,737,527
Grand total 100 General Fund	\$120,052,625	\$ 20,035,618	\$ 11,890,337	\$ 4,393,865	\$ 1,211,097	\$ 4,101,633	\$ 61,692,548	\$ 16,727,527

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, 2022 (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	\$ 818,556	\$ 293,486	\$ 68,614	\$ 448,369	\$ 7,814	\$ -	\$ 273	\$ -
1132 High school extracurricular	299,902	131,647	46,934	97,142	24,054	-	125	-
1220 Restrictive programs – disabil.	9,436,666	5,364,397	3,545,239	227,807	30,795	-	268,428	-
1250 Less restrictive programs	34,874	21,285	13,589	-	-	-	-	-
1260 Treatment and habilitation	2,195	-	-	-	2,195	-	-	-
1271 Remediation	104,939	66,549	23,607	8,803	5,936	-	44	-
1280 Alternative education	211,661	49,605	31,118	6,500	13,379	111,059	-	-
1292 Teen parent program	40,863	19,503	21,360	-	-	-	-	-
1293 Migrant education	769,060	353,768	233,524	64,571	52,846	-	64,351	-
1294 Youth corrections education	2,575,278	1,220,970	681,612	138,236	321,428	-	213,032	-
1400 Summer school program	135,425	62,167	24,133	24,396	10,000	11,670	3,059	-
Total instruction expenditures	14,429,419	7,583,377	4,689,730	1,015,824	468,447	122,729	549,312	-
Support service expenditures								
2110 Attendance and social work	458,377	287,418	158,877	6,120	867	-	5,096	-
2120 Guidance services	1,078,840	621,818	301,294	52,800	32,399	-	70,529	-
2130 Health services	5,201,191	2,926,917	1,735,588	475,704	62,144	-	838	-
2140 Psychological services	373,403	212,642	111,318	43,618	1,327	-	4,498	-
2150 Speech pathology & audiology	390,557	170,287	111,847	104,955	1,849	1,060	559	-
2160 Other student treatment svcs.	446,104	227,459	139,303	77,067	335	-	1,940	-
2190 Service direction, student sup.	836,478	491,021	295,070	4,121	14,070	-	32,196	-
2210 Instruction services improve.	1,119,879	170,897	83,020	277,573	534,059	-	54,330	-
2240 Instructional staff develop.	36,399	20,892	12,502	-	-	-	3,005	-
2320 Executive administration svcs.	22,296	15,607	6,689	-	-	-	-	-
2410 Office of principal services	1,160,167	724,241	383,577	16,551	3,154	-	32,644	-
2490 Other school admin services	740,555	442,982	280,290	13,671	2,043	-	1,569	-
2540 Operations & maint. of plant	1,017,849	155,755	111,284	684,475	16,889	47,800	1,646	-
2620 Planning, research, develop.	2,000,840	824,895	394,775	606,902	70,127	-	104,141	-
2640 Staff services	1,410,738	772,210	286,842	243,954	11,066	-	96,666	-
2660 Technology services	845,014	391,788	196,309	16,128	134,297	64,088	42,404	-
Total support svc. expenditures	17,167,571	8,475,490	4,616,050	2,623,839	884,799	112,948	454,445	-
Enterprise & community svc. exp.								
3100 Food service	325,724	26,223	4,972	219,255	71,279	-	3,995	-
3300 Community Services	24,704	-	-	1,866	22,838	-	-	-
Total enterprise & community svc	350,428	26,223	4,972	221,121	94,117	-	3,995	-
Grand total 200 special rev.	\$ 31,947,418	\$ 16,085,090	\$ 9,310,752	\$ 3,860,784	\$ 1,447,363	\$ 235,677	\$ 1,007,752	\$ -

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	\$ 3,551,158	\$ -	\$ -	\$ -	\$ -	\$ -	3,551,158	\$ -
Grand total 300 debt svc.	\$ 3,551,158	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,551,158	\$ -

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

OTHER INFORMATION AS REQUIRED BY THE STATE OF OREGON



Talbot, Korvola & Warwick, LLP 14945 SW Sequoia Parkway, Suite 150 Portland, OR 97224
P 503.274.2849 F 503.274.2853 www.tkw.com

**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 financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Multnomah Education Service District (the District) as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated November 14, 2022. 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.

Compliance

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules 162-10-000 through 162-10-330 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:

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

In connection with our testing, nothing came to our attention that caused us to believe the District was not in substantial compliance with certain provisions of laws, regulations, contracts, and grants, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules 162-10-000 through 162-10-330 of the *Minimum Standards for Audits of Oregon Municipal Corporations*.

**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 (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 District's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

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
November 14, 2022