



Clackamas Education
SERVICE DISTRICT

FINANCIAL REPORT For

the Fiscal Year Ended June 30, 2019

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CLACKAMAS EDUCATION SERVICE DISTRICT
CLACKAMAS COUNTY, OREGON

FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

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CLACKAMAS EDUCATION SERVICE DISTRICT
CLACKAMAS COUNTY, OREGON

BOARD OF DIRECTORS

TERM EXPIRES

Linda Brown, Chair	June 30, 2019
Susan Trone, Vice Chair	June 30, 2019
Wade Byers	June 30, 2021
Len Mills	June 30, 2019
Greg McKenzie	June 30, 2021
Jon Eyman	June 30, 2021
Nadine Duffield	June 30, 2021

Board members receive mail at the District Office address listed below.

DISTRICT ADMINISTRATION

Jada Rupley, Superintendent

DISTRICT ADDRESS

13455 SE 97th Avenue
Clackamas, OR 97015

CLACKAMAS EDUCATION SERVICE DISTRICT
CLACKAMAS COUNTY, OREGON

TABLE OF CONTENTS

	<u>Page</u>
FINANCIAL SECTION	
Independent Auditors' Report	1 - 3
Management's Discussion and Analysis	6 - 14
Basic Financial Statements:	
Government-wide Financial Statements:	
Statement of Net Position	16
Statement of Activities	17
Fund Financial Statements:	
Balance Sheet - Governmental Funds	18
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position	19
Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	20
Reconciliation of the Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances to the Statement of Activities	21
Proprietary Fund Financial Statements:	
Statement of Net Position	22
Statement of Revenues, Expenditures and Changes in Fund Net Position	23
Statement of Cash Flows	24
Fiduciary Fund Financial Statements:	
Statement of Net Position	25
Notes to the Basic Financial Statements	28 - 53
Required Supplementary Information:	
Schedule of Funding Progress for Other Postemployment Benefits	56
Oregon Public Employees Retirement System Schedules -	
District's Proportionate share of the Net Pension Liability and District Contributions - PERS	57
District's Proportionate share of the Net Pension Liability and District Contributions - RHIA	58
Schedule of Revenues, Expenditures and Changes in Fund Balances - Actual and Budget	
General Fund	59
Special Revenue Fund	60
Notes to Required Supplementary Information	61 - 62
Supplementary Information:	
Schedule of Revenues, Expenditures and Changes in Fund Balances - Actual and Budget	
Debt Service Fund	64
Capital Project Fund	65
Enterprise Fund	66
Internal Service Fund	67
Agency Fund	68
Other Financial Schedules:	
Schedule of Property Tax Transactions and Balances	70
Supplemental Information as Required by the Oregon Department of Education	71 - 79

CLACKAMAS EDUCATION SERVICE DISTRICT
CLACKAMAS COUNTY, OREGON

TABLE OF CONTENTS (continued)

SINGLE AUDIT SECTION:

Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with Government Auditing Standards	83 - 84
Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by Uniform Guidance	85 - 86
Schedule of Expenditures of Federal Awards	87
Notes Relative to Schedule of Federal Awards	88
Schedule of Findings and Questioned Costs	89

**AUDITORS' COMMENTS AND DISCLOSURES REQUIRED
BY STATE REGULATIONS**

93 - 94

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INDEPENDENT AUDITORS' REPORT

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To the School Board
Clackamas Education Service District
Clackamas County, Oregon

INDEPENDENT AUDITORS' REPORT

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Clackamas Education Service District, Clackamas County, Oregon (District), as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the District, as of June 30, 2019, and, the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.



Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, the Schedule of Changes in Total Other Postemployment Benefits and Related Ratios, and Oregon Public Employee Retirement System PERS and RHIA information be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Government Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Additionally, accounting principles generally accepted in the United States of America require that the General Fund and Special Revenue Fund budgetary comparison be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Government 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. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the General Fund and Special Revenue Fund budgetary comparison are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Other 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 supplementary information, as listed in the table of contents, is presented for purposes of additional analysis and is not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements.

The supplementary information, as listed in the table of contents, and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally



accepted in the United States of America. In our opinion, the supplementary information, as defined in the table of contents, and the schedule of expenditures of federal awards are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Other Reporting Required by *Governmental Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 26, 2019 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Reports on Other Legal and Regulatory Requirements

In accordance with Minimum Standards for Audits of Oregon Municipal Corporations, we have issued our report dated December 26, 2019, on our consideration of the District's internal control over financial reporting and compliance with certain provisions of laws, regulations, contracts, and grants, 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 internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance.

Wilcox Arredondo & Co.

Certified Public Accountants
Canby, Oregon
December 26, 2019

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MANAGEMENT'S DISCUSSION AND ANALYSIS

CLACKAMAS EDUCATION SERVICE DISTRICT
CLACKAMAS COUNTY, OREGON

MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended June 30, 2019

As management of the Clackamas Education Service District, we offer readers of the District's financial statements this narrative overview and analysis of the financial activities for the fiscal year ended June 30, 2019. Comparison to prior year data has also been provided for all key financial information.

Financial Highlights

The District's financial decisions for the fiscal year ended June 30, 2019, were, as with prior years, influenced significantly by activity at the state level. The District built its budget for the fiscal year ended June 30, 2019 based on projected funding of \$8.2 billion for the biennium statewide for K-12 education with 50.00% for 2017-18 and 50.00% for 2018-19

ESDs are included in the distribution formula for \$8.2 billion (for the 2017-19 biennium) at the 4.50% rate. For 2019-20, the District continues working with our component school districts to identify the program priorities, solidify resolution services, offer flexibility for individual districts and continue refining our Service Delivery Model (SDM).

- For the fiscal year ended June 30, 2019, the District's total assets increased by \$2,159,622 and total liabilities increased by \$2,942,380. The net impact was an increase in total net position of \$479,687.
- The net position includes, \$2,905,341 invested in capital assets, net of related debt; \$2,073,764 was restricted for local, state, and federal grants and contracts. The remainder is unrestricted and available to meet the District's ongoing obligations to local component school districts, citizens, and creditors.
- As of June 30, 2019, the District's governmental funds reported a combined ending fund balance of \$10.9 million, an increase of \$1,361,953. Approximately 74% of this total amount, \$8,088,448 is available for general fund programs during the 2019-20 fiscal year.
- As of June 30, 2019, the unassigned fund balance for the General Fund was \$3,768,330 or approximately 23% of the General Fund expenditures totaling \$16,381,308.
- The District's debt service fund balance remained largely unchanged during the 2018-19 fiscal year, due to charges equaling the payment of principal and interest on existing debt. The debt service fund is used for the accumulation of resources for the payment of principal and interest on bonds issued to retire a portion of its underfunded pension obligation. The remaining balance owed is discussed in Note 8, Bonded and Other Long-Term Debt, in the Notes to the Financial Statements.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the basic financial statements of Clackamas Education Service District. The basic financial statements are comprised of five components: 1) government-wide financial statements, 2) fund financial statements, 3) proprietary fund financial statements, 4) fiduciary fund financial statements, and 5) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements.

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 District's assets and liabilities, with the difference between the two reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of Clackamas Education Service District is improving or deteriorating.
- The *statement of activities* presents information showing how the District's net position 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 in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

CLACKAMAS EDUCATION SERVICE DISTRICT
CLACKAMAS COUNTY, OREGON

MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
For the Year Ended June 30, 2019

Both government-wide financial statements distinguish functions that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). Clackamas Education Service District has governmental activities, which include instruction, supporting services, payments to districts, and debt service. The District's business activities consist of training classes for local school district staff, media production, technical repair, internet provider services, student attendance accounting, and financial services provided to local school districts.

The government-wide financial statements can be found on pages 16-17 of this report.

Fund Financial Statements are designed to demonstrate compliance with finance-related legal requirements overseeing the use of fund accounting. A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities and objectives. All of the funds of Clackamas Education Service District are divided into three categories: governmental funds, proprietary funds and fiduciary 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 available resources, as well as on balances of available resources at the end of the fiscal year. Such information may be useful in evaluating a district's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the District's near-term financing decisions. Both the governmental 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*.

Clackamas Education Service District maintained three individual major governmental funds (general fund, special revenue fund and debt service fund) for the fiscal year. Information is presented separately in the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances.

The basic governmental fund financial statements can be found on pages 18-21 of this report.

Proprietary funds are used to account for a government's business-type activities. The District performs several business-type services for local school district programs, as well as internal governmental type services for central activities within Clackamas ESD. The financial activities are recorded in an enterprise fund and an internal service fund.

Enterprise funds are accounting devices used to establish activity fees or charges designed to recover costs of providing the services, including capital costs, such as depreciation. The enterprise fund financial statements provide the information for business-type activities.

Internal service funds are accounting devices used to accumulate and allocate costs internally. The internal service fund financial statements provide the information for governmental-type activities.

The basic proprietary fund financial statements can be found on pages 22-24 of this report.

CLACKAMAS EDUCATION SERVICE DISTRICT
CLACKAMAS COUNTY, OREGON

MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
For the Year Ended June 30, 2019

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 statements because the resources of the fiduciary funds are not available to support the District's own programs. The accounting methods used for the fiduciary funds are the same as the proprietary funds.

The basic fiduciary fund financial statement can be found on page 25 of this report.

Notes to the Financial Statements 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 basic financial statements can be found on pages 28-53 of this report.

Clackamas Education Service District annually adopts a budget for all of its funds. A budgetary comparison statement has been provided for each fund individually to demonstrate compliance with the related budgets. Budgetary comparisons for major funds can be found on pages 54-55 of this report. Budgetary comparisons for non-major funds are found on pages 64-68.

Other Financial Schedules to assist the reader can be found on pages 70-79 of this report.

Government-Wide Financial Analysis

Statement of Net Position: As noted earlier, the statement of net position may serve over time as a useful indicator of a government's financial position. Net position includes the remaining assets after the liabilities have been paid or otherwise satisfied. The statements include all assets and liabilities using the accrual basis of accounting similar to the accounting basis used by most private sector companies. The accrual basis of accounting recognizes the increases or decreases in economic resources as soon as the underlying event occurs. Consequently, revenues are recognized as soon as they are earned, and expenses are recognized as soon as the liability is incurred, regardless of the timing of the related cash inflows and outflows. The District's liabilities exceeded assets by approximately \$19.8 million (less pension plan deferred inflows and outflows) as of June 30, 2019.

Current and other assets consist mainly of investments, cash, and receivables, e.g., grants and property taxes, and represent \$21,043,287 or 64% of total assets. The remaining assets and capital assets, which consist of the District's land, buildings, building improvements, vehicles and equipment, and represent \$11,755,062 or 36% of total assets.

Current liabilities consisting of funds due other funds and other governmental agencies, accrued payroll, taxes and withholdings, and accounts payables due as of June 30, 2019, represent \$8,445,961 or 16% of total liabilities. The remaining liabilities are discussed in Note 8, Bonded and Other Long-Term Debt, in the Notes to the Financial Statements and represent \$44,945,971 or 84% of total liabilities.

CLACKAMAS EDUCATION SERVICE DISTRICT
CLACKAMAS COUNTY, OREGON

MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
For the Year Ended June 30, 2019

A summary of the District net position as of June 30, 2019, compared to June 30, 2018 is presented below.

**Condensed Statement of Net Position
For the Fiscal Year Ending June 30**

Assets:	2019	2018	Difference
Current and other assets	\$ 21,043,287	\$ 18,733,341	\$ 2,309,946
Noncurrent assets	11,755,062	11,905,386	(150,324)
Total assets	32,798,349	30,638,727	2,159,622
Deferred Outflows of Resources			
OPEB - RHIA	74,403	-	74,403
Pension Plan	8,110,277	6,088,558	2,021,719
	8,184,680	6,088,558	2,096,122
Liabilities:			
Current liabilities	8,445,961	7,286,304	1,159,657
Noncurrent liabilities	44,945,971	43,163,248	1,782,723
Total liabilities	53,391,932	50,449,552	2,942,380
Deferred Inflows of Resources			
OPEB - RHIA	46,219	-	46,219
Pension Plan	3,222,396	2,434,938	787,458
	3,268,615	2,434,938	833,677
Net Position:			
Investment in capital assets	2,905,341	2,911,494	(6,153)
Net position: restricted	2,073,764	1,497,705	576,059
Net position: unrestricted	(20,656,623)	(20,566,404)	(90,219)
Total net position	\$ (15,677,518)	\$ (16,157,205)	\$ 479,687

At the end of the fiscal year, the Clackamas Education Service District's net position increased by \$479,687. Investment in capital assets decreased by \$6,153 due to capital replacement costs being less than depreciation expense. Restricted net position increased by \$576,059 due to revenues from local, state, federal grants and contracts received more than expenses. Unrestricted net position decreased by \$90,219 due to governmental activity charges for services less than expenses and increase in net pension expense.

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

CLACKAMAS EDUCATION SERVICE DISTRICT
CLACKAMAS COUNTY, OREGON

MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
For the Year Ended June 30, 2019

A summary of the District changes in net position for the fiscal year ending June 30, 2019, compared to June 30, 2018 is presented below.

**Change in Net Position
For the Fiscal Year Ending June 30**

	2019	2018	Increase (Decrease)	%
Revenues				
Program revenues				
Charges for services	\$ 9,239,480	\$ 8,751,458	\$ 488,022	5.6%
Operating grants and contributions	18,232,332	14,033,964	4,198,368	29.9%
Total program revenue	<u>27,471,812</u>	<u>22,785,422</u>	<u>4,686,390</u>	<u>20.6%</u>
General revenue				
Property taxes	16,591,416	16,016,797	574,619	3.6%
State school fund	9,569,996	9,850,828	(280,832)	-2.9%
Investment earnings	326,449	189,823	136,626	72.0%
Miscellaneous	1,344,741	663,921	680,820	102.5%
Total general revenue	<u>27,832,602</u>	<u>26,721,369</u>	<u>1,111,233</u>	<u>4.2%</u>
Total revenue	<u>55,304,414</u>	<u>49,506,791</u>	<u>5,797,623</u>	<u>11.7%</u>
Expenses				
Instruction	26,281,976	24,632,285	1,649,691	6.7%
Support services	12,307,254	11,714,901	592,353	5.1%
Enterprise and community services	432,183	387,361	44,822	11.6%
Facility acquisition	207,331	497,419	(290,088)	-58.3%
Other uses	14,552,640	12,717,354	1,835,286	14.4%
Depreciation	168,552	180,836	(12,284)	-6.8%
Interest on long-term debt	874,791	922,129	(47,338)	-5.1%
Total expenses	<u>54,824,727</u>	<u>51,052,285</u>	<u>3,772,442</u>	<u>7.4%</u>
Change in net position	<u>479,687</u>	<u>(1,545,494)</u>	<u>2,025,181</u>	<u>131.0%</u>
Net position - beginning	<u>(16,157,205)</u>	<u>(14,611,711)</u>	<u>(1,545,494)</u>	<u>10.6%</u>
Net position - ending	<u>\$ (15,677,518)</u>	<u>\$ (16,157,205)</u>	<u>\$ 479,687</u>	<u>-3.0%</u>

Total program revenues for the 2018-2019 fiscal year represented 50% of total revenues, similar to 2017-18. As mentioned earlier in the Financial Highlights state school support funds were increased in 2018-2019. Operating grants were virtually unchanged compared to the prior year. Overall, total revenues increased by \$5,797,623.

Local component school districts continue to prioritize how they spend dollars between the services they provide compared to purchasing services from the Clackamas Education Service District, which is reflected by the changes in charges for services and in the various expense categories. The ending net position will be used in subsequent fiscal years to offset potential loss of revenues due to the economic issues and to maintain services and programs provided to local component school districts.

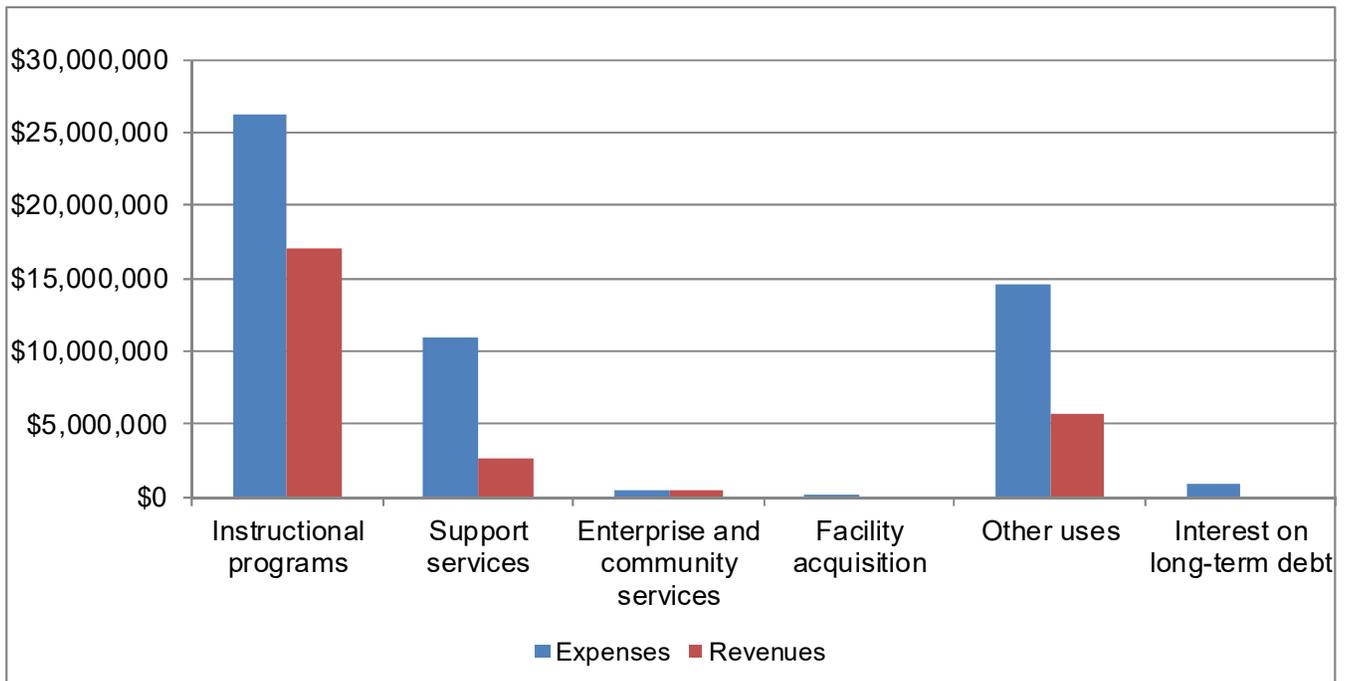
CLACKAMAS EDUCATION SERVICE DISTRICT
CLACKAMAS COUNTY, OREGON

MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
For the Year Ended June 30, 2019

For the Fiscal Year Ending June 30, 2019

	Total Cost of Services and Grants	Net Cost of Services	%
	2019	2019	
Instructional programs	\$ 26,227,248	\$ 9,142,409	33.1%
Support services	10,957,548	8,396,351	30.4%
Enterprise and community services	432,183	50,985	0.2%
Facility acquisition	207,331	207,331	0.8%
Other uses	14,552,640	8,911,528	32.2%
Interest on long-term debt	874,791	874,791	3.3%
Total	\$ 53,251,741	\$ 27,583,395	100.0%

**Total Expenses and Program Revenues –
Governmental Activities**



CLACKAMAS EDUCATION SERVICE DISTRICT
CLACKAMAS COUNTY, OREGON

MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
For the Year Ended June 30, 2019

As with prior years, a major portion of the instruction programs provided through the District are through grants or contracts to local component school districts, which is reflected by only 33.1% funded by general revenues: property taxes, state school support, and other sources. The major portion of general revenues is dedicated to support services and other uses that are requested and approved by the local component school districts, which includes funds dedicated to students with disabilities, child evaluation services, improvement of instructional services, network and information services, and other administrative services.

Financial Analysis of the District's Funds

As noted earlier, the District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

The focus of the District's *governmental funds* is to provide information on near-term inflows, outflows, and balances of *expendable* resources. Such information is useful in assessing the District's financing requirements. In particular, the *unreserved fund balance* may serve as a useful measure of the District's net resources available for spending at the end of the fiscal year.

At the end of the 2018-19 fiscal year, the District's governmental funds reported combined ending fund balances of \$10,902,068. The amount includes \$6,598,921 restricted for local, state, and federal grant and contract purposes; \$410,046 committed for debt service principal and interest payments; \$124,771 designated as nonspendable for prepaid items, leaving the remaining balance of \$3,768,330 as *unassigned fund balance* to support and enhance services provided to local school districts for the 2019-20 fiscal year.

The general fund is the primary operating fund of the District. As of June 30, 2019, the combined unassigned, restricted and nonspendable fund balance was \$8,088,448 compared to \$7,382,253 at the beginning of the fiscal year, July 1, 2018. Total resources increased by \$6,020,388 from increases in State School Fund and Taxes. Expenses increased by \$2,104,096.

The special revenue fund balance increased by \$576,059 due to an increase in the availability of federal grants. The fund balance of the special revenue fund is restricted for the purpose of achieving the objectives of the specific grants and, therefore, designated for the purposes authorized in the grant awards.

The debt service fund was created during the 2004-05 fiscal year and has a committed ending fund balance of \$410,046. The ending fund balance will be used to reduce the requirements from other funds in future years and reduce the effects of increased annual debt payments on services provided.

The capital project fund was created for the purchase of the District-owned facility and remodel, including the lease for classroom space, and has an ending fund balance of \$329,810.

General Fund Budgetary Highlights

The Board adopted the budget and made appropriations for the General Fund following Oregon Budget Law. Board approved appropriation transfers were made for the fiscal year ending June 30, 2019 and have been reflected in the Schedule of Revenues, Expenditures and Changes in Fund Balance – Actual and Budget for the General Fund.

CLACKAMAS EDUCATION SERVICE DISTRICT
CLACKAMAS COUNTY, OREGON

MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
For the Year Ended June 30, 2019

Capital Assets

As of June 30, 2019, the District had invested \$11,594,233 in capital assets, net of depreciation. The District's investment in capital assets includes land, buildings, improvements, software, vehicles, and equipment and is presented below.

**Capital Asset Summary
For the Fiscal Year Ending June 30**

	2019	2018	Increase (Decrease)
General Fixed Assets			
Land	\$ 2,151,662	\$ 2,151,662	\$ -
Building and Site Improvements	10,878,028	10,878,028	-
Vehicles and Equipment	1,407,920	1,408,270	(350)
Software	1,378,171	1,378,171	-
Total General Fixed Assets	15,815,781	15,816,131	(350)
Accumulated Depreciation	(4,939,671)	(4,535,618)	(404,053)
Net Governmental Assets	10,876,110	11,280,513	(404,403)
Enterprise Fund Assets			
Machinery and Equipment	5,132,611	4,870,809	261,802
Accumulated Depreciation	(4,414,488)	(4,245,936)	(168,552)
Net Internal Service Assets	718,123	624,873	93,250
Total Assets	\$ 11,594,233	\$ 11,905,386	\$ (311,153)

During the fiscal year, the District's investments in capital assets decreased by \$311,153. The major capital asset events included adding technology in the General Fixed Assets and annual depreciation for both the General Fixed Assets and Enterprise Fund Assets.

Debt

At the end of the 2018-19 fiscal year, the District had total bonded indebtedness in the amount of \$13,758,750 as discussed in Note 8, Bonded and Other Long-Term Debt, in the Notes to the Financial Statements. The District issued, during the 2004-2005 fiscal year, limited tax pension obligation bonds to refinance the District's Unfunded Actuarial Liability (UAL) with the state of Oregon Public Employees Retirement System (PERS) in the amount of \$18,720,000. Repayment of the debt was scheduled over a 23-year period. During the 2006-07 fiscal year, the District issued certificates of participation in the amount of \$8,795,000 as general obligation debt for the purchase of the District's main facility located in Clackamas, Oregon and repayment of the debt owed on the prior District facility. Repayment of the debt was scheduled over a 29-year period. The total of this was \$7,035,000 as of June 30, 2019. During the 2016-17 fiscal year, the District refinanced this debt without extending the original term. The District paid principal on the bonds totaling \$925,000 and \$305,000 towards the general obligation debt in the 2018-19 fiscal year. Other obligations include accrued vested compensated absences and early retirement obligations.

CLACKAMAS EDUCATION SERVICE DISTRICT
CLACKAMAS COUNTY, OREGON

MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
For the Year Ended June 30, 2019

Economic Factors and Next Year's Budget

Currently, the Oregon unemployment rate is at 4.1%, compared to the U.S. rate of 3.6%, which are relatively low and trending in the right direction. The Oregon Legislature meets on an annual basis and is responsible for determining both the amount and allocation formula for K-12 education. The Legislature recently passed historic legislation to increase funding in K-12 by up to \$2 Billion for the 2019-21 Biennium. While this will not eradicate the effects of chronic underfunding of education over the last decade, it is an important first step in providing education the funding it sorely needs. Sustainability of this increase in funding will be necessary to create lasting positive change. Almost 32% of Clackamas ESD's General Fund revenues, excluding beginning cash, are provided by the state and almost 62% from ad valorem taxes. The balance of the revenues for the General Fund is from charges for services, federal funding, and interest earnings, among other sources.

The District continues to seek means to maintain expenditures within available resources. Any deficit imposed on the District will be absorbed by 1) use of available unrestricted fund balance, and 2) local component school districts reviewing and prioritizing services and, if necessary, required reductions in provided services so that resources equal expenditures as required by state statute. The District Board of Directors approves all required reductions.

Requests for Information

This financial report is designed to provide a general overview of Clackamas Education Service District's finances for all those with an interest in the District's finances. Questions concerning any of the information provided in the report or requests for additional financial information should be addressed to the Chief Financial Officer, 13455 SE 97th Avenue, Clackamas, OR, 97015.

BASIC FINANCIAL STATEMENTS

CLACKAMAS EDUCATION SERVICE DISTRICT
CLACKAMAS COUNTY, OREGON

STATEMENT OF NET POSITION
 June 30, 2019

	GOVERNMENTAL ACTIVITIES	BUSINESS TYPE ACTIVITIES	TOTAL
ASSETS:			
Cash and cash equivalents	\$ 9,836,842	\$ 615,190	\$ 10,452,032
Property taxes receivable	533,055	-	533,055
Other receivables	9,638,091	290,273	9,928,364
Prepaid expense	124,771	5,065	129,836
Net OPEB asset - RHIA	158,514	2,315	160,829
Capital assets			
Nondepreciable capital assets	2,151,662	-	2,151,662
Depreciable capital assets, net	8,724,448	718,123	9,442,571
Total assets	<u>31,167,383</u>	<u>1,630,966</u>	<u>32,798,349</u>
DEFERRED OUTFLOWS OF RESOURCES:			
OPEB - RHIA	73,332	1,071	74,403
Pension Plan	7,993,544	116,733	8,110,277
Total deferred outflows of resources	<u>8,066,876</u>	<u>117,804</u>	<u>8,184,680</u>
LIABILITIES:			
Accounts payable	2,439,465	30,589	2,470,054
Accrued payroll and benefits	990,355	-	990,355
Due to other governmental agencies	4,875,570	-	4,875,570
Compensated absences	109,982	-	109,982
Noncurrent liabilities:			
Bonds and certificate of participation			
Due within one year	1,230,000	-	1,230,000
Due in more than one year	19,563,750	-	19,563,750
Net pension liability	21,596,087	315,378	21,911,465
Other postemployment benefit liability	1,621,721	-	1,621,721
OPEB stipend liability	619,035	-	619,035
Total liabilities	<u>53,045,965</u>	<u>345,967</u>	<u>53,391,932</u>
DEFERRED INFLOWS OF RESOURCES:			
OPEB - RHIA	45,554	665	46,219
Pension plan	3,176,015	46,381	3,222,396
Total deferred inflows of resources	<u>3,221,569</u>	<u>47,046</u>	<u>3,268,615</u>
NET POSITION:			
Invested in capital assets	2,187,218	718,123	2,905,341
Restricted for:			
Local, state and federal grants and contracts	2,073,764	-	2,073,764
Unrestricted	<u>(21,294,257)</u>	<u>637,634</u>	<u>(20,656,623)</u>
Total net position	<u>\$ (17,033,275)</u>	<u>\$ 1,355,757</u>	<u>\$ (15,677,518)</u>

See notes to the basic financial statements.

CLACKAMAS EDUCATION SERVICE DISTRICT
CLACKAMAS COUNTY, OREGON

STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2019

FUNCTIONS	EXPENSES	FUNCTION REVENUE		NET (EXPENSE), REVENUE AND CHANGES IN NET POSITION		
		CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	GOVERNMENTAL ACTIVITIES	BUSINESS TYPE ACTIVITIES	TOTAL
Governmental Activities:						
Instruction	\$ 26,227,248	\$ 4,313,837	\$ 12,771,002	\$ (9,142,409)		\$ (9,142,409)
Support services	10,957,548	864,966	1,696,231	(8,396,351)		(8,396,351)
Enterprise and Community Services	432,183	-	381,198	(50,985)		(50,985)
Facility Acquisition	207,331	-	-	(207,331)		(207,331)
Other uses	14,552,640	2,257,211	3,383,901	(8,911,528)		(8,911,528)
Interest on long-term debt	874,791	-	-	(874,791)		(874,791)
Total Governmental Activities	53,251,741	7,436,014	18,232,332	(27,583,395)		(27,583,395)
Business-Type Activities:						
Instruction	54,728	-	-	-	\$ (54,728)	(54,728)
Support services	1,349,706	1,803,466	-	-	453,760	453,760
Depreciation	168,552	-	-	-	(168,552)	(168,552)
Total Business-Type Activities	1,572,986	1,803,466	-	-	230,480	230,480
Total	\$ 54,824,727	\$ 9,239,480	\$ 18,232,332	(27,583,395)	230,480	(27,352,915)
General Revenues						
Taxes:						
Property taxes, levied for general purposes				16,591,416	-	16,591,416
State revenue sharing				9,569,996	-	9,569,996
Interest and investment earnings				326,449	-	326,449
Miscellaneous revenue				1,344,741	-	1,344,741
Total General Revenues				27,832,602	-	27,832,602
Changes in Net Position				249,207	230,480	479,687
Net Position - Beginning				(17,282,482)	1,125,277	(16,157,205)
Net Position - Ending				\$ (17,033,275)	\$ 1,355,757	\$ (15,677,518)

See notes to the basic financial statements.

CLACKAMAS EDUCATION SERVICE DISTRICT
CLACKAMAS COUNTY, OREGON

BALANCE SHEET - GOVERNMENTAL FUNDS
 June 30, 2019

	GENERAL	SPECIAL REVENUE	DEBT SERVICE	CAPITAL PROJECTS	TOTALS
ASSETS:					
Cash and Cash Equivalents	\$ 8,542,666	\$ -	\$ 410,046	\$ 377,998	\$ 9,330,710
Property Taxes Receivable					
Property taxes receivable	471,553	-	-	-	471,553
Unsegregated tax collections	61,502	-	-	-	61,502
Other Receivables	1,846	9,631,935	-	-	9,633,781
Due from Other Funds	5,687,039	-	-	-	5,687,039
Prepaid Items	124,771	-	-	-	124,771
Total assets	<u>\$ 14,889,377</u>	<u>\$ 9,631,935</u>	<u>\$ 410,046</u>	<u>\$ 377,998</u>	<u>\$ 25,309,356</u>
LIABILITIES:					
Accounts payable	\$ 505,472	\$ 1,871,132	\$ -	\$ 48,188	\$ 2,424,792
Accrued payroll, taxes, withholdings	990,355	-	-	-	990,355
Due to other funds	-	5,687,039	-	-	5,687,039
Due to other governmental agencies	4,875,570	-	-	-	4,875,570
Total Liabilities	<u>6,371,397</u>	<u>7,558,171</u>	<u>-</u>	<u>48,188</u>	<u>13,977,756</u>
DEFERRED INFLOWS OF RESOURCES:					
Unavailable revenue - property taxes	429,532	-	-	-	429,532
Total Deferred Inflows of Resources	<u>429,532</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>429,532</u>
FUND BALANCES:					
Nonspendable	124,771	-	-	-	124,771
Restricted	4,195,347	2,073,764	-	329,810	6,598,921
Committed	-	-	410,046	-	410,046
Unassigned	3,768,330	-	-	-	3,768,330
Total Fund Balances	<u>8,088,448</u>	<u>2,073,764</u>	<u>410,046</u>	<u>329,810</u>	<u>10,902,068</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 14,889,377</u>	<u>\$ 9,631,935</u>	<u>\$ 410,046</u>	<u>\$ 377,998</u>	<u>\$ 25,309,356</u>

See notes to the basic financial statements.

CLACKAMAS EDUCATION SERVICE DISTRICT
CLACKAMAS COUNTY, OREGON

Reconciliation of the Governmental Funds
Balance Sheet to the Statement of Net Position
June 30, 2019

Total Fund Balances - Governmental Funds	\$	10,902,068
Capital assets used in governmental activities are not financial resources, and therefore are not reported in the funds.		10,876,110
An internal service fund is used by the district's management to charge costs for fixed charges and account for governmental activities of the district. The assets and liabilities are included in governmental activities in the Statement of Net Position.		495,769
Certain items are prepaid or are not available to pay for current period expenditures and therefore are deferred in the governmental funds:		
Deferred outflows - RHIA	\$ 73,332	
Deferred outflows - pensions	7,993,544	
Deferred inflows - RHIA	(45,554)	
Deferred Inflows - pensions	(3,176,015)	
Net pension liability	<u>(21,596,087)</u>	(16,750,780)
Long-term liabilities applicable to the District's governmental activities are not due and payable in the current period and accordingly are not reported as fund liabilities. All liabilities, both current and long term, are reported in the Statement of Net Position.		
Long term Liabilities:		
Compensated absences payable	(109,982)	
2016 certificate of participation bonds payable and premium	(7,783,750)	
PERS UAL bond payable	<u>(13,010,000)</u>	(20,903,732)
Unearned revenue related to property taxes		429,532
The asset for the RHIA other postemployment benefit due at June 30, 2019 is not recorded in the governmental funds, but it is accrued as a decrease in expense and an asset in the government-wide statements.		158,514
The liability for the net pension obligation due at June 30, 2019 is not recorded in the governmental funds, but it is accrued as an expense and a liability in the government-wide statements.		(619,035)
The liability for other postemployment benefits obligation due at year end is not recorded in the governmental funds, but it is accrued as an expense and a liability in the government-wide statements.		<u>(1,621,721)</u>
Net Position	\$	<u><u>(17,033,275)</u></u>

See notes to the basic financial statements.

CLACKAMAS EDUCATION SERVICE DISTRICT
CLACKAMAS COUNTY, OREGON

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 GOVERNMENTAL FUNDS
 For the Year Ended June 30, 2019

	GENERAL	SPECIAL REVENUE	DEBT SERVICE	CAPITAL PROJECTS	TOTALS
REVENUES:					
Local Sources:					
Taxes	\$ 17,080,020	\$ -	\$ -	\$ -	\$ 17,080,020
Charges for services	1,538,546	4,792,591	1,602,128	-	7,933,265
Earnings from investments	305,166	-	21,283	-	326,449
Other	10,807	1,334,136	-	7	1,344,950
Total Local Sources	18,934,539	6,126,727	1,623,411	7	26,684,684
Intermediate Sources	-	67,123	-	-	67,123
State Sources	9,569,996	14,033,092	-	-	23,603,088
Federal Sources	-	4,131,908	-	-	4,131,908
Total Revenues	28,504,535	24,358,850	1,623,411	7	54,486,803
EXPENDITURES:					
Current:					
Instruction	8,296,308	17,720,909	-	-	26,017,217
Support services	7,523,391	2,250,500	-	-	9,773,891
Enterprise and community services	-	425,774	-	-	425,774
Facility acquisition and construction	-	-	-	207,331	207,331
Debt Service:					
Principal	305,000	-	925,000	-	1,230,000
Interest	256,609	-	661,388	-	917,997
Capital Outlay					
Support services	-	-	-	-	-
Total Expenditures	16,381,308	20,397,183	1,586,388	207,331	38,572,210
Revenues Over, (Under) Expenditures	12,123,227	3,961,667	37,023	(207,324)	15,914,593
Other financing sources, (Uses):					
Transfers In	-	-	-	250,000	250,000
Transfers (Out)	(250,000)	-	-	-	(250,000)
Payments to districts	(11,167,032)	(3,385,608)	-	-	(14,552,640)
Total Other Financing Sources, (Uses)	(11,417,032)	(3,385,608)	-	250,000	(14,552,640)
Net Change in Fund Balance	706,195	576,059	37,023	42,676	1,361,953
Fund Balance, July 1, 2018	7,382,253	1,497,705	373,023	287,134	9,540,115
Fund Balance June 30, 2019	<u>\$ 8,088,448</u>	<u>\$ 2,073,764</u>	<u>\$ 410,046</u>	<u>\$ 329,810</u>	<u>\$ 10,902,068</u>

See notes to the basic financial statements.

CLACKAMAS EDUCATION SERVICE DISTRICT
CLACKAMAS COUNTY, OREGON

Reconciliation of the Governmental Funds
Statement of Revenues, Expenditures, and Changes in Fund Balances
to the Statement of Activities
For the Year Ended June 30, 2019

Total Net Changes in Fund Balances - Governmental Funds \$ 1,361,953

Long-term debt proceeds are reported as other financing sources in governmental funds. In the statement of Net Position, however, this debt increases liabilities. Similarly, repayment of bond principal is an expenditure in the governmental funds, but repayment reduces long-term liabilities in the Statement of Net Position.

Bond Premium and Amortization	\$ 43,206	
2006 COP Principal	305,000	
PERS UAL Bond Principal	<u>925,000</u>	1,273,206

Governmental funds report all capital outlays as expenditures. However, in the Statement of Activities, the cost of certain assets is allocated over their estimated useful lives and reported as depreciation expense. In the current period these amounts are:

Capital Outlay	(350)	
Depreciation Expense	<u>(404,053)</u>	(404,403)

An internal service fund is used by the district's management to charge costs for fixed charges and account for governmental activities of the district. The net revenue of the internal service fund is reported with governmental activities. 117,943

In the Statement of Activities, compensated absences and net pension obligation are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used (amounts paid).

Changes in compensated absences	(874)	
Changes in net pension obligation	<u>34,267</u>	33,393

Property tax revenues in the Statement of Activities that do not provide current financial resources are not reported as revenue in the governmental funds. (488,604)

(Increases) decreases in proportionate share of net pension asset/liability reported in the Statement of Activities do not provide for or require the use of current financial resources and therefore are not reported as revenues or expenditures in the governmental funds. (2,953,192)

(Increases) decreases in pension deferred outflows/inflows of resources reported in the Statement of Activities do not provide for or require the use of current financial resources and therefore are not reported as revenues or expenditures in the governmental funds. 1,216,496

In the Statement of Activities, contributions for other postemployment benefits less than the actuarially determined contribution amount increases the other postemployment benefit obligation. In the governmental funds the entire contribution is recognized as an expenditure. This is the amount by which the obligation increased: 92,415

Change in Net Position of Governmental Activities \$ 249,207

See notes to the basic financial statements.

CLACKAMAS EDUCATION SERVICE DISTRICT
CLACKAMAS COUNTY, OREGON

STATEMENT OF NET POSITION
 PROPRIETARY FUNDS
 June 30, 2019

	BUSINESS TYPE ACTIVITIES: ENTERPRISE FUND	GOVERNMENTAL ACTIVITIES: INTERNAL SERVICE FUND
ASSETS:		
Current Assets:		
Cash, cash equivalents and investments	\$ 615,190	\$ 506,132
Other receivables	290,273	4,310
Inventories	5,065	-
Total Current Assets	910,528	510,442
Noncurrent Assets:		
Net OPEB Asset - RHIA	2,315	-
Equipment (net)	718,123	-
Total Noncurrent Assets	720,438	-
Total Assets	1,630,966	510,442
DEFERRED OUTFLOWS OF RESOURCES:		
OPEB	1,071	-
Pension Plan	116,733	-
Total Deferred Outflows of Resources	117,804	-
LIABILITIES:		
Current Liabilities:		
Accounts payable	30,589	14,673
Total Current Liabilities	30,589	14,673
Noncurrent Liabilities:		
Net pension liability	315,378	-
Total Liabilities	345,967	14,673
DEFERRED INFLOWS OF RESOURCES:		
OPEB	665	-
Pension Plan	46,381	-
Total Deferred Inflows of Resources	47,046	-
NET POSITION:		
Invested in Capital Assets	718,123	-
Unrestricted	637,634	495,769
Total Net Position	\$ 1,355,757	\$ 495,769

See notes to the basic financial statements.

CLACKAMAS EDUCATION SERVICE DISTRICT
CLACKAMAS COUNTY, OREGON

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
 PROPRIETARY FUNDS

For the Year Ended June 30, 2019

	<u>BUSINESS TYPE ACTIVITIES: ENTERPRISE FUND</u>	<u>GOVERNMENTAL ACTIVITIES INTERNAL SERVICE FUND</u>
Operating Revenues:		
Local Sources	\$ 1,803,466	\$ 1,104,877
Total Operating Revenues	<u>1,803,466</u>	<u>1,104,877</u>
Operating Expenses:		
Salaries and Associated Payroll Costs	360,803	271,995
Professional and Contracted Services	757,322	461,731
Supplies and Materials	246,821	114,317
Depreciation	168,552	-
Other Operating Expenses	<u>39,488</u>	<u>138,891</u>
Total Operating Expenses	<u>1,572,986</u>	<u>986,934</u>
Operating Income, (Loss) and Change in Net Position	230,480	117,943
Net Position, July 1, 2018	<u>1,125,277</u>	<u>377,826</u>
Net Position, June 30, 2019	<u>\$ 1,355,757</u>	<u>\$ 495,769</u>

See notes to the basic financial statements.

CLACKAMAS EDUCATION SERVICE DISTRICT
CLACKAMAS COUNTY, OREGON

STATEMENT OF CASH FLOWS
 PROPRIETARY FUNDS
 For the Year Ended June 30, 2019

	BUSINESS TYPE ACTIVITIES: ENTERPRISE FUND	GOVERNMENTAL ACTIVITIES INTERNAL SERVICE FUND
	<u>FUND</u>	<u>FUND</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Cash received from user charges	\$ 1,357,694	\$ 551,577
Cash received from other governmental agencies	229,368	138,376
Cash received from assessments made to other funds	73,520	410,614
Cash payments to suppliers for goods and services	(993,934)	(608,941)
Cash payments to employees for services	(338,163)	(271,995)
Cash payments for other operating expenses	<u>(39,488)</u>	<u>(138,891)</u>
Net Cash Provided (Used) by Operating Activities	<u>288,997</u>	<u>80,740</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Acquisition of capital assets	<u>(261,801)</u>	<u>-</u>
Net Cash Provided (Used) for Capital and Related Financing Activities	<u>(261,801)</u>	<u>-</u>
Net Increase, (Decrease) in Cash and Cash Equivalents	27,196	80,740
Cash and Cash Equivalents - Beginning	<u>587,994</u>	<u>425,392</u>
Cash and Cash Equivalents - Ending	<u><u>\$ 615,190</u></u>	<u><u>\$ 506,132</u></u>
Reconciliation of Operating Income, (Loss) to Net Cash Provided, (Used)		
by Operating Activities:		
Operating income, (loss)	\$ 230,480	\$ 117,943
Adjustments to Reconcile Operating Income, (Loss) to Net Cash Provided, (Used) by Operating Activities:		
Depreciation	168,552	-
Changes in assets and liabilities:		
Inventory	-	-
Receivables	(142,885)	(4,310)
Prepaid Items and Inventories	-	-
Payables	10,209	(32,893)
Accrued payroll and associated payroll costs	40,812	-
Deferred outflows - pension	(30,170)	-
Deferred inflows - pension	<u>11,999</u>	<u>-</u>
Net Cash Provided by Operating Activities	<u><u>\$ 288,997</u></u>	<u><u>\$ 80,740</u></u>
Cash Paid for Interest	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>
Cash Paid for Taxes	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

See notes to the basic financial statements.

CLACKAMAS EDUCATION SERVICE DISTRICT
CLACKAMAS COUNTY, OREGON

STATEMENT OF NET POSITION - FIDUCIARY FUNDS
June 30, 2019

	<u>AGENCY FUNDS</u>
ASSETS:	
Cash, cash equivalents and investments	<u>\$ 169,451</u>
Total Assets	<u>169,451</u>
LIABILITIES:	
Accounts payable	50
Due to employees/districts	<u>169,401</u>
Total Liabilities	<u>169,451</u>
NET POSITION:	<u><u>\$ -</u></u>

See notes to the basic financial statements.

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NOTES TO THE BASIC FINANCIAL STATEMENTS

CLACKAMAS EDUCATION SERVICE DISTRICT
CLACKAMAS COUNTY, OREGON

NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2019

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Clackamas Education Service District (“District”) is a municipal corporation governed by a seven-member elected board. Each member serves a four-year term. The District was organized under provisions of Oregon Revised Statutes Chapter 334.010 to perform the function of financial equalization among Clackamas County School Districts to assist the state in providing equal educational opportunities to all students. It serves to assist the State Board of Education in providing state level services and support of state laws and state minimum standards. It also provides professional services and facilities in education on a cooperative basis with local school districts.

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 that 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.

The more significant of the District’s accounting policies are described below.

A. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the non-fiduciary activities of the District. For the most part, the effect of interfund activity has been removed from these statements.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers who purchase or use goods, services, or privileges provided by a given function, 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.

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

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

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund financial statements. Revenues are recorded when earned, and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected within 60 days of the end of the current fiscal year. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures and expenditures related to compensated absences are recorded only when payment is due.

CLACKAMAS EDUCATION SERVICE DISTRICT
CLACKAMAS COUNTY, OREGON

NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2019

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Property taxes are considered to be susceptible to accrual if received in cash by the District, or collected by the County within 60 days after year-end. All other revenue items are recognized in the accounting period when they become both measurable and available. Measurable means the amount of the transaction can be determined and available means collectible within the current year or soon thereafter. The available period for the District is 60 days after year-end.

The District reports the following major governmental funds:

General – This fund accounts for the general operations of the District. The General Fund accounts for all financial resources except those required to be accounted for in another fund. The principal revenue sources are property taxes and an apportionment from the State of Oregon.

Special Revenue – This fund accounts for revenues and expenditures of specific educational programs funded from federal, state, and local resources. Principal revenue sources are federal grants paid to the District through state and county agencies and other grants paid to the District directly from state, local, and private agencies.

Debt Service – This fund is used for the accumulation of resources for the payment of principal and interest on bonds issued to retire a portion of its underfunded pension obligation as calculated by the Oregon Public Employees Retirement System.

Capital Projects Fund – This fund accounts for major capital outlay expenditures relating to the acquisition, construction, and remodeling of capital facilities of the District. Principal financing sources are proceeds from the sale of general obligation bonds, proceeds from the sale of a District building in prior years, and earnings on investments.

Additionally, the District reports the following funds types:

Enterprise - Accounts for goods and services for which a fee is charged to local education associations within Clackamas County, to recover costs of providing services.

Internal Service - Accounts for goods and services provided by one department to other departments of the District, or to local education associations within Clackamas County, on a cost reimbursement basis.

Agency Fund - Accounts for assets held by the District in a custodial capacity for the employees of the district.

In the Enterprise and Internal Service funds, operating revenues consist of charges for services and operating expenses include the cost of providing such services. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses, including transfers.

C. Appropriations and Budgetary Controls

The District prepares a budget for all funds in accordance with the modified accrual basis of accounting, with certain adjustments, and legal requirements set forth in Oregon Local Budget Law.

CLACKAMAS EDUCATION SERVICE DISTRICT
CLACKAMAS COUNTY, OREGON

NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2019

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Appropriations and Budgetary Controls (Continued)

Consistent with Oregon law, expenditures are appropriated for each legally adopted annual operating budget at the following levels of control, as appropriate:

- Instruction
- Supporting Services
- Enterprise and Community Services
- Facility Acquisition and Construction
- Other Uses
- Contingencies

Capital outlay expenditures are appropriated within the instruction, supporting services, and facility acquisition and construction levels of control. Debt service, transfers of funds, and apportionment of funds by the District are appropriated within the Other Uses level of control and are presented separately in their expenditure category.

After the original budget is adopted, the Board of Education may approve appropriation transfers between the levels of control without limitation. Supplemental appropriations may be approved by the Board of Education if any occurrence, condition, or need exists which had not been anticipated at the time the budget was adopted. An appropriation transfer that alters estimated total expenditures by less than 10% of any individual fund may be adopted at the regular meeting of the Board of Education. A supplemental budget must be adopted for conditions which require either supplemental appropriations or an increase in expenditures greater than 10% of an individual fund. A supplemental budget requires public hearings, publication in newspapers, and approval by the Board of Education. Supplemental budgets must be submitted, reviewed, and certified, similar to the original budget, subsequent to approval by the Board of Education. Appropriations lapse at the end of each fiscal year.

Budget amounts shown in the required supplementary information and supplementary information include the original and final budget amounts. Expenditures of the various funds were within authorized appropriations for the fiscal year.

D. Encumbrances

During the year, encumbrances are recorded in the accounting records when purchase orders are issued. The use of encumbrances indicates to District employees that appropriations are committed; however, all encumbrances expire at year-end.

E. Cash, Cash Equivalents, and Investments

For the purpose of the cash flow statement, the statement of net position, and the balance sheets, monies in the Oregon State Local Government Investment Pool (LGIP), savings deposits, and demand deposits are considered to be cash and cash equivalents. The District's investments consist of a LGIP account.

F. Property Taxes

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.

CLACKAMAS EDUCATION SERVICE DISTRICT
CLACKAMAS COUNTY, OREGON

NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2019

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. Property Taxes (Continued)

Uncollected property taxes are recorded on the statement of net position. 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.

G. Interfund Receivables/Payables

District maintains a cash pool that is available for use by all funds including the agency fund. This results in interfund payables and receivables until cash is transferred from one fund to the other. These amounts represent current assets and liabilities and are reported as cash and cash equivalents in each fund.

H. Supply Inventories and Prepaid Items

Inventory is valued at cost using the first-in, first-out (FIFO) method. It consists of materials and supplies used in providing goods and services between departments of the District, and to school districts within Clackamas County.

I. Capital Assets

Capital assets, which include land, buildings and site improvements, construction in progress, and vehicles and equipment, are reported in the governmental activities columns in the government-wide financial statements. Capital assets are defined by the District as assets with an initial, individual cost of more than \$5,000, and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. Major outlays for capital assets and improvements are capitalized as projects are completed.

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

<u>Asset</u>	<u>Years</u>
Buildings	50
Site improvements	5 to 20
Software	10
Equipment	5 to 20

J. Grant Accounting

Unreimbursed expenditures due from grantor agencies are recorded in the financial statements as accounts receivable and revenues. Cash received from grantor agencies in excess of related grant expenditures is reflected as unearned revenue liability on the statement of net position and the balance sheet.

K. Compensated Absences

Compensated absences payable represents amounts payable to classified employees for accumulated unpaid vacation time. Vacation time accumulates from one day per month to one and three-quarters days per month based on years of employment. The maximum accumulation of vacation time is 315 hours. Unpaid vacation time is fully vested to employees at the time it is earned. Vacation time does not apply to certified, confidential and management personnel. All outstanding vacation leave is payable upon resignation, retirement, or death.

CLACKAMAS EDUCATION SERVICE DISTRICT
CLACKAMAS COUNTY, OREGON

NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2019

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

K. Compensated Absences (Continued)

In governmental fund types, amounts expected to be liquidated with expendable available financial resources are accrued in the fund. The amount payable is recorded in the statement of net position.

Sick leave hours accumulate at the rate of eight hours per month without a limit on the total hours that can be accumulated. Accumulated sick leave does not vest and is forfeited at resignation, retirement or death. Sick leave is recorded as an expenditure/expense when leave is taken and no liability is recorded.

L. Fund Equity

Government fund equity is classified as fund balance. Fund balance is further classified as nonspendable, restricted, committed, assigned, or unassigned. Nonspendable fund balance cannot be spent because of its form. Restricted fund balance has limitations imposed by creditors, grantors or contributors, or by enabling legislation or constitutional provisions. Committed fund balance is a limitation imposed by the District Board through approval of resolutions. Assigned fund balance is a limitation imposed by a designee of the District's Board. Unassigned fund balance is the net resources in excess of what can be properly classified in one of the above four categories. Negative unassigned fund balance in other governmental funds represents excess expenditures incurred over the amounts restricted, committed, or assigned to those purposes.

When both restricted and unrestricted fund balances are available for use, it is the District's policy to use restricted fund balance first, then unrestricted fund balance. Furthermore, committed fund balances are reduced first, followed by assigned amounts, and then unassigned amounts when expenditures are incurred for purpose for which amounts in any of those unrestricted fund balance classifications can be used.

M. Interfund Transactions

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. This includes transfers occurring within governmental activities and interfund receivables and payables.

Internal Service Fund revenues and expenses are recorded to the appropriate function revenue and program expenses in the statement of activities.

N. Receivables and Payables

Receivables expected to be collected within sixty days following year-end are considered measurable and available and are recognized as revenues in the fund financial statements. Other receivables, except grants, are offset by deferred revenues and, accordingly, have not been recorded as revenue. Receivables, net of any allowance for doubtful accounts, are recorded as assets in the statement of net position. All receivables are considered fully collectible; accordingly no allowance for uncollectible accounts has been recorded.

O. Long-Term Obligations

Long-term debt and other long-term obligations are reported as liabilities in the government-wide financial statements. Bond premium and discounts are deferred and amortized over the life of the bonds using straightline method, which approximates the effective interest method. Bonds payable are reported net of applicable bond premium or discount.

In the fund financial statements, governmental fund types recognize bond premium and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources.

CLACKAMAS EDUCATION SERVICE DISTRICT
CLACKAMAS COUNTY, OREGON

NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2019

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

P. Retirement Plans

Most of the District employees participate in Oregon Public Employees Retirement System (PERS). For the purpose of measuring the pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of PERS and addition to/deductions from PER's fiduciary net position have been determined on the same basis as they are reported by PERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in according with benefit terms. Investments are reported at fair value.

In addition, management, confidential, licensed, and classified employees are eligible for an early retirement stipend based on their contractual agreements. The District also offers its employees tax deferred annuity plans established pursuant to Section 403(b) and Section 457(b) of the Internal Revenue Code.

Q. Use of Estimates

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

R. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position and/or balance sheet will sometimes report a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position and/or fund balance that applies to a future period(s) and will not be recognized as an outflow of resources (expense/expenditure) until then. The District reports deferred pension outflows of resources in the statement of net position.

In addition to liabilities, the statement of net position and/or balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The district reports deferred pension asset inflows in the statement of activities and unavailable revenue from property taxes in the governmental funds balance sheet.

NOTE 2 – BUDGETARY BASIS OF ACCOUNTING

The District reports financial position, results of operations, and changes in fund balance/net position/retained earnings on the basis of generally accepted accounting principles (GAAP), but the District's budgetary basis of accounting differs from generally accepted accounting principles. The budgetary statements provided as part of supplementary information elsewhere in this report are presented on the budgetary basis to provide a meaningful comparison of actual results with the budget. The primary difference between the District's budgetary basis and GAAP basis is the classification of capital outlay and depreciation which, for budgetary purposes for all funds except the Enterprise Fund, are reported within the functional categories at the level of appropriation control. On a GAAP basis, capital outlay and depreciation are separately reported after current expenditures. The Enterprise Fund budget is developed and presented on the GAAP basis.

CLACKAMAS EDUCATION SERVICE DISTRICT
CLACKAMAS COUNTY, OREGON

NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2019

NOTE 3 – STATE CONSTITUTIONAL PROPERTY TAX LIMITS

The State of Oregon has a constitutional limit on property taxes for schools and non-school government operations. Under the provisions of the limitation, tax revenues are separated into taxes for the public school system and taxes for local government operations other than the public school system. Property taxes levied for the payment of bonded indebtedness are exempt from the limitation, provided such bonds are either authorized by a specific provision of the Oregon Constitution or approved by the voters of the District for capital construction or improvements.

During May 1997, Oregon voters approved Measure 50 which limits taxes on each property by reducing the “assessed value” of each unit of property for the tax year 1998-99 to its 1995-96 value, less ten percent. Then a “permanent tax rate”, representing the product of dividing the tax levy by the assessed value, was calculated. The new tax rates are the permanent constitutional rate limit for each jurisdiction and are used to calculate property taxes levied against each property.

The District’s permanent tax rate for the year ended June 30, 2019 was \$.3687 per \$1,000 of assessed value.

NOTE 4 – DEPOSITS AND INVESTMENTS

The District maintains a cash pool that is available for use by all funds. Each fund type’s portion of the pool is reported on the balance sheet as “Cash and Cash Equivalents”.

Cash and investments on June 30, 2019 are shown on the basic financial statements as, and consist of, the following:

Deposits with financial institutions	\$ 461,989
Investments	<u>10,159,494</u>
Total	<u>\$ 10,621,483</u>

Cash and investments are shown on the basic financial statements as:

Statement of Net Position	
Cash and Investment	\$ 10,452,032
Statement of Fiduciary Fund Net Position	
Cash and Investment	<u>169,451</u>
	<u>\$ 10,621,483</u>

A. Deposits

Custodial Credit Risk – Deposits. Custodial credit risk for deposits is the risk that, in the event of bank failure, the District’s deposits may be lost. Insurance and collateral requirements for the deposits are established by federal banking regulations and Oregon law. State statutes require that the District’s deposits be covered by the Federal Deposit Insurance Corporation (FDIC) or by a multiple financial institution collateral pool under ORS 295.015 which is administered by the State of Oregon Office of Treasury.

Deposits with financial institutions include primarily bank demand and money market deposits. The balances in these accounts, according to the District’s records, total \$461,989 on June 30, 2019. The bank statement records reflect a balance of \$1,350,031 at year end. Of this amount, \$250,000 is covered by FDIC’s general deposit insurance rules. As required by Oregon Revised Statutes, deposits in excess of federal depository insurance must be held by 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. As a result, the District has no exposure for custodial credit risk for deposits with financial institutions.

CLACKAMAS EDUCATION SERVICE DISTRICT
CLACKAMAS COUNTY, OREGON

NOTES TO THE BASIC FINANCIAL STATEMENTS
 For the Year Ended June 30, 2019

NOTE 4 – DEPOSITS AND INVESTMENTS (Continued)

B. Investments

Oregon Revised Statutes authorize school districts 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 Local Government Investment Pool, among others. The Board of Education has adopted an investment policy for the District which complies with state statutes.

Investments in the State of Oregon Local Government Investment Pool (LGIP) are stated at share value, which approximates fair value. The LGIP is administered by the Oregon State Treasury. The LGIP is an open-ended no-load diversified portfolio offered to any agency, political subdivision or public corporation of the state, which, by law, is made the custodian of, or has control of, any fund. The LGIP funds are commingled with the State's short-term funds. In seeking to best serve local governments of Oregon, the Oregon Legislature established the Oregon Short-Term Fund Board (OSTFB). The purpose of the Board is to advise the Oregon State Treasury in the management and investment of the LGIP.

Investment Type	Fair Value	Investment Maturity (in months)	
		Less Than 3	More than 3
State Treasurer's			
Local Government Investment Pool	\$ 10,136,242	\$ 10,136,242	\$ -
Pension Obligation Trust Fund	23,252	23,252	-
Total	<u>\$ 10,159,494</u>	<u>\$ 10,159,494</u>	<u>\$ -</u>

Interest Rate Risk – Investments. Oregon Revised Statutes require investments to not exceed 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.

Custodial Credit Risk – Investments. Oregon Revised Statutes do not limit investments as to credit rating for securities purchased from US Government agencies or USGSE. The State Investment Pool is not rated.

Concentration of Credit Risk – Investments. As of June 30, 2019, the District had 100% of total investments in the State Treasurer's Investment Pool. State statutes do not limit the percentage of investments in this instrument.

CLACKAMAS EDUCATION SERVICE DISTRICT
CLACKAMAS COUNTY, OREGON

NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2019

NOTE 5 – CAPITAL ASSETS AND DEPRECIATION

A summary of changes in the governmental activities capital assets for the year ended June 30, 2019 follows:

	Balance July 1, 2018	Additions	Deletions	Balance June 30, 2019
Capital Assets not being depreciated:				
Land (non depreciable)	\$ 2,151,662	\$ -	\$ -	\$ 2,151,662
Capital assets being depreciated:				
Buildings and improvements	10,878,028	-	-	10,878,028
Vehicles and equipment	1,408,270	-	(350)	1,407,920
Software	1,378,171	-	-	1,378,171
Total capital assets being depreciated	13,664,469	-	(350)	13,664,119
Less accumulated depreciation for:				
Buildings and improvements	(2,465,938)	(227,253)	-	(2,693,191)
Vehicles and equipment	(1,277,811)	(38,983)	-	(1,316,794)
Software	(791,869)	(137,817)	-	(929,686)
Total accumulated depreciation	(4,535,618)	(404,053)	-	(4,939,671)
Total capital assets being depreciated, net	9,128,851	(404,053)	(350)	8,724,448
Total capital assets, net	\$ 11,280,513	\$ (404,053)	\$ (350)	\$ 10,876,110

Governmental depreciation was charged to functions as follows:

Instruction	\$ 202,792
Supporting services	201,261
Total	\$ 404,053

A summary of changes in capital assets of the enterprise fund for the year ended June 30, 2019 follows:

	Balance July 1, 2018	Additions	Reclassification or Deletions	Balance June 30, 2019
Machinery and equipment	\$ 4,870,809	\$ 261,802	\$ -	\$ 5,132,611
Accumulated depreciation	(4,245,936)	(168,552)	-	(4,414,488)
Totals	\$ 624,873	\$ 93,250	\$ -	\$ 718,123

CLACKAMAS EDUCATION SERVICE DISTRICT
CLACKAMAS COUNTY, OREGON

NOTES TO THE BASIC FINANCIAL STATEMENTS
 For the Year Ended June 30, 2019

NOTE 6 – INTERFUND BALANCES AND TRANSFERS

The composition of interfund balances as of June 30, 2019 is as follows:

	Other Funds	Other Funds
Major Governmental Fund		
General Fund	\$ 5,687,039	\$ -
Special Revenue Fund	-	5,687,039
Totals	\$ 5,687,039	\$ 5,687,039

The outstanding balances between funds results from grant awards which require the expenditure of funds prior to reimbursement, causing a negative cash balances until reimbursement is received. This transaction records negative cash balances.

The interfund transfers during the year ended June 30, 2019 are as follows:

	Transfers In	Transfers Out
Major Governmental Fund		
General Fund	\$ -	\$ 250,000
Capital Projects Fund	250,000	-
Totals	\$ 250,000	\$ 250,000

The District made transfers from the General Fund to fund capital projects of \$250,000 in the Capital Projects fund.

NOTE 7 – COMPENSATED ABSENCES

Compensated absences are assumed to be used on a first in, first out basis; therefore, all outstanding balances are considered due within one year of June 30, 2019. This benefit is paid primarily from the General Fund.

Outstanding Balance July 1, 2018	Additions	Payments	Outstanding Balance June 30, 2019
\$ 109,108	\$ 133,960	\$ 133,086	\$ 109,982

CLACKAMAS EDUCATION SERVICE DISTRICT
CLACKAMAS COUNTY, OREGON

NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2019

NOTE 8 – LONG-TERM DEBT

1. Bonds Payable

Limited tax pension obligation bonds were issued to finance a portion of the Unfunded Actuarial Liability (UAL) with the State of Oregon Public Employees Retirement System (PERS). Principal and interest payments on these bonds are made from the Debt Service Fund. The interest rate varies from 4.113% to 4.759% over the life of the bond.

Changes in bonds outstanding for the year ended June 30, 2019 were as follows:

	Balance July 1, 2018	Additions	Payments & Deletions	Balance June 30, 2019	Due within One Year
PERS UAL Bond	\$ 13,935,000	\$ -	\$ (925,000)	\$ 13,010,000	\$ 1,030,000
Unamortized premium	791,956	-	(43,206)	748,750	
Total bond and COP	<u>\$ 14,726,956</u>	<u>\$ -</u>	<u>\$ (968,206)</u>	<u>\$ 13,758,750</u>	

Future maturities of bonds are payable as follows:

Payable in Fiscal Year:	PERS UAL Bond	Interest	Total
2020	\$ 1,030,000	\$ 618,209	\$ 1,648,209
2021	1,145,000	570,128	1,715,128
2022	1,270,000	515,638	1,785,638
2023	1,400,000	455,198	1,855,198
2024	1,540,000	388,572	1,928,572
2025-2028	<u>6,625,000</u>	<u>747,639</u>	<u>7,372,639</u>
Total	<u>\$ 13,010,000</u>	<u>\$ 3,295,384</u>	<u>\$ 16,305,384</u>

2. Other Long-Term Debt

The 2016 Certificate of Participation (COP) note was issued on October 20, 2016, to finance the purchase of the District's main facility located in Clackamas, Oregon. The interest rate varies from 2.00% to 4.0%, over the 20-year life of the bond.

Changes in other long-term debt outstanding for the year ended June 30, 2019 were as follows:

	Balance July 1, 2018	Additions	Payments & Deletions	Balance June 30, 2019	Due within One Year
2016 COP	<u>7,340,000</u>	<u>-</u>	<u>(305,000)</u>	<u>7,035,000</u>	<u>315,000</u>

CLACKAMAS EDUCATION SERVICE DISTRICT
CLACKAMAS COUNTY, OREGON

NOTES TO THE BASIC FINANCIAL STATEMENTS
 For the Year Ended June 30, 2019

NOTE 8 – LONG-TERM DEBT (Continued)

Future maturities of other long-term debt are as follows:

Payable in Fiscal Year:	2016 COP	Interest	Total
2020	\$ 315,000	\$ 247,500	\$ 562,500
2021	325,000	238,050	563,050
2022	330,000	228,300	558,300
2023	345,000	218,400	563,400
2024	355,000	204,600	559,600
2025-2029	1,985,000	836,350	2,821,350
2030-2034	2,320,000	492,650	2,812,650
2035-2036	1,060,000	64,000	1,124,000
Total	<u>\$ 7,035,000</u>	<u>\$ 2,529,850</u>	<u>\$ 9,564,850</u>

3. Changes in Long-Term Liabilities

Long-term liability activity for the year ended June 30, 2019 was as follows:

	Balance July 1, 2018	Additions	Payments & Deletions	Balance June 30, 2019	Due within One Year
Bonds	\$ 14,726,956	\$ -	\$ (968,206)	\$ 13,758,750	\$ 1,030,000
Other Long-Term Debt	7,340,000	-	(305,000)	7,035,000	315,000
Net pension liability	18,915,146	2,996,319	-	21,911,465	-
Net OPEB obligation	1,527,844	93,877	-	1,621,721	-
OPEB stipend liability	653,302	-	(34,267)	619,035	-
Total bond and COP	<u>\$ 43,163,248</u>	<u>\$ 3,090,196</u>	<u>\$ (1,307,473)</u>	<u>\$ 44,945,971</u>	<u>\$ 1,345,000</u>

Payments on bonds payable are made by the Debt Service Fund. Payments on the certificates of participation are made by the General Fund.

NOTE 9 – PENSION PLANS

1. PERS Plan Description. The District participates in the Oregon Public Employees Retirement System (OPERS), a cost-sharing multiple-employer defined benefit plan. OPERS provides retirement, disability, and death benefits to plan members and their beneficiaries.

All benefits of OPERS are established by the Oregon Legislature pursuant to Oregon Revised Statutes (ORS) Chapters 238 and 238A. The plan complies with Internal Revenue Service rules prescribed in 401(a). The Oregon Legislature has delegated the authority to the Public Employees Retirement Board (PERB) to administer and manage the system. OPERS issues a publicly available financial report that can be obtained at: http://www.oregon.gov/pers/Pages/section/financial_reports/financials.aspx. OPERS prepares their financial statements in accordance with GASB statements and generally accepted accounting principles. The accrual basis of accounting is used for all funds. Contributions are recognized when due, pursuant to legal (or statutory) requirements. Benefits are recognized in the month they are earned and withdrawals are recognized in the month they are due and payable. Investments are recognized at fair value, the amount at which financial instruments could be exchanged in a current transaction between willing parties other than in a forced or liquidation sale.

CLACKAMAS EDUCATION SERVICE DISTRICT
CLACKAMAS COUNTY, OREGON

NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2019

NOTE 9 – PENSION PLANS (Continued)

There are currently two programs within OPERS, with eligibility determined by the date of employment. Those employed prior to August 29, 2003 are OPERS Program members, and benefits are provided based on whether a member qualifies for Tier One or Tier Two described below. Those employed on or after August 29, 2003 are Oregon Public Service Retirement Plan (OPSRP) Program members. OPERS is a hybrid retirement plan with two components: 1) the Pension Program (defined benefit; established and maintained as a tax-qualified governmental defined benefit plan), and 2) the Individual Account Program (IAP) (defined contribution; established and maintained as a tax-qualified governmental defined contribution plan).

The 1995 Legislature created a second tier of benefits for those who became OPERS Program members after 1995 but before August 29, 2003. The second tier does not have the Tier One assumed earnings rate guarantee.

Beginning January 1, 2004, all employees who were active members of OPERS became members of the OPSRP IAP Program. OPERS plan member contributions (the employee contribution, whether made by the employee or “picked-up” by the employer) go into the IAP portion of OPSRP. OPERS plan members retain their existing OPERS accounts; however, member contributions after January 1, 2004 are deposited in the member’s IAP, not into the member’s OPERS account.

a. Tier one/Tier Two Retirement Benefit (Chapter 238). Tier One/Tier Two Retirement Benefit plan is closed to new members hired on or after August 29, 2003.

Pension Benefits

The PERS retirement allowance is payable monthly for life. It may be selected from thirteen retirement benefit options. These options include survivorship benefits and lump-sum refunds. The basic benefit is based on years of service and final average salary. A percentage (1.67 percent for general service employees) is multiplied by the number of years of service and the final average salary. Benefits may also be calculated under either a formula plus annuity (for members who were contributing before August 21, 1981) or a money match computation if a greater benefit results.

A member is considered vested and will be eligible at minimum retirement age for a service retirement allowance if he or she has had a contribution in each of five calendar years or has reached at least 50 years of age before ceasing employment with a participating employer. General service employees may retire after reaching age 55. Tier One general service employee benefits are reduced if retirement occurs prior to age 58 with fewer than 30 years of service. Tier Two members are eligible for full benefits at age 60. The ORS Chapter 238 Defined Benefit Pension Plan is closed to new members hired on or after August 29, 2003.

a. Tier one/Tier Two Retirement Benefit (Chapter 238)

Death Benefits

Upon the death of a non-retired member, the beneficiary receives a lump-sum refund of the member’s account balance (accumulated contributions and interest). In addition, the beneficiary will receive a lump-sum payment from employer funds equal to the account balance, provided one or more of the following conditions are met:

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

CLACKAMAS EDUCATION SERVICE DISTRICT
CLACKAMAS COUNTY, OREGON

NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2019

NOTE 9 – PENSION PLANS (Continued)

Disability Benefits

A member with ten 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 disability benefits regardless of the length of PERS-covered service. Upon qualifying for either a non-duty or duty disability, service time is computed to age 58 when determining the monthly benefit.

Benefit Changes After Retirement

Members may choose to continue participation in a variable equities investment account after retiring and may experience annual benefit fluctuations due to changes in the market value of equity investments.

Under ORS 238.360 monthly benefits are adjusted annually through cost-of-living changes. Under current law, the cap on the COLA in fiscal year 2017 and beyond will vary based on 1.25 percent on the first \$60,000 of annual benefit and 0.15 percent on annual benefits above \$60,000.

b. OPSRP Pension Program (Chapter 238A)

Pension Benefits.

The OPSRP Pension Program (ORS Chapter 238A) provides benefits to members hired on or after August 29, 2003. This portion of OPSRP provides a life pension funded by employer contributions. For general service employees benefits are calculated with the following formula: 1.5 percent is multiplied by the number of years of service and the final average salary. Normal retirement age for general service members is age 65, or age 58 with 30 years of retirement credit.

A member of the OPSRP Pension Program becomes vested on the earliest of the following dates: the date the member completes 600 hours of service in each of five calendar years, the date the member reaches normal retirement age, and, if the pension program is terminated, the date on which termination becomes effective.

Death Benefits

Upon the death of a non-retired member, the spouse or other person who is constitutionally required to be treated in the same manner as the spouse, receives for life 50 percent of the pension that would otherwise have been paid to the deceased member.

Disability Benefits

A member who has accrued ten or more years of retirement credits before the member becomes disabled or a member who becomes disabled due to job-related injury shall receive a disability benefit of 45 percent of the member's salary determined as of the last full month of employment before the disability occurred.

Benefit Changes After Retirement

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

CLACKAMAS EDUCATION SERVICE DISTRICT
CLACKAMAS COUNTY, OREGON

NOTES TO THE BASIC FINANCIAL STATEMENTS
 For the Year Ended June 30, 2019

NOTE 9 – PENSION PLANS (Continued)

c. Contributions

PERS funding policy provides for monthly employer contributions at actuarially determined rates. These contributions, expressed as a percentage of covered payroll, are intended to accumulate sufficient assets to pay benefits when due. This funding policy applies to the PERS Defined Benefit Plan and the Other Postemployment Benefit Plans.

Employer contribution rates during the period were based on the December 31, 2015 actuarial valuation. The rates, based on a percentage of payroll, first became effective July 1, 2017. The District made lump sum payments to establish side accounts which reduces the District rates below the standard School District Pool rates. The District's contractually required contribution rate was 15.09% of eligible Tier 1/Tier 2 members and 9.76% of eligible payroll for OPSRP members. Employer contributions for the year ended June 30, 2019 were \$1,837,495, excluding amounts to fund employer specific liabilities. Approximately, \$1,602,128 was charged for the year ended June 30, 2019 as PERS benefits expenditures to be used for bond payments as they become due. In addition, approximately, \$997,056 in employee contributions were paid by employees for the year ended June 30, 2019.

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

At June 30, 2019, the District reported a net pension liability of \$21,911,465 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2018 and the total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of December 31, 2016 rolled forward to June 30, 2018. The District's proportion of the net pension liability was based on the District's projected long-term contribution effort to the Plan with the total projected long-term contribution effort of all employers, actuarially determined. At June 30, 2018 the District's proportion was .14464271%.

For the year ended June 30, 2019, the District recognized a pension expense of \$2,953,192. At June 30, 2019, the District reported the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred (Inflows) of Resources</u>
Differences between expected and actual experience	\$ 745,363	\$ -
Changes of assumptions	5,094,374	-
Net difference between projected and actual earnings on pension plan investments	-	(972,993)
Changes in proportion	419,304	(1,228,253)
Differences between employer contributions and proportionate share of contributions	24,126	(1,021,150)
District contributions subsequent to the measurement date	<u>1,827,110</u>	<u>-</u>
Net deferred outflow (inflow) of resources	<u>\$ 8,110,277</u>	<u>\$ (3,222,396)</u>

CLACKAMAS EDUCATION SERVICE DISTRICT
CLACKAMAS COUNTY, OREGON

NOTES TO THE BASIC FINANCIAL STATEMENTS
 For the Year Ended June 30, 2019

NOTE 9 – PENSION PLANS (Continued)

\$1,827,110 reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2019. Other amounts reported by the District as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense in subsequent years as follows:

Year Ended June 30,	Amount
2020	\$ 2,060,542
2021	1,265,843
2022	(562,730)
2023	176,589
2024	120,527

Actuarial Methods and Assumptions

Actuarial Valuations

The employer contribution rates effective July 1, 2017, through June 30, 2019, were set using the projected unit credit actuarial cost method.

For the Tier One/Tier Two component of the PERS Defined Benefit Plan, this method produced an employer contribution rate consisting of (1) an amount for normal cost (the estimated amount necessary to finance benefits earned by the employees during the current service year), (2) an amount for the amortization of unfunded actuarial accrued liabilities, which are being amortized over a fixed period with new unfunded actuarial accrued liabilities being amortized over 20 years.

For the OPSRP Pension Program component of the PERS Defined Benefit Plan, this method produced an employer contribution rate consisting of (a) an amount for normal cost (the estimated amount necessary to finance benefits earned by the employees during the current service year), (b) an amount for the amortization of unfunded actuarial accrued liabilities, which are being amortized over a fixed period with new unfunded actuarial accrued liabilities being amortized over 16 years.

Actuarial Assumptions

The total pension liability in the December 31, 2016 actuarial valuation was determined using the following actuarial assumptions applied to all periods included in the measurement:

Valuation Date	December 31, 2016
Measurement Date	June 30, 2018
Experience Study Report	2016, published July 26, 2017
Actuarial Cost Method	Entry Age Normal
Actuarial Assumptions:	
Inflation Rate	2.50 percent
Long-Term Expected Rate of Return	7.20 percent
Discount Rate	7.20 percent
Projected Salary Increases	3.50 percent overall payroll growth; salaries for individuals are assumed to grow at 3.50 percent plus assumed rates of merit/longevity increases based on service
Cost of Living Adjustments (COLA)	Blend of 2.00% COLA and graded COLA (1.25%/0.15%) in accordance with Moro decision, blend based on service

CLACKAMAS EDUCATION SERVICE DISTRICT
CLACKAMAS COUNTY, OREGON

NOTES TO THE BASIC FINANCIAL STATEMENTS
 For the Year Ended June 30, 2019

NOTE 9 – PENSION PLANS (Continued)

Mortality	Health retirees and beneficiaries: RP-2014 Healthy annuitant, sex-distinct, generational with Unisex, Social Security Data Scale, with collar adjustments and set-backs as described in the valuation.
	Active Members: RP-2014 employee, sex-distinct, generational with Unisex, Social Security Data Scale, with collar adjustments and setbacks as described in the valuation.
	Disabled retirees: RP-2014 Disabled retirees, sex-distinct, generational with Unisex, Social Security Data Scale.

Actuarial valuations of an ongoing plan involve estimates of the value of projected benefits and assumptions about the probability of events far into the future. Actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. Experience studies are performed as of December 31 of even numbered years. The methods and assumptions shown above are based on the 2016 Experience Study which reviewed experience for the four-year period ending on December 31, 2016.

Discount Rate

The discount rate used to measure the total pension liability was 7.20 percent. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and those of the contributing employers are made at the contractually required rates, as actuarially determined. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments for the Defined Benefit Pension Plan was applied to all periods of projected benefit payments to determine the total pension liability.

Assumed Asset Allocation

Asset Class/Strategy	OIC Target
Cash	0.0%
Debt Securities	20.0%
Public Equity	37.5%
Private Equity	17.5%
Real Estate	12.5%
Alternative Equity	12.5%
Opportunity Portfolio	0.0%
Total	100.0%

CLACKAMAS EDUCATION SERVICE DISTRICT
CLACKAMAS COUNTY, OREGON

NOTES TO THE BASIC FINANCIAL STATEMENTS
 For the Year Ended June 30, 2019

NOTE 9 – PENSION PLANS (Continued)

Long-Term Expected Rate of Return:

To develop an analytical basis for the selection of the long-term expected rate of return assumption, in July 2015 the PERS Board reviewed long-term assumptions developed by both Milliman's capital market assumptions team and the Oregon Investment Council's (OIC) investment advisors. 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. For more information on the Plan's portfolio, assumed asset allocation, and the long-term expected rate of return for each major asset class, calculated using both arithmetic and geometric means, see PERS' audited financial statements at:

<https://www.oregon.gov/pers/Documents/Financials/CAFR/2018-CAFR.pdf>

Asset Class	Target	Compound Annual Return (Geometric)
Core Fixed Income	8.00%	3.49%
Short-Term Bonds	8.00%	3.38%
Bank/Leveraged Loans	3.00%	5.09%
High Yield Bonds	1.00%	6.45%
Large/Mid Cap US Equities	15.75%	6.30%
Small Cap US Equities	1.31%	6.69%
Micro Cap US Equities	1.31%	6.80%
Developed Foreign Equities	13.13%	6.71%
Emerging Foreign Equities	4.12%	7.45%
Non-US Small Cap Equities	1.88%	7.01%
Private Equities	17.50%	7.82%
Real Estate (Property)	10.00%	5.51%
Real Estate (REITS)	2.50%	6.37%
Hedge Funds of Funds – Diver	2.50%	4.09%
Hedge Fund – Event – Driven	.63%	5.86%
Timber	1.88%	5.62%
Farmland	1.88%	6.15%
Infrastructure	3.75%	6.60%
Commodities	1.88%	3.84%
Assumed Inflation – Mean		2.50%

CLACKAMAS EDUCATION SERVICE DISTRICT
CLACKAMAS COUNTY, OREGON

NOTES TO THE BASIC FINANCIAL STATEMENTS
 For the Year Ended June 30, 2019

NOTE 9 – PENSION PLANS (Continued)

Sensitivity of the District’s proportionate share of the net pension liability to changes in the discount rate.

The following presents the District’s proportionate share of the net pension liability calculated using the discount rate of 7.20 percent, as well as what the District’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.20 percent) or 1-percentage point higher (8.20% percent) than the current rate:

	1% Decrease (6.20%)	Current Discount Rate (7.20%)	1% Increase (8.20%)
District’s proportionate share of the net pension liability (asset)	\$ 36,618,198	\$ 21,911,465	\$ 9,772,261

Pension Plan Fiduciary Net Position

Detailed information about the pension plan’s fiduciary net position is available in the separately issued OPERS financial report. The effect of OPERS on the District’s net position has been determined on the same basis used by OPERS.

Changes in Plan Provisions Effecting the Roll Forward

Changes in actuarial methods, allocation, and assumption from December 31, 2015 to the December 31, 2016 actuarial valuation are listed in the Actuarial Valuation Report pages 103 and 204.

2. Early Retirement Benefits

Plan Description. The District provides an early retirement stipend for licensed, classified, management, and confidential employees. The stipend is available to licensed and classified employees hired prior to July 1, 2005 based on the collective bargaining agreement under which they retire, and management and confidential employees based on their contractual agreement.

Eligibility and Benefit Provisions. The licensed plan provides for employees who are at least 55 years of age to receive a monthly stipend of \$470 for ten years of service with the District or \$535 for fifteen years of service. The stipend is provided for 36 months, or until age 65, whichever is first. The classified plan provides for employees who are at least 55 years of age, regularly employed by the District for at least 15 consecutive years and eligible for PERS retirement benefits. The monthly stipend is based on years of service and unused sick leave at the time of retirement. The management and confidential plan provides for employees with at least 10 years of service with the District and who are retired under PERS to receive one of two retirement options, based on age.

Funding Policy. The District pays for the benefits without any cost to employees. The contributions are financed on a pay-as-you-go basis. Therefore, the District does not fund the program in advance. Payments are recognized when due and payable in the governmental funds and on an actuarial basis in the government-wide financial statements.

Total OPEB Stipend Liability – The District’s total OPEB Stipend liability of \$619,035 was measured as of July 1, 2018 and was determined by an actuarial valuation as of July 1, 2017.

Actuarial Assumptions and Other Inputs - The total OPEB Stipend liability in the July 1, 2017 actuarial valuation was determined using the actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified. See table in health insurance subsidy section.

CLACKAMAS EDUCATION SERVICE DISTRICT
CLACKAMAS COUNTY, OREGON

NOTES TO THE BASIC FINANCIAL STATEMENTS
 For the Year Ended June 30, 2019

NOTE 9 – PENSION PLANS (Continued)

Changes in the Total OPEB Stipend Liability:

Balance at June 30, 2018	\$ 653,302
Service costs	29,092
Interest	23,417
Benefit Payments	(86,776)
Balance at June 30, 2019	\$ 619,035

For the year ended June 30, 2019 the District recognized a pension expense of \$34,267. There are no deferred outflows of resources and deferred inflows of resources related to OPEB Stipend as of June 30, 2019.

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate - The following presents the total OPEB liability of the District, as well as what that the District's total OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (2.75 percent) or one percentage point higher (4.75 percent).

	1% Decrease (2.75%)	Current Discount Rate (3.75%)	1% Increase (4.75%)
OPEB stipend liability (asset)	\$ 648,779	\$ 619,035	\$ 590,288

NOTE 10 – OTHER POST-EMPLOYMENT BENEFITS (OPEB)

The District offers a postemployment health insurance subsidy and tax shelter annuity, and contributes to a retirement health insurance account through Oregon Public Employees Retirement System. The breakdown of the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB are:

	Postemployment Health Insurance Subsidy	Postemployment Health Insurance Account	Net
Total OPEB Liability	\$ 1,621,721	\$ -	\$ 1,621,721
Total OPEB Asset	-	160,829	160,829
OPEB Deferred Outflows of Resources	-	74,403	74,403
OPEB Deferred Inflows of Resources	-	46,219	46,219

1. Health Insurance Subsidy

A. Plan Description - The District provides post-employment insurance benefits to certain eligible employees through a single-employer defined benefit plan administered by the District. All post-employment benefits are based on contractual agreements with employee groups. Eligibility for these benefits is based on years of service and/or minimum age requirements. These contractual agreements do not include any specific contribution or funding requirements.

CLACKAMAS EDUCATION SERVICE DISTRICT
CLACKAMAS COUNTY, OREGON

NOTES TO THE BASIC FINANCIAL STATEMENTS
 For the Year Ended June 30, 2019

NOTE 10 – OTHER POST-EMPLOYMENT BENEFITS (OPEB) (Continued)

All retirees of the District have the option under state law to continue their medical insurance coverage through the District from the time of retirement until the employee reaches the age of eligibility for Medicare. For members of certain employee groups, the District pays the eligible retiree’s premiums for medical (single or two-party coverage premium at active employee rates) and dental (single or two-party coverage premium at active employee rates) for some period after retirement. The length of the benefits to be paid by the District differ by bargaining unit, with some contracts specifying a number of months of coverage based on years of services (ranging from 48-84 months of coverage for 15-30 years of continuous service), and some covering premium costs from the time of retirement until the employee reaches the age of eligibility for Medicare.

The District is legally required to include any retirees for whom it provides health insurance coverage in the same insurance pool as its active employees, whether the premiums are paid by the District or the retiree. Consequently, participating retirees are considered to receive a secondary benefit known as an “implicit rate subsidy.” This benefit relates to the assumption that the retiree is receiving a more favorable premium rate than they would otherwise be able to obtain if purchasing insurance on their own, due to being included in the same pool with the District’s younger and statistically healthier active employees.

B. Funding Policy - The benefits from this program are paid by the District up to the limit as defined by the bargaining or contractual agreement. The required contribution is based on projected pay-as-you-go financing requirements, with additional amounts to pre-fund benefits as determined annually by the District.

C. Total OPEB Liability - The District’s total OPEB liability of \$1,621,721 was measured as of July 1, 2018 and was determined by an actuarial valuation as of that date.

Actuarial Assumptions and Other Inputs - The total OPEB liability in the July 1, 2017 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Valuation date	July 1, 2017
Measurement date	June 30, 2019, rolled forward
Actuarial cost method	Entry Age Normal, level percent of salary.
Actuarial assumptions:	
Discount rate	3.75% per year, based on all years discounted at municipal bond rate.
Inflation rate	2.50% per year
Salary increases	2.50% per year
Healthcare cost trend rates	Increase from 6.90% in 2018-2019 depending on plan selected by employees to an ultimate rate range of 5.0% to 6.8% beginning in 2020
Mortality rates	As developed for the valuation of benefits under Oregon PERS and vary by years of service.
Turnover rates	As developed for the valuation of benefits under Oregon PERS and vary by years of service.
Disability rates	As developed for the valuation of benefits under Oregon PERS and vary by employee age.
Retirement rates	As developed for the valuation of benefits under Oregon PERS and vary by employee age.

CLACKAMAS EDUCATION SERVICE DISTRICT
CLACKAMAS COUNTY, OREGON

NOTES TO THE BASIC FINANCIAL STATEMENTS
 For the Year Ended June 30, 2019

NOTE 10 – OTHER POST-EMPLOYMENT BENEFITS (OPEB) (Continued)

Changes in the Total OPEB Liability:

Balance at June 30, 2018	\$ 1,527,844
Service costs	116,326
Interest	57,967
Benefit Payments	<u>(80,416)</u>
Balance at June 30, 2019	<u>\$ 1,621,721</u>

There are no deferred outflows of resources and deferred inflows of resources related to OPEB liability as of June 30, 2019.

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate - The following presents the total OPEB liability of the District, as well as what that the District's total OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (2.75 percent) or one percentage point higher (4.75 percent) than the current rate:

	1% Decrease (2.75%)	Current Discount Rate (3.75%)	1% Increase (4.75%)
OPEB liability (asset)	\$ 1,728,942	\$ 1,621,721	\$ 1,477,452

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Trend Rate - The following presents the total OPEB liability of the District, as well as what that the District's total OPEB liability would be if it were calculated using a healthcare trend rate that is one percentage point lower or one percentage point higher than the current rate:

	1% Decrease 6.00% Graded Down to 4.00%	Current Trend Rate 7.00% Graded Down to 5.00%	1% Increase 8.00% Graded Down to 6.00%
OPEB liability (asset)	\$ 1,425,438	\$ 1,621,721	\$ 1,805,784

2. Retirement Health Insurance Account (RHIA)

A. Plan description

As a member of Oregon Public Employees Retirement System (OPERS), the District contributes to the Retirement Health Insurance Account (RHIA) for each of its eligible employees. RHIA is a cost-sharing multiple-employer defined benefit other postemployment benefit plan administered by OPERS. Oregon Revised Statute (ORS) 238.420 established this trust fund. Authority to establish and amend the benefit provisions of RHJOA resides with the Oregon Legislature. The plan is closed to new entrants hired on or after August 29, 2003. OPERS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to Oregon Public Employees Retirement System, P.O. Box 23700, Tigard 97281-3700.

CLACKAMAS EDUCATION SERVICE DISTRICT
CLACKAMAS COUNTY, OREGON

NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2019

NOTE 10 – OTHER POST-EMPLOYMENT BENEFITS (OPEB) (Continued)

B. Benefits

RHIA Pays \$60 monthly contribution towards the cost of Medicare companion health insurance premiums of eligible retirees.

C. Contributions

Because RHIA was created by enabling legislation (ORS 238.420), contribution requirements of the plan members and the participating employers were established and may be amended only by the Oregon Legislature. ORS require that an amount equal to \$60 or the total monthly cost of Medicare companion health insurance premiums coverage, whichever is less, shall be paid from the Retirement Health Insurance Account established by the employer, and any monthly cost in excess of \$60 shall be paid by the eligible retired member in the manner provided in ORS 238.410. To be eligible to receive this monthly payment toward the premium cost the member must: (1) have eight years or more of qualifying service in PERS at the time of retirement or receive a disability allowance as if the member had eight years or more of creditable service in PERS, (2) receive both Medicare Parts A and B coverage, and (3) enroll in a PERS-sponsored health plan. A surviving spouse or dependent of a deceased PERS retiree who was eligible to receive the subsidy is eligible to receive the subsidy if he or she (1) is receiving a retirement benefit or allowance from PERS or (2) was insured at the time the member died and the member retired before May 1, 1991.

Participating employers are contractually required to contribute to RHIA at a rate assessed each year by OPERS, currently 0.50% of Tier 1 and Tier 2 payroll and 0.43% of OPSRP of annual covered payroll. The OPERS Board of Trustees sets the employer contribution rate based on the annual required contribution (ARC) of the employers, an amount actuarially determined. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) of the plan over a period not to exceed thirty years. The District's contributions to RHIA for the years ended June 30, 2019, 2018, and 2017, were approximately \$241,301, \$223,389, and \$230,051 which equaled the required contributions each year.

D. OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

At June 30, 2017, the District reported an asset of \$160,829 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2018, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of December 31, 2016, rolled forward to the measurement date. The District's proportion of the net OPEB liability was based on the District's actual, legally required contributions made during the fiscal year being compared to the total actual contributions made in the fiscal year by all employers. The District's proportionate share as of the measurement date is 0.14407715%.

CLACKAMAS EDUCATION SERVICE DISTRICT
CLACKAMAS COUNTY, OREGON

NOTES TO THE BASIC FINANCIAL STATEMENTS
 For the Year Ended June 30, 2019

NOTE 10 – OTHER POST-EMPLOYMENT BENEFITS (OPEB) (Continued)

For the year ended June 30, 2019, the District recognized OPEB expense reduction of (\$103,265) related to the RHIA OPEB. At June 30, 2019, the District reported deferred outflows of resources and deferred inflows of resources related to the RHIA OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 9,115
Changes in assumptions	-	510
Net difference between projected and actual earnings on investments	-	34,674
Changes in proportionate share	-	1,920
District contributions subsequent to the measurement date	74,403	-
Total	\$ 74,403	\$ 46,219

\$74,403 reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as an addition of the net pension liability in the year ended June 30, 2019. Other amounts reported by the District as deferred outflows of resources and deferred inflows of resources related to the RHIA OPEB will be recognized in OPEB expense follows:

	Expense
June 30, 2020	\$ (15,576)
June 30, 2021	(15,408)
June 30, 2022	(11,789)
June 30, 2023	(3,447)
June 30, 2024	-

E. Actuarial assumptions and other inputs

The total OPEB liability in the June 30, 2018 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement unless otherwise specified.

Valuation Date	December 31, 2016
Measurement Date	June 30, 2018
Experience Study Report	2016, published July 26, 2017
Actuarial Cost Method	Entry Age Normal
Actuarial Assumptions:	
Inflation Rate	2.50 percent
Long-Term Expected Rate of Return	7.20 percent
Discount Rate	7.20 percent
Projected Salary Increases	3.50 percent
Retiree Healthcare Participation	Healthy retirees: 38% Disabled retirees: 20%
Healthcare Cost Trend Rate	Not applicable. Statute stipulates \$60 monthly payment for healthcare insurance.

CLACKAMAS EDUCATION SERVICE DISTRICT
CLACKAMAS COUNTY, OREGON

NOTES TO THE BASIC FINANCIAL STATEMENTS
 For the Year Ended June 30, 2019

NOTE 10 – OTHER POST-EMPLOYMENT BENEFITS (OPEB) (Continued)

Mortality	<p>Health retirees and beneficiaries: RP-2014 Healthy annuitant, sex-distinct, generational with Unisex, Social Security Data Scale, with collar adjustments and set-backs as described in the valuation.</p> <p>Active Members: RP-2014 employee, sex-distinct, generational with Unisex, Social Security Data Scale, with collar adjustments and setbacks as described in the valuation.</p> <p>Disabled retirees: RP-2014 Disabled retirees, sex-distinct, generational with Unisex, Social Security Data Scale.</p>
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Discount Rate

The discount rate used to measure the total OPEB liability at June 30, 2018 was 7.20 percent. The projection of cash flows used to determine the discount rate assumed that contributions from contributing employers are made at the contractually required rates, as actuarially determined. Based on those assumptions, the RHIA plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on OPEB plan investments for the RHIA plan was applied to all periods of projected benefit payments to determine the total OPEB liability.

Long-Term Expected Rate of Return

To develop an analytical basis for the selection of the long-term expected rate of return assumption, in July 2015 the PERS Board reviewed long-term assumptions developed by both Milliman's capital market assumptions team and the Oregon Investment Council's (OIC) investment advisors. 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. For more information on the long-term expected rate of return for each major asset class, calculated using both the arithmetic and geometric means, see the breakdown in note 9.

Sensitivity Analysis

Sensitivity of the total OPEB liability to changes in the discount rate. The following presents the total OPEB liability of the District for the Retirement Health Insurance Account, as well as what the total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.20%) or 1-percentage-point higher (8.20%) than the current discount rate:

	1% Decrease (6.20%)	Current Discount Rate (7.20%)	1% Increase (8.20%)
OPEB liability (asset)	\$ (93,643)	\$ (160,829)	\$ (218,018)

Tax Sheltered Annuity

The District offers its employees a tax deferred annuity program pursuant to Section 403(b) of the internal Revenue Code (the Code). Contributions are made through salary reductions from participating employees up to the amounts specified in the Code. The District contributed \$7,333 for the year ended June 30, 2019. As of June 30, 2019, 75 employees were participating in the Plan.

CLACKAMAS EDUCATION SERVICE DISTRICT
CLACKAMAS COUNTY, OREGON

NOTES TO THE BASIC FINANCIAL STATEMENTS
 For the Year Ended June 30, 2019

NOTE 11 – OPERATING LEASES

During the fiscal year ended June 30, 2019, a total of \$65,302 was charged to the Enterprise Fund under operating lease that expired June 30, 2019. Effective July 11, 2018, the District signed a printer and copier operating lease which calls for \$3,167 monthly payments for 60 months.

NOTE 12 – FUND BALANCE

GASB No. 54 requires fund balances to be classified as defined in Section L – Fund Equity, Note 1 – Summary of Significant Accounting Policies of the Notes to the Basic Financial Statements. The following is a schedule of ending fund balances as of June 30, 2019:

	General Fund	Other Major Funds	Internal Service Activities	Totals
Fund Balances:				
Nonspendable:				
Prepays	\$ 124,771	\$ -	\$ -	\$ 124,771
Restricted:				
Restricted for Districts	4,195,347	-	-	4,195,347
Restricted for Capital Projects	-	329,810	-	329,810
Local, state, and federal grants and contracts	-	2,073,764	-	2,073,764
	4,195,347	2,403,574	-	6,598,921
Committed:				
Internal service activities	-	-	495,769	495,769
PERS payments and rate increase	-	410,046	-	410,046
	-	410,046	495,769	905,815
Unassigned:	3,768,330	-	-	3,768,330
Total Fund Balances	\$ 8,088,448	\$ 2,813,620	\$ 495,769	\$ 11,397,837

NOTE 13 - RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The District purchases commercial insurance to minimize its exposure to these risks. Settled claims have not exceeded this commercial coverage for any of the past three years.

NOTE 14 - CONTINGENCIES

The amount of grant revenue reflected in the basic financial statements is subject to audit and adjustment by grantor agencies, principally the federal government. Any costs which are questioned or recommended to be disallowed and which ultimately result in disallowed claims may become a liability of the General Fund.

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REQUIRED SUPPLEMENTARY INFORMATION

CLACKAMAS EDUCATION SERVICE DISTRICT
CLACKAMAS COUNTY, OREGON

SCHEDULE OF CHANGES IN TOTAL OTHER
 POST EMPLOYMENT BENEFITS AND RELATED RATIOS
 June 30, 2019

OPEB Liability - Medical Benefits		
	June 30, 2019	June 30, 2018
OPEB Liability - Medical Benefit		
Total OPEB Liability - Beginning	\$ 1,527,844	\$ 1,486,498
Service Cost		
Interest	116,326	116,326
Changes in Benefit Terms	57,967	55,479
Benefit Payments	(80,416)	(130,459)
Net Change in Total OPEB Liability	93,877	41,346
Total Liability - End of Year	\$ 1,621,721	\$ 1,527,844
Covered Payroll	17,511,063	16,918,901
Total OPEB Liability as Percentage of Covered Payroll	9.26%	9.03%

OPEB Liability - Stipend Benefit		
	June 30, 2019	June 30, 2018
OPEB Liability - Stipend Benefit		
Total OPEB Stipend Liability - Beginning	\$ 653,302	\$ 722,364
Service Cost		
Interest	29,092	29,092
Changes in Benefit Terms	23,417	25,319
Benefit Payments	(86,776)	(123,473)
Net Change in Total OPEB Stipend Liability	(34,267)	(69,062)
Total Liability - End of Year	\$ 619,035	\$ 653,302
Covered Payroll	7,084,150	6,844,589
Total OPEB Liability as Percentage of Covered Payroll	8.74%	9.54%

This schedule is presented to illustrate the requirements to show information for 10 years. However, until the full 10-year trend has been compiled, information is presented only for years for which the required supplementary information is available.

CLACKAMAS EDUCATION SERVICE DISTRICT
CLACKAMAS COUNTY, OREGON

REQUIRED SUPPLEMENTARY INFORMATION
 OREGON PUBLIC EMPLOYEES RETIREMENT SYSTEM
 June 30, 2019

SCHEDULE OF DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY

Fiscal Year Ended	(a) District's Proportion of the net pension Liability (NPL)	(b) District's Proportionate Share of the Net Pension Liability (NPL)	(c) District's Covered Payroll	(b/c) NPL as a Percentage of covered Payroll	Plan Fiduciary net position as a percentage of the total pension liability
June 30, 2014	0.1649%	\$ 8,415,829	\$ 14,944,654	56.31%	91.97%
June 30, 2015	0.1649%	-3,738,141	15,304,949	-24.42%	103.60%
June 30, 2016	0.1763%	10,120,449	14,706,433	68.82%	91.88%
June 30, 2017	0.1486%	22,315,470	15,200,528	146.81%	80.53%
June 30, 2018	0.1403%	18,915,146	15,865,571	119.22%	83.12%
June 30, 2019	0.1446%	21,911,465	15,406,105	142.23%	82.10%

The amounts presented each fiscal year were actuarial determined at December 31 and rolled forward to the measurement date.

SCHEDULE OF DISTRICT CONTRIBUTIONS

Fiscal Year Ended	Statutorily required contribution	Contributions in relation to the statutorily required Contribution	Contributon deficiency (excess)	District's Covered payroll	Contributions as a percent of covered payroll
June 30, 2014	\$ 1,509,358	\$ 1,509,358	\$ -	\$ 15,304,949	9.86%
June 30, 2015	1,343,835	1,343,835	-	14,706,433	9.14%
June 30, 2016	1,008,002	1,008,002	-	15,200,528	6.63%
June 30, 2017	1,254,632	1,254,632	-	15,865,571	7.91%
June 30, 2018	1,692,439	1,692,439	-	15,406,105	10.99%
June 30, 2019	1,837,495	1,837,495	-	16,641,436	11.04%

These schedules are presented to illustrate information for 10 years. However, until a full 10-year trend has been compiled, information is presented only for the years for which the required supplementary information is available.

CLACKAMAS EDUCATION SERVICE DISTRICT
CLACKAMAS COUNTY, OREGON

REQUIRED SUPPLEMENTARY INFORMATION
 OREGON PUBLIC EMPLOYEES RETIREMENT SYSTEM
 June 30, 2019

SCHEDULE OF DISTRICT'S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY FOR RHIA

Fiscal Year Ended	(a) District's Proportion of the Net Pension Asset (NPA)	(b) District's Proportionate Share of the Net Pension Asset (NPA)	(c) District's Covered Payroll	(b/c) NPA as a Percentage of Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Asset
June 30, 2018	0.1379%	\$ 57,564	\$ 15,865,571	0.36%	83.12%
June 30, 2019	0.1441%	160,829	15,406,105	1.04%	82.10%

The amounts presented each fiscal year were actuarial determined at December 31 and rolled forward to the measurement date.

SCHEDULE OF DISTRICT CONTRIBUTIONS FOR RHIA

Fiscal Year Ended	Statutorily Required Contribution	Contributions in Relation to the Statutorily Required Contribution	Contributon Deficiency (Excess)	District's Covered Payroll	Contributions as a Percent of Covered Payroll
June 30, 2018	\$ 223,389	\$ 223,389	\$ -	\$ 15,406,105	1.45%
June 30, 2019	241,301	241,301	-	16,641,436	1.45%

These schedules are presented to illustrate information for 10 years. However, until a full 10-year trend has been compiled, information is presented only for the years for which the required supplementary information is available.

CLACKAMAS EDUCATION SERVICE DISTRICT
CLACKAMAS COUNTY, OREGON

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
ACTUAL AND BUDGET
For the Year Ended June 30, 2019

<u>GENERAL FUND</u>				
	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE TO FINAL BUDGET</u>
REVENUES:				
Local Sources:				
Taxes	\$ 16,947,041	\$ 16,947,041	\$ 17,080,020	\$ 132,979
Charges for services	1,388,683	1,388,683	1,538,546	149,863
Earnings from investments	200,000	200,000	305,166	105,166
Other	40,000	40,000	10,807	(29,193)
Total Local Sources	<u>18,575,724</u>	<u>18,575,724</u>	<u>18,934,539</u>	<u>358,815</u>
State Sources	<u>8,754,136</u>	<u>8,754,136</u>	<u>9,569,996</u>	<u>815,860</u>
Total Revenues	<u>27,329,860</u>	<u>27,329,860</u>	<u>28,504,535</u>	<u>1,174,675</u>
EXPENDITURES:				
Instruction	8,334,756	8,334,756 (1)	8,296,308	38,448
Support Services	8,438,324	8,438,324 (1)	7,523,391	914,933
Debt Service	561,650	561,650 (1)	561,609	41
Contingency	1,000,000	750,000 (1)	-	750,000
Total Expenditures	<u>18,334,730</u>	<u>18,084,730</u>	<u>16,381,308</u>	<u>1,703,422</u>
Revenues Over, (Under) Expenditures	<u>8,995,130</u>	<u>9,245,130</u>	<u>12,123,227</u>	<u>2,878,097</u>
Other Financing Sources, (Uses):				
Transfers (Out)	(50,000)	(300,000) (1)	(250,000)	50,000
Payments to districts	<u>(11,413,972)</u>	<u>(11,559,840) (1)</u>	<u>(11,167,032)</u>	<u>392,808</u>
Total Other Financing Sources, (Uses)	<u>(11,463,972)</u>	<u>(11,859,840)</u>	<u>(11,417,032)</u>	<u>442,808</u>
Revenues and Other Financing Sources Over, (Under) Expenditures	<u>(2,468,842)</u>	<u>(2,614,710)</u>	<u>706,195</u>	<u>3,320,905</u>
Fund Balance, July 1, 2018	<u>6,971,171</u>	<u>6,971,171</u>	<u>7,382,253</u>	<u>411,082</u>
Fund Balance, June 30, 2019	<u>\$ 4,502,329</u>	<u>\$ 4,356,461</u>	<u>\$ 8,088,448</u>	<u>\$ 3,731,987</u>

(1) Legally adopted appropriation level.

CLACKAMAS EDUCATION SERVICE DISTRICT
CLACKAMAS COUNTY, OREGON

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
 ACTUAL AND BUDGET
 For the Year Ended June 30, 2019

SPECIAL REVENUE FUND

	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE TO FINAL BUDGET</u>
REVENUES:				
Local Sources	\$ 6,654,161	6,716,426	\$ 6,126,727	\$ (589,699)
Intermediate Sources	165,946	158,805	67,123	(91,682)
State Sources	14,888,527	16,068,002	14,033,092	(2,034,910)
Federal Sources	4,511,688	2,984,645	4,131,908	1,147,263
	<u>26,220,322</u>	<u>25,927,878</u>	<u>24,358,850</u>	<u>(1,569,028)</u>
Total Revenues				
EXPENDITURES:				
Instruction	20,195,838	19,713,392 (1)	17,720,909	1,992,483
Support Services	2,808,346	3,083,376 (1)	2,250,500	832,876
Enterprise and Community Services	714,620	610,406 (1)	425,774	184,632
	<u>23,718,804</u>	<u>23,407,174</u>	<u>20,397,183</u>	<u>3,009,991</u>
Total Expenditures				
Revenues Over, (Under) Expenditures	<u>2,501,518</u>	<u>2,520,704</u>	<u>3,961,667</u>	<u>1,440,963</u>
Other Financing Sources, (Uses):				
Transfers In	13,700	13,700	-	(13,700)
Payments to Districts	(3,741,495)	(3,785,718) (1)	(3,385,608)	400,110
	<u>(3,727,795)</u>	<u>(3,772,018)</u>	<u>(3,385,608)</u>	<u>386,410</u>
Total Other Financing Sources, (Uses)				
Revenues and Other Financing Sources Over, (Under) Expenditures	(1,226,277)	(1,251,314)	576,059	1,827,373
Fund Balance, July 1, 2018	<u>1,226,277</u>	<u>1,251,314</u>	<u>1,497,705</u>	<u>246,391</u>
Fund Balance, June 30, 2019	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,073,764</u>	<u>\$ 2,073,764</u>

(1) Legally adopted appropriation level

CLACKAMAS EDUCATION SERVICE DISTRICT
CLACKAMAS COUNTY, OREGON

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
For the Year Ended June 30, 2019

1. Other Postemployment Benefits

Other Post Employment Benefits include a Health Insurance Subsidy Plan (Plan) as described in Note 10 to the financial statements.

The schedule of funding progress for other postemployment benefits will eventually present multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Changes in Assumptions

The interest rate for discounting future liabilities was raised to match municipal bond rates, as required by GASB 75. Additionally, salary growth and premium increase rates were modified slightly to reflect anticipated experience, demographic assumptions were revised to match those developed in the most recent experience study for Oregon PERS, and assumptions pertaining specifically to the implicit medical benefit were introduced.

2. Employee Retirement Pension Benefits.

A. OREGON PUBLIC EMPLOYEES RETIREMENT SYSTEM

Changes in Plan Provisions

A summary of key changes in plan provisions are described in the Oregon Public Employees Retirement System's GASB information found at:

<https://www.oregon.gov/pers/EMP/Pages/GASB.aspx>

Changes in Assumptions

A summary of key changes implemented since the December 31, 2016 valuation are described in the Oregon Public Retirement System's GASB 68 disclosure information which can be found at:

<https://www.oregon.gov/pers/EMP/Pages/GASB.aspx>

Additional detail and a comprehensive list of changes in methods and assumptions can be found in the 2016 Experience Study for the System, which was published on July 28, 2017, and can be found at:

<https://www.oregon.gov/pers/Documents/2016-Exp-Study.pdf>

B. STIPEND BENEFIT PLAN

Employee Retirement Pension Benefits include a Stipend Benefit Plan (Plan) as described in Note 9 to the financial statements. There are no assets accumulated in a trust to pay for the related benefits of the Plan.

Changes in Plan Provisions

None.

CLACKAMAS EDUCATION SERVICE DISTRICT
CLACKAMAS COUNTY, OREGON

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
For the Year Ended June 30, 2019

Changes in Assumptions

The interest rate for discounting future liabilities was raised to match municipal bond rates, as required by GASB 75. Additionally, salary growth and premium increase rates were modified slightly to reflect anticipated experience, demographic assumptions were revised to match those developed in the most recent experience study for Oregon PERS, and assumptions pertaining specifically to the implicit medical benefit were introduced.

3. Budget

A budget is prepared and legally adopted for the General Fund, and Special Revenue Fund on the modified accrual basis of accounting. The budgetary basis of accounting is the same as accounting principles generally accepted in the United States of America basis for the governmental fund types, proprietary fund type and private purpose trust fund type. The resolution authorizing appropriations for each fund sets the level by which expenditures cannot legally exceed appropriations.

Appropriations are established at the major function level (instruction, support services, enterprise and community services, facilities acquisition and construction, debt service, operating contingency and transfers) for each fund. The detail budget document, however, is required to contain more specific, detailed information for the aforementioned expenditure categories. Unexpected additional resources may be added to the budget through the use of supplemental budget and appropriation resolution.

Supplemental budgets less than 10% of fund's budget may be adopted by the Board at a regular meeting. A supplemental budget greater than 10% of a fund's original budget requires hearing 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) with Board approval. During the year, there were three amendments to the budget: one in the General Fund, one in the Special Revenue Fund, and one in the Capital Projects Fund. Appropriations lapse at the end of each fiscal year.

SUPPLEMENTARY INFORMATION

CLACKAMAS EDUCATION SERVICE DISTRICT
CLACKAMAS COUNTY, OREGON

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
 ACTUAL AND BUDGET
 For the Year Ended June 30, 2019

DEBT SERVICE FUND

	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE TO FINAL BUDGET</u>
REVENUES:				
Local Sources:				
Earnings from investments	\$ 10,000	\$ 10,000	\$ 21,283	\$ 11,283
Services provided other funds	<u>1,554,799</u>	<u>1,554,799</u>	<u>1,602,128</u>	<u>47,329</u>
Total Revenues	<u>1,564,799</u>	<u>1,564,799</u>	<u>1,623,411</u>	<u>58,612</u>
EXPENDITURES:				
Debt Service:				
Redemption of principal	925,000	925,000	925,000	-
Interest	<u>661,388</u>	<u>661,388</u>	<u>661,388</u>	<u>-</u>
Total Expenditures	<u>1,586,388</u>	<u>1,586,388 (1)</u>	<u>1,586,388</u>	<u>-</u>
Revenues and Other Financing Sources Over, (Under) Expenditures	(21,589)	(21,589)	37,023	58,612
Fund Balance, July 1, 2018	<u>330,694</u>	<u>330,694</u>	<u>373,023</u>	<u>42,329</u>
Fund Balance, June 30, 2019	<u>\$ 309,105</u>	<u>\$ 309,105</u>	<u>\$ 410,046</u>	<u>\$ 100,941</u>

(1) Legally adopted appropriation level

CLACKAMAS EDUCATION SERVICE DISTRICT
CLACKAMAS COUNTY, OREGON

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
 ACTUAL AND BUDGET
 For the Year Ended June 30, 2019

CAPITAL PROJECTS FUND

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE TO FINAL BUDGET
REVENUES:				
Local Sources:				
Miscellaneous	\$ -	\$ -	\$ 7	\$ 7
Total Revenues	-	-	7	7
EXPENDITURES:				
Facility Acquisition	200,000	537,134 (1)	207,331	329,803
Total Expenditures	200,000	537,134	207,331	329,803
Revenues Over, (Under) Expenditures	(200,000)	(537,134)	(207,324)	329,810
Other Financing Sources, (Uses):				
Transfers, In	-	250,000	250,000	-
Total Other Financing Sources, (Uses)	-	250,000	250,000	-
Revenues and Other Financing Sources (Uses) Over, (Under) Expenditures	(200,000)	(287,134)	42,676	329,810
Fund Balance, July 1, 2018	200,000	287,134	287,134	-
Fund Balance, June 30, 2019	\$ -	\$ -	\$ 329,810	\$ 329,810

(1) Legally adopted appropriation level

CLACKAMAS EDUCATION SERVICE DISTRICT
CLACKAMAS COUNTY, OREGON

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
ACTUAL AND BUDGET
For the Year Ended June 30, 2019

<u>ENTERPRISE FUND</u>				
	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE TO FINAL BUDGET</u>
REVENUES:				
Local sources:				
Supplies and services provided other LEA's	\$ 954,711	\$ 954,711	\$ 1,500,578	\$ 545,867
Supplies and services provided other funds	140,125	140,125	73,520	(66,605)
Other local revenues	130,000	130,000	229,368	99,368
Total Revenues	<u>1,224,836</u>	<u>1,224,836</u>	<u>1,803,466</u>	<u>578,630</u>
EXPENDITURES:				
Instruction	80,000	80,000 (1)	54,728	25,272
Support Services	2,252,435	2,252,435 (1)	1,495,617	756,818
Total Expenditures	<u>2,332,435</u>	<u>2,332,435</u>	<u>1,550,345</u>	<u>782,090</u>
Revenues Over, (Under) Expenditures	<u>(1,107,599)</u>	<u>(1,107,599)</u>	<u>253,121</u>	<u>1,360,720</u>
Other Financing Sources, (Uses):				
Payments to districts	(10,000)	(10,000) (1)	-	10,000
Total Other Financing Sources, (Uses)	<u>(10,000)</u>	<u>(10,000)</u>	<u>-</u>	<u>10,000</u>
Revenues and Other Financing Sources (Uses) Over, (Under) Expenditures	(1,117,599)	(1,117,599)	253,121	1,370,720
Fund Balance, July 1, 2018	<u>1,419,999</u>	<u>1,419,999</u>	<u>1,344,941</u>	<u>(75,058)</u>
Fund Balance, June 30, 2019	<u>\$ 302,400</u>	<u>\$ 302,400</u>	1,598,062	<u>\$ 1,295,662</u>
Adjustment to generally accepted accounting principles (GAAP) basis:				
Net RHIA Asset			2,315	
Deferred Outflows - Pension			117,804	
Net Pension Liability			(315,378)	
Deferred Inflows - Pension			<u>(47,046)</u>	
Net position - GAAP basis			<u>\$ 1,355,757</u>	

(1) Legally adopted appropriation level

CLACKAMAS EDUCATION SERVICE DISTRICT
CLACKAMAS COUNTY, OREGON

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
 ACTUAL AND BUDGET
 For the Year Ended June 30, 2019

INTERNAL SERVICE FUND

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE TO FINAL BUDGET
REVENUES:				
Local Sources:				
Rentals	\$ 425,000	\$ 425,000	\$ 555,887	\$ 130,887
Supplies and services provided other funds	439,707	439,707	410,614	(29,093)
Miscellaneous revenue	65,000	65,000	138,376	73,376
Total Revenues	929,707	929,707	1,104,877	175,170
EXPENDITURES:				
Support Services	1,301,126	1,301,126 (1)	986,934	314,192
Total Expenditures	1,301,126	1,301,126	986,934	314,192
Revenues Over, (Under) Expenditures	(371,419)	(371,419)	117,943	489,362
Other Financing Sources, (Uses):				
Transfers In	50,000	50,000	-	(50,000)
Transfers (Out)	(13,700)	(13,700) (1)	-	13,700
Total Other Financing Sources, (Uses)	36,300	36,300	-	(36,300)
Revenues and Other Financing Sources Over, (Under) Expenditures	(335,119)	(335,119)	117,943	453,062
Fund Balance, July 1, 2018	393,923	393,923	377,826	(16,097)
Fund Balance, June 30, 2019	\$ 58,804	\$ 58,804	\$ 495,769	\$ 436,965

(1) Legally adopted appropriation level

CLACKAMAS EDUCATION SERVICE DISTRICT
CLACKAMAS COUNTY, OREGON

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
 ACTUAL AND BUDGET
 For the Year Ended June 30, 2019

AGENCY FUND

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE TO FINAL BUDGET
REVENUES:				
Private Donations	\$ 17,000	\$ 17,000	\$ 8,338	\$ (8,662)
Miscellaneous	111,462	111,462	71	(111,391)
Total Revenues	128,462	128,462	8,409	(120,053)
EXPENDITURES:				
Support Services	294,502	294,502 (1)	14,257	280,245
Revenues Over, (Under) Expenditures	(166,040)	(166,040)	(5,848)	160,192
Fund Balance, July 1, 2018	166,040	166,040	175,249	9,209
Fund Balance, June 30, 2019	\$ -	\$ -	\$ 169,401	\$ 169,401

(1) Legally adopted appropriation level

OTHER FINANCIAL SCHEDULES

CLACKAMAS EDUCATION SERVICE DISTRICT
CLACKAMAS COUNTY, OREGON

SCHEDULE OF PROPERTY TAX TRANSACTIONS AND BALANCES
For the Year Ended June 30, 2019

TAX YEAR	UNCOLLECTED 6/30/2018	LEVY AS EXTENDED BY ASSESSOR	DISCOUNTS ALLOWED	INTEREST	NET ADJUSTMENTS	COLLECTIONS	UNCOLLECTED 6/30/2019
GENERAL FUND:							
Current 2018-2019	\$ -	\$ 17,110,784	\$ (450,015)	\$ -	\$ (49,389)	\$ 16,362,717	\$ 248,663
Prior 2017-2018	326,080	-	(1,001)	5,595	(43,219)	184,391	103,064
2016-2017	166,008	-	(889)	11,943	(39,493)	81,307	56,262
2015-2016	125,766	-	(1,009)	10,069	(40,924)	69,496	24,406
2014-2015	88,606	-	(1,771)	11,164	(12,704)	77,597	7,698
& Prior	272,282	-	(7,562)	9,526	(16,816)	225,970	31,460
Total prior	978,742	-	(12,232)	48,297	(153,156)	638,761	222,890
Total General Fund	\$ 978,742	\$ 17,110,784	\$ (462,247)	\$ 48,297	\$ (202,545)	\$ 17,001,478	\$ 471,553
Total Property Taxes Receivable							\$ 471,553
Reconciliation to Revenue:							
	Current Tax Collected					\$ 16,362,717	
	Add August 2019 Turnover					26,968	
	Less August 2018 Turnover					(30,477)	
	Add Other Counties					82,221	
	Current Tax Per Statements						16,441,429
	Total Tax Collections					\$ 17,001,478	
	Less Current Taxes					(16,362,717)	
	Less August 2018 Turnover					(19,655)	
	Add Other Counties					1,522	
	Add August 2019 Turnover					(16,892)	
	Delinquent tax per statements						638,591
	Total Tax Revenue Recognized						\$ 17,080,020

CLACKAMAS EDUCATION SERVICE DISTRICT
CLACKAMAS COUNTY, OREGON

SUPPLEMENTAL INFORMATION
 As Required by The Oregon Department of Education
 For the Year Ended June 30, 2019

A. Energy bills for heating - all funds:			<u>Objects 325, 326 and 327</u>
	Function 2540	\$	78,769
	Function 2550		-

B. Replacement of equipment - General Fund:			
Include all General Fund expenditures in Object 542, except for the following exclusion			<u>Amount</u>
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

Clackamas Education Service District
Clackamas County
2018-19 REVENUE SUMMARY BY FUNCTION-ALL GOVERNMENTAL FUNDS

	Fund 100	Fund 200	Fund 300	Fund 400	Fund 500	Fund 600	Fund 700
Revenue from Local Sources							
1110 Ad Valorem Taxes Levied by District	\$ 17,033,680	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
1120 Local Option Ad Valorem Taxes Levied by District	-	-	-	-	-	-	-
1130 Construction Excise Tax	-	-	-	-	-	-	-
1190 Penalties and Interest on Taxes	46,340	-	-	-	-	-	-
1200 Rev from Local Gov'l Units Other Than Districts	-	-	-	-	-	-	-
1312 Tuition from Other Districts within the State	1,061,437	4,458,738	-	-	-	-	-
1320 Adult/Continuing Education Tuition	-	-	-	-	-	-	-
1330 Summer School Tuition	-	-	-	-	-	-	-
1412 Transportation Fees From Other Districts Within the State	-	-	-	-	-	-	-
1500 Earnings on Investments	305,166	-	21,283	-	-	-	-
1600 Food Service	-	-	-	-	-	-	-
1700 Extracurricular Activities	-	-	-	-	-	-	-
1800 Community Services Activities	-	-	-	-	-	-	-
1910 Rentals	1,200	-	-	-	-	555,887	-
1920 Contributions and Donations From Private Sources	1,335	6,511	-	-	-	-	8,338
1930 Rental or Lease Payments From Private Contractors	-	-	-	-	-	-	-
1940 Services Provided Other Local Education Agencies	700	939,895	-	-	1,500,552	-	-
1950 Textbook Sales and Rentals	-	-	-	-	-	-	-
1960 Recovery of Prior Years' Expenditure	-	-	-	-	-	-	-
1970 Services Provided Other Funds	-	210	1,602,128	-	73,520	410,615	-
1980 Fees Charged to Grants	477,109	-	-	-	-	-	-
1990 Miscellaneous	7,969	721,373	-	7	229,367	138,376	71
Total Revenue from Local Sources	\$ 18,934,936	\$ 6,126,727	\$ 1,623,411	\$ 7	\$ 1,803,439	\$ 1,104,878	\$ 8,409
Revenue from Intermediate Sources							
2101 County School Funds	-	-	-	-	-	-	-
2102 Education Service District Apportionment	-	-	-	-	-	-	-
2105 Natural Gas, Oil, and Mineral Receipts	-	-	-	-	-	-	-
2199 Other Intermediate Sources	-	-	-	-	-	-	-
2200 Restricted Revenue	-	67,122	-	-	-	-	-
2800 Revenue in Lieu of Taxes	-	-	-	-	-	-	-
2900 Revenue for/on Behalf of the District	-	-	-	-	-	-	-
Total Revenue from Intermediate Sources	\$ -	\$ 67,122	\$ -	\$ -	\$ -	\$ -	\$ -
Revenue from State Sources							
3101 State School Fund - General Support	9,569,996	-	-	-	-	-	-
3102 State School Fund - School Lunch Match	-	-	-	-	-	-	-
3103 Common School Fund	-	-	-	-	-	-	-
3104 State Managed County Timber	-	-	-	-	-	-	-
3199 Other Unrestricted Grants-in-Aid	-	-	-	-	-	-	-
3200 Restricted Revenue	-	-	-	-	-	-	-
3204 Driver Education	-	-	-	-	-	-	-
3222 State School Fund (SSF) Transportation Equipment	-	-	-	-	-	-	-
3299 Other Restricted Grants-in-Aid	-	14,033,092	-	-	-	-	-
3800 Revenue in Lieu of Taxes	-	-	-	-	-	-	-
3900 Revenue for/on Behalf of the District	-	-	-	-	-	-	-
Total Revenue from State Sources	\$ 9,569,996	\$ 14,033,092	\$ -	\$ -	\$ -	\$ -	\$ -
Revenue from Federal Sources							
4100 Unrestricted Rev. Dir. Federal Government	-	-	-	-	-	-	-
4200 Unrestr. Rev. Federal Government Through State	-	-	-	-	-	-	-
4300 Restr. Rev. Federal Government	-	-	-	-	-	-	-
4500 Restricted Rev. Federal Gov. Through State	-	3,317,151	-	-	-	-	-
4700 Grants-In-Aid Fed. Gov. Thru Interm. Agencies	-	814,758	-	-	-	-	-
4801 Federal Forest Fees	-	-	-	-	-	-	-
4802 Impact Aid to School Districts for Operation (PL 874)	-	-	-	-	-	-	-
4803 Coos Bay Wagon Road Funds	-	-	-	-	-	-	-
4899 Other Revenue in Lieu of Taxes	-	-	-	-	-	-	-
4900 Revenue for/on Behalf of the District	-	-	-	-	-	-	-
Total Revenue from Federal Sources	\$ -	\$ 4,131,909	\$ -	\$ -	\$ -	\$ -	\$ -
Revenue from Other Sources							
5100 Long Term Debt Financing Sources	-	-	-	-	-	-	-
5200 Interfund Transfers	-	-	-	250,000	-	-	-
5300 Sale (Loss) from Fixed Asset Disposal	-	-	-	-	-	-	-
5400 Resources - Beginning Fund Balance	7,382,253	1,497,705	373,023	287,134	1,344,941	377,826	175,248
5500 Insurance Proceeds	-	-	-	-	-	-	-
Total Revenue from Other Sources	\$ 7,382,253	\$ 1,497,705	\$ 373,023	\$ 537,134	\$ 1,344,941	\$ 377,826	\$ 175,248
Grand Totals	\$ 35,887,185	\$ 25,856,555	\$ 1,996,434	\$ 537,141	\$ 3,148,380	\$ 1,482,704	\$ 183,657

Clackamas Education Service District
Clackamas County
2018-19 EXPENDITURES BY FUNCTION/OBJECT

Fund 100 - General Funds

Instruction Expenditures

	Totals	Object 100	Object 200	Object 300	Object 400	Object 500	Object 600	Object 700
1111 Primary, K-3	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
1113 Elementary Extracurricular	-	-	-	-	-	-	-	-
1121 Middle/Junior High Programs	-	-	-	-	-	-	-	-
1122 Middle/Junior High School Extracurricular	-	-	-	-	-	-	-	-
1131 High School Programs	-	-	-	-	-	-	-	-
1132 High School Extracurricular	-	-	-	-	-	-	-	-
1140 Pre-kindergarten Programs	-	-	-	-	-	-	-	-
1210 Programs for the Talented and Gifted	-	-	-	-	-	-	-	-
1220 Restrictive Programs for Students with Disabilities	8,296,309	4,208,043	2,976,442	951,949	105,905	-	53,970	-
1250 Less Restrictive Programs for Students with Disabilities	-	-	-	-	-	-	-	-
1260 Early Intervention	-	-	-	-	-	-	-	-
1271 Remediation	-	-	-	-	-	-	-	-
1272 Title I	-	-	-	-	-	-	-	-
1280 Alternative Education	-	-	-	-	-	-	-	-
1291 English Second Language Programs	-	-	-	-	-	-	-	-
1292 Teen Parent Program	-	-	-	-	-	-	-	-
1293 Migrant Education	-	-	-	-	-	-	-	-
1294 Youth Corrections Education	-	-	-	-	-	-	-	-
1299 Other Programs	-	-	-	-	-	-	-	-
1300 Adult/Continuing Education Programs	-	-	-	-	-	-	-	-
1400 Summer School Programs	-	-	-	-	-	-	-	-
Total Instruction Expenditures	\$ 8,296,309	\$ 4,208,043	\$ 2,976,442	\$ 951,949	\$ 105,905	\$ -	\$ 53,970	\$ -

Support Services Expenditures

	Totals	Object 100	Object 200	Object 300	Object 400	Object 500	Object 600	Object 700
2110 Attendance and Social Work Services	9,547	4,935	4,193	404	-	-	15	-
2120 Guidance Services	-	-	-	-	-	-	-	-
2130 Health Services	-	-	-	-	-	-	-	-
2140 Psychological Services	761,574	492,885	255,094	4,090	6,131	-	3,374	-
2150 Speech Pathology and Audiology Services	-	-	-	-	-	-	-	-
2160 Other Student Treatment Services	-	-	-	-	-	-	-	-
2190 Service Direction, Student Support Services	-	-	-	-	-	-	-	-
2210 Improvement of Instruction Services	1,003,749	539,114	288,910	149,007	18,756	-	7,962	-
2220 Educational Media Services	-	-	-	-	-	-	-	-
2230 Assessment & Testing	-	-	-	-	-	-	-	-
2240 Instructional Staff Development	-	-	-	-	-	-	-	-
2310 Board of Education Services	145,516	600	59	121,810	4,294	-	18,753	-
2320 Executive Administration Services	433,953	238,315	135,642	51,866	6,730	-	1,400	-
2410 Office of the Principal Services	-	-	-	-	-	-	-	-
2490 Other Support Services - School Administration	-	-	-	-	-	-	-	-
2510 Direction of Business Support Services	-	-	-	-	-	-	-	-
2520 Fiscal Services	799,409	408,147	247,482	87,977	19,917	-	35,886	-
2540 Operation and Maintenance of Plant Services	-	-	-	-	-	-	-	-
2550 Student Transportation Services	26,962	-	-	26,962	-	-	-	-
2570 Internal Services	24,994	13,113	2,772	5,044	3,563	-	502	-
2610 Direction of Central Support Services	-	-	-	-	-	-	-	-
2620 Planning, Research, Development, Evaluation Services, Grant Writing and Statistical Services	-	-	-	-	-	-	-	-
2630 Information Services	180,842	115,436	44,590	15,484	4,519	-	813	-
2640 Staff Services	545,035	317,009	167,550	53,680	4,140	-	2,656	-
2660 Technology Services	3,453,095	1,225,700	686,497	715,896	815,321	-	9,681	-
2670 Records Management Services	-	-	-	-	-	-	-	-
2690 Other Support Services - Central	-	-	-	-	-	-	-	-
2700 Supplemental Retirement Program	138,714	88,695	50,019	-	-	-	-	-
Total Support Services Expenditures	\$ 7,523,390	\$ 3,443,949	\$ 1,882,808	\$ 1,232,220	\$ 883,371	\$ -	\$ 81,042	\$ -

Enterprise and Community Services Expenditures

	Totals	Object 100	Object 200	Object 300	Object 400	Object 500	Object 600	Object 700
3100 Food Services	-	-	-	-	-	-	-	-
3200 Other Enterprise Services	-	-	-	-	-	-	-	-
3300 Community Services	-	-	-	-	-	-	-	-
3500 Custody and Care of Children Services	-	-	-	-	-	-	-	-
Total Enterprise and Community Services Expenditures	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

Facilities Acquisition and Construction Expenditures

	Totals	Object 100	Object 200	Object 300	Object 400	Object 500	Object 600	Object 700
4110 Service Area Direction	-	-	-	-	-	-	-	-
4120 Site Acquisition and Development Services	-	-	-	-	-	-	-	-
4150 Building Acquisition, Construction, and Improvement Services	-	-	-	-	-	-	-	-
4190 Other Facilities Construction Services	-	-	-	-	-	-	-	-
Total Facilities Acquisition and Construction Expenditures	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

Other Uses Expenditures

	Totals	Object 100	Object 200	Object 300	Object 400	Object 500	Object 600	Object 700
5100 Debt Service	561,609	-	-	-	-	-	561,609	-
5200 Transfers of Funds	250,000	-	-	-	-	-	-	250,000
5300 Apportionment of Funds by ESD	11,167,032	-	-	-	-	-	-	11,167,032
5400 PERS UAL Bond Lump Sum	-	-	-	-	-	-	-	-
Total Other Uses Expenditures	\$ 11,978,641	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 561,609	\$ 11,417,032

Grand Total

Grand Total	\$ 27,798,340	\$ 7,651,992	\$ 4,859,250	\$ 2,184,169	\$ 989,276	\$ -	\$ 696,621	\$ 11,417,032
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Clackamas Education Service District
Clackamas County
2018-19 EXPENDITURES BY FUNCTION/OBJECT

Fund 200 - Special Revenue Funds

Instruction Expenditures

	Totals	Object 100	Object 200	Object 300	Object 400	Object 500	Object 600	Object 700
1111 Primary, K-3	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
1113 Elementary Extracurricular	-	-	-	-	-	-	-	-
1121 Middle/Junior High Programs	-	-	-	-	-	-	-	-
1122 Middle/Junior High School Extracurricular	-	-	-	-	-	-	-	-
1131 High School Programs	-	-	-	-	-	-	-	-
1132 High School Extracurricular	-	-	-	-	-	-	-	-
1140 Pre-kindergarten Programs	2,168,357	720,962	491,329	881,190	24,633	-	50,243	-
1210 Programs for the Talented and Gifted	-	-	-	-	-	-	-	-
1220 Restrictive Programs for Students with Disabilities	4,484,040	2,238,630	1,611,075	525,029	86,953	-	22,353	-
1250 Less Restrictive Programs for Students with Disabilities	-	-	-	-	-	-	-	-
1260 Early Intervention	10,848,512	5,608,284	3,508,760	1,005,644	406,003	-	319,821	-
1271 Remediation	-	-	-	-	-	-	-	-
1272 Title I	-	-	-	-	-	-	-	-
1280 Alternative Education	-	-	-	-	-	-	-	-
1291 English Second Language Programs	-	-	-	-	-	-	-	-
1292 Teen Parent Program	-	-	-	-	-	-	-	-
1293 Migrant Education	-	-	-	-	-	-	-	-
1294 Youth Corrections Education	220,001	130,843	75,178	2,400	11,580	-	-	-
1299 Other Programs	-	-	-	-	-	-	-	-
1300 Adult/Continuing Education Programs	-	-	-	-	-	-	-	-
1400 Summer School Programs	-	-	-	-	-	-	-	-
Total Instruction Expenditures	\$ 17,720,910	\$ 8,698,719	\$ 5,686,342	\$ 2,414,263	\$ 529,169	\$ -	\$ 392,417	\$ -

Support Services Expenditures

	Totals	Object 100	Object 200	Object 300	Object 400	Object 500	Object 600	Object 700
2110 Attendance and Social Work Services	402,688	199,275	118,785	27,107	9,789	-	47,732	-
2120 Guidance Services	136,220	83,593	35,552	11,230	1,915	-	3,930	-
2130 Health Services	-	-	-	-	-	-	-	-
2140 Psychological Services	157,857	57,981	35,769	63,865	11	-	231	-
2150 Speech Pathology and Audiology Services	-	-	-	-	-	-	-	-
2160 Other Student Treatment Services	-	-	-	-	-	-	-	-
2190 Service Direction, Student Support Services	258,008	106,421	57,197	26,331	16,829	-	51,230	-
2210 Improvement of Instruction Services	392,164	151,876	89,332	101,010	35,067	-	14,879	-
2220 Educational Media Services	-	-	-	-	-	-	-	-
2230 Assessment & Testing	-	-	-	-	-	-	-	-
2240 Instructional Staff Development	-	-	-	-	-	-	-	-
2310 Board of Education Services	-	-	-	-	-	-	-	-
2320 Executive Administration Services	-	-	-	-	-	-	-	-
2410 Office of the Principal Services	-	-	-	-	-	-	-	-
2490 Other Support Services - School Administration	-	-	-	-	-	-	-	-
2510 Direction of Business Support Services	-	-	-	-	-	-	-	-
2520 Fiscal Services	6,616	-	-	4,501	2,115	-	-	-
2540 Operation and Maintenance of Plant Services	-	-	-	-	-	-	-	-
2550 Student Transportation Services	-	-	-	-	-	-	-	-
2570 Internal Services	-	-	-	-	-	-	-	-
2610 Direction of Central Support Services	-	-	-	-	-	-	-	-
2620 Planning, Research, Development, Evaluation Services, Grant Writing and Statistical Services	660,553	270,263	153,388	174,588	19,927	-	42,387	-
2630 Information Services	-	-	-	-	-	-	-	-
2640 Staff Services	2,326	-	-	1,340	-	-	986	-
2660 Technology Services	234,067	155,998	77,130	939	-	-	-	-
2670 Records Management Services	-	-	-	-	-	-	-	-
2690 Other Support Services - Central	-	-	-	-	-	-	-	-
2700 Supplemental Retirement Program	-	-	-	-	-	-	-	-
Total Support Services Expenditures	\$ 2,250,499	\$ 1,025,407	\$ 567,153	\$ 410,911	\$ 85,653	\$ -	\$ 161,375	\$ -

Enterprise and Community Services Expenditures

	Totals	Object 100	Object 200	Object 300	Object 400	Object 500	Object 600	Object 700
3100 Food Services	-	-	-	-	-	-	-	-
3200 Other Enterprise Services	-	-	-	-	-	-	-	-
3300 Community Services	3,606	285	83	1,552	1,686	-	-	-
3500 Custody and Care of Children Services	422,168	158,573	92,694	140,251	14,829	-	15,821	-
Total Enterprise and Community Services Expenditures	\$ 425,774	\$ 158,858	\$ 92,777	\$ 141,803	\$ 16,515	\$ -	\$ 15,821	\$ -

Facilities Acquisition and Construction Expenditures

	Totals	Object 100	Object 200	Object 300	Object 400	Object 500	Object 600	Object 700
4110 Service Area Direction	-	-	-	-	-	-	-	-
4120 Site Acquisition and Development Services	-	-	-	-	-	-	-	-
4150 Building Acquisition, Construction, and Improvement Services	-	-	-	-	-	-	-	-
4190 Other Facilities Construction Services	-	-	-	-	-	-	-	-
Total Facilities Acquisition and Construction Expenditures	\$ -							

Other Uses Expenditures

	Totals	Object 100	Object 200	Object 300	Object 400	Object 500	Object 600	Object 700
5100 Debt Service	-	-	-	-	-	-	-	-
5200 Transfers of Funds	-	-	-	-	-	-	-	-
5300 Apportionment of Funds by ESD	3,385,608	-	-	-	-	-	-	3,385,608
5400 PERS UAL Bond Lump Sum	-	-	-	-	-	-	-	-
Total Other Uses Expenditures	\$ 3,385,608	\$ -	\$ 3,385,608					

Grand Total

\$ 23,782,791	\$ 9,882,984	\$ 6,346,272	\$ 2,966,977	\$ 631,337	\$ -	\$ 569,613	\$ 3,385,608
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Clackamas Education Service District
Clackamas County
2018-19 EXPENDITURES BY FUNCTION/OBJECT

Fund 300 - Debit Service Funds

Instruction Expenditures

	Totals	Object 100	Object 200	Object 300	Object 400	Object 500	Object 600	Object 700
1111 Primary, K-3	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
1113 Elementary Extracurricular	-	-	-	-	-	-	-	-
1121 Middle/Junior High Programs	-	-	-	-	-	-	-	-
1122 Middle/Junior High School Extracurricular	-	-	-	-	-	-	-	-
1131 High School Programs	-	-	-	-	-	-	-	-
1132 High School Extracurricular	-	-	-	-	-	-	-	-
1140 Pre-kindergarten Programs	-	-	-	-	-	-	-	-
1210 Programs for the Talented and Gifted	-	-	-	-	-	-	-	-
1220 Restrictive Programs for Students with Disabilities	-	-	-	-	-	-	-	-
1250 Less Restrictive Programs for Students with Disabilities	-	-	-	-	-	-	-	-
1260 Early Intervention	-	-	-	-	-	-	-	-
1271 Remediation	-	-	-	-	-	-	-	-
1272 Title I	-	-	-	-	-	-	-	-
1280 Alternative Education	-	-	-	-	-	-	-	-
1291 English Second Language Programs	-	-	-	-	-	-	-	-
1292 Teen Parent Program	-	-	-	-	-	-	-	-
1293 Migrant Education	-	-	-	-	-	-	-	-
1294 Youth Corrections Education	-	-	-	-	-	-	-	-
1299 Other Programs	-	-	-	-	-	-	-	-
1300 Adult/Continuing Education Programs	-	-	-	-	-	-	-	-
1400 Summer School Programs	-	-	-	-	-	-	-	-
Total Instruction Expenditures	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

Support Services Expenditures

	Totals	Object 100	Object 200	Object 300	Object 400	Object 500	Object 600	Object 700
2110 Attendance and Social Work Services	-	-	-	-	-	-	-	-
2120 Guidance Services	-	-	-	-	-	-	-	-
2130 Health Services	-	-	-	-	-	-	-	-
2140 Psychological Services	-	-	-	-	-	-	-	-
2150 Speech Pathology and Audiology Services	-	-	-	-	-	-	-	-
2160 Other Student Treatment Services	-	-	-	-	-	-	-	-
2190 Service Direction, Student Support Services	-	-	-	-	-	-	-	-
2210 Improvement of Instruction Services	-	-	-	-	-	-	-	-
2220 Educational Media Services	-	-	-	-	-	-	-	-
2230 Assessment & Testing	-	-	-	-	-	-	-	-
2240 Instructional Staff Development	-	-	-	-	-	-	-	-
2310 Board of Education Services	-	-	-	-	-	-	-	-
2320 Executive Administration Services	-	-	-	-	-	-	-	-
2410 Office of the Principal Services	-	-	-	-	-	-	-	-
2490 Other Support Services - School Administration	-	-	-	-	-	-	-	-
2510 Direction of Business Support Services	-	-	-	-	-	-	-	-
2520 Fiscal Services	-	-	-	-	-	-	-	-
2540 Operation and Maintenance of Plant Services	-	-	-	-	-	-	-	-
2550 Student Transportation Services	-	-	-	-	-	-	-	-
2570 Internal Services	-	-	-	-	-	-	-	-
2610 Direction of Central Support Services	-	-	-	-	-	-	-	-
2620 Planning, Research, Development, Evaluation Services, Grant Writing and Statistical Services	-	-	-	-	-	-	-	-
2630 Information Services	-	-	-	-	-	-	-	-
2640 Staff Services	-	-	-	-	-	-	-	-
2660 Technology Services	-	-	-	-	-	-	-	-
2670 Records Management Services	-	-	-	-	-	-	-	-
2690 Other Support Services - Central	-	-	-	-	-	-	-	-
2700 Supplemental Retirement Program	-	-	-	-	-	-	-	-
Total Support Services Expenditures	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

Enterprise and Community Services Expenditures

	Totals	Object 100	Object 200	Object 300	Object 400	Object 500	Object 600	Object 700
3100 Food Services	-	-	-	-	-	-	-	-
3200 Other Enterprise Services	-	-	-	-	-	-	-	-
3300 Community Services	-	-	-	-	-	-	-	-
3500 Custody and Care of Children Services	-	-	-	-	-	-	-	-
Total Enterprise and Community Services Expenditures	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

Facilities Acquisition and Construction Expenditures

	Totals	Object 100	Object 200	Object 300	Object 400	Object 500	Object 600	Object 700
4110 Service Area Direction	-	-	-	-	-	-	-	-
4120 Site Acquisition and Development Services	-	-	-	-	-	-	-	-
4150 Building Acquisition, Construction, and Improvement Services	-	-	-	-	-	-	-	-
4190 Other Facilities Construction Services	-	-	-	-	-	-	-	-
Total Facilities Acquisition and Construction Expenditures	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

Other Uses Expenditures

	Totals	Object 100	Object 200	Object 300	Object 400	Object 500	Object 600	Object 700
5100 Debt Service	1,586,388	-	-	-	-	-	1,586,388	-
5200 Transfers of Funds	-	-	-	-	-	-	-	-
5300 Apportionment of Funds by ESD	-	-	-	-	-	-	-	-
5400 PERS UAL Bond Lump Sum	-	-	-	-	-	-	-	-
Total Other Uses Expenditures	\$ 1,586,388	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,586,388	\$ -

Grand Total

Grand Total	\$ 1,586,388	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,586,388	\$ -
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Clackamas Education Service District
Clackamas County
2018-19 EXPENDITURES BY FUNCTION/OBJECT

Fund 400 - Capital Projects Funds

Instruction Expenditures

	Totals	Object 100	Object 200	Object 300	Object 400	Object 500	Object 600	Object 700
1111 Primary, K-3	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
1113 Elementary Extracurricular	-	-	-	-	-	-	-	-
1121 Middle/Junior High Programs	-	-	-	-	-	-	-	-
1122 Middle/Junior High School Extracurricular	-	-	-	-	-	-	-	-
1131 High School Programs	-	-	-	-	-	-	-	-
1132 High School Extracurricular	-	-	-	-	-	-	-	-
1140 Pre-kindergarten Programs	-	-	-	-	-	-	-	-
1210 Programs for the Talented and Gifted	-	-	-	-	-	-	-	-
1220 Restrictive Programs for Students with Disabilities	-	-	-	-	-	-	-	-
1250 Less Restrictive Programs for Students with Disabilities	-	-	-	-	-	-	-	-
1260 Early Intervention	-	-	-	-	-	-	-	-
1271 Remediation	-	-	-	-	-	-	-	-
1272 Title I	-	-	-	-	-	-	-	-
1280 Alternative Education	-	-	-	-	-	-	-	-
1291 English Second Language Programs	-	-	-	-	-	-	-	-
1292 Teen Parent Program	-	-	-	-	-	-	-	-
1293 Migrant Education	-	-	-	-	-	-	-	-
1294 Youth Corrections Education	-	-	-	-	-	-	-	-
1299 Other Programs	-	-	-	-	-	-	-	-
1300 Adult/Continuing Education Programs	-	-	-	-	-	-	-	-
1400 Summer School Programs	-	-	-	-	-	-	-	-
Total Instruction Expenditures	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

Support Services Expenditures

	Totals	Object 100	Object 200	Object 300	Object 400	Object 500	Object 600	Object 700
2110 Attendance and Social Work Services	-	-	-	-	-	-	-	-
2120 Guidance Services	-	-	-	-	-	-	-	-
2130 Health Services	-	-	-	-	-	-	-	-
2140 Psychological Services	-	-	-	-	-	-	-	-
2150 Speech Pathology and Audiology Services	-	-	-	-	-	-	-	-
2160 Other Student Treatment Services	-	-	-	-	-	-	-	-
2190 Service Direction, Student Support Services	-	-	-	-	-	-	-	-
2210 Improvement of Instruction Services	-	-	-	-	-	-	-	-
2220 Educational Media Services	-	-	-	-	-	-	-	-
2230 Assessment & Testing	-	-	-	-	-	-	-	-
2240 Instructional Staff Development	-	-	-	-	-	-	-	-
2310 Board of Education Services	-	-	-	-	-	-	-	-
2320 Executive Administration Services	-	-	-	-	-	-	-	-
2410 Office of the Principal Services	-	-	-	-	-	-	-	-
2490 Other Support Services - School Administration	-	-	-	-	-	-	-	-
2510 Direction of Business Support Services	-	-	-	-	-	-	-	-
2520 Fiscal Services	-	-	-	-	-	-	-	-
2540 Operation and Maintenance of Plant Services	-	-	-	-	-	-	-	-
2550 Student Transportation Services	-	-	-	-	-	-	-	-
2570 Internal Services	-	-	-	-	-	-	-	-
2610 Direction of Central Support Services	-	-	-	-	-	-	-	-
2620 Planning, Research, Development, Evaluation Services, Grant Writing and Statistical Services	-	-	-	-	-	-	-	-
2630 Information Services	-	-	-	-	-	-	-	-
2640 Staff Services	-	-	-	-	-	-	-	-
2660 Technology Services	-	-	-	-	-	-	-	-
2670 Records Management Services	-	-	-	-	-	-	-	-
2690 Other Support Services - Central	-	-	-	-	-	-	-	-
2700 Supplemental Retirement Program	-	-	-	-	-	-	-	-
Total Support Services Expenditures	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

Enterprise and Community Services Expenditures

	Totals	Object 100	Object 200	Object 300	Object 400	Object 500	Object 600	Object 700
3100 Food Services	-	-	-	-	-	-	-	-
3200 Other Enterprise Services	-	-	-	-	-	-	-	-
3300 Community Services	-	-	-	-	-	-	-	-
3500 Custody and Care of Children Services	-	-	-	-	-	-	-	-
Total Enterprise and Community Services Expenditures	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

Facilities Acquisition and Construction Expenditures

	Totals	Object 100	Object 200	Object 300	Object 400	Object 500	Object 600	Object 700
4110 Service Area Direction	-	-	-	-	-	-	-	-
4120 Site Acquisition and Development Services	-	-	-	-	-	-	-	-
4150 Building Acquisition, Construction, and Improvement Services	207,331	-	-	118,464	50,399	36,054	2,414	-
4190 Other Facilities Construction Services	-	-	-	-	-	-	-	-
Total Facilities Acquisition and Construction Expenditures	\$ 207,331	\$ -	\$ -	\$ 118,464	\$ 50,399	\$ 36,054	\$ 2,414	\$ -

Other Uses Expenditures

	Totals	Object 100	Object 200	Object 300	Object 400	Object 500	Object 600	Object 700
5100 Debt Service	-	-	-	-	-	-	-	-
5200 Transfers of Funds	-	-	-	-	-	-	-	-
5300 Apportionment of Funds by ESD	-	-	-	-	-	-	-	-
5400 PERS UAL Bond Lump Sum	-	-	-	-	-	-	-	-
Total Other Uses Expenditures	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

Grand Total

Grand Total	\$ 207,331	\$ -	\$ -	\$ 118,464	\$ 50,399	\$ 36,054	\$ 2,414	\$ -
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Clackamas Education Service District
Clackamas County
2018-19 EXPENDITURES BY FUNCTION/OBJECT

Fund 500 - Enterprise Funds

Instruction Expenditures

	Totals	Object 100	Object 200	Object 300	Object 400	Object 500	Object 600	Object 700
1111 Primary, K-3	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
1113 Elementary Extracurricular	-	-	-	-	-	-	-	-
1121 Middle/Junior High Programs	-	-	-	-	-	-	-	-
1122 Middle/Junior High School Extracurricular	-	-	-	-	-	-	-	-
1131 High School Programs	-	-	-	-	-	-	-	-
1132 High School Extracurricular	-	-	-	-	-	-	-	-
1140 Pre-kindergarten Programs	-	-	-	-	-	-	-	-
1210 Programs for the Talented and Gifted	-	-	-	-	-	-	-	-
1220 Restrictive Programs for Students with Disabilities	54,728	-	756	44,806	101	-	9,065	-
1250 Less Restrictive Programs for Students with Disabilities	-	-	-	-	-	-	-	-
1260 Early Intervention	-	-	-	-	-	-	-	-
1271 Remediation	-	-	-	-	-	-	-	-
1272 Title I	-	-	-	-	-	-	-	-
1280 Alternative Education	-	-	-	-	-	-	-	-
1291 English Second Language Programs	-	-	-	-	-	-	-	-
1292 Teen Parent Program	-	-	-	-	-	-	-	-
1293 Migrant Education	-	-	-	-	-	-	-	-
1294 Youth Corrections Education	-	-	-	-	-	-	-	-
1299 Other Programs	-	-	-	-	-	-	-	-
1300 Adult/Continuing Education Programs	-	-	-	-	-	-	-	-
1400 Summer School Programs	-	-	-	-	-	-	-	-
Total Instruction Expenditures	\$ 54,728	\$ -	\$ 756	\$ 44,806	\$ 101	\$ -	\$ 9,065	\$ -

Support Services Expenditures

	Totals	Object 100	Object 200	Object 300	Object 400	Object 500	Object 600	Object 700
2110 Attendance and Social Work Services	-	-	-	-	-	-	-	-
2120 Guidance Services	-	-	-	-	-	-	-	-
2130 Health Services	-	-	-	-	-	-	-	-
2140 Psychological Services	-	-	-	-	-	-	-	-
2150 Speech Pathology and Audiology Services	-	-	-	-	-	-	-	-
2160 Other Student Treatment Services	-	-	-	-	-	-	-	-
2190 Service Direction, Student Support Services	-	-	-	-	-	-	-	-
2210 Improvement of Instruction Services	55,013	-	-	46,030	6,401	-	2,582	-
2220 Educational Media Services	156,255	65,007	33,970	13,680	43,207	-	391	-
2230 Assessment & Testing	-	-	-	-	-	-	-	-
2240 Instructional Staff Development	-	-	-	-	-	-	-	-
2310 Board of Education Services	-	-	-	-	-	-	-	-
2320 Executive Administration Services	-	-	-	-	-	-	-	-
2410 Office of the Principal Services	-	-	-	-	-	-	-	-
2490 Other Support Services - School Administration	-	-	-	-	-	-	-	-
2510 Direction of Business Support Services	-	-	-	-	-	-	-	-
2520 Fiscal Services	-	-	-	-	-	-	-	-
2540 Operation and Maintenance of Plant Services	-	-	-	-	-	-	-	-
2550 Student Transportation Services	-	-	-	-	-	-	-	-
2570 Internal Services	388,674	107,364	74,444	81,300	123,716	-	1,850	-
2610 Direction of Central Support Services	-	-	-	-	-	-	-	-
2620 Planning, Research, Development, Evaluation Services, Grant Writing and Statistical Services	-	-	-	-	-	-	-	-
2630 Information Services	-	-	-	-	-	-	-	-
2640 Staff Services	-	-	-	-	-	-	-	-
2660 Technology Services	895,675	33,215	23,406	571,506	73,396	-	194,152	-
2670 Records Management Services	-	-	-	-	-	-	-	-
2690 Other Support Services - Central	-	-	-	-	-	-	-	-
2700 Supplemental Retirement Program	-	-	-	-	-	-	-	-
Total Support Services Expenditures	\$ 1,495,617	\$ 205,586	\$ 131,820	\$ 712,516	\$ 246,720	\$ -	\$ 198,975	\$ -

Enterprise and Community Services Expenditures

	Totals	Object 100	Object 200	Object 300	Object 400	Object 500	Object 600	Object 700
3100 Food Services	-	-	-	-	-	-	-	-
3200 Other Enterprise Services	-	-	-	-	-	-	-	-
3300 Community Services	-	-	-	-	-	-	-	-
3500 Custody and Care of Children Services	-	-	-	-	-	-	-	-
Total Enterprise and Community Services Expenditures	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

Facilities Acquisition and Construction Expenditures

	Totals	Object 100	Object 200	Object 300	Object 400	Object 500	Object 600	Object 700
4110 Service Area Direction	-	-	-	-	-	-	-	-
4120 Site Acquisition and Development Services	-	-	-	-	-	-	-	-
4150 Building Acquisition, Construction, and Improvement Services	-	-	-	-	-	-	-	-
4190 Other Facilities Construction Services	-	-	-	-	-	-	-	-
Total Facilities Acquisition and Construction Expenditures	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

Other Uses Expenditures

	Totals	Object 100	Object 200	Object 300	Object 400	Object 500	Object 600	Object 700
5100 Debt Service	-	-	-	-	-	-	-	-
5200 Transfers of Funds	-	-	-	-	-	-	-	-
5300 Apportionment of Funds by ESD	-	-	-	-	-	-	-	-
5400 PERS UAL Bond Lump Sum	-	-	-	-	-	-	-	-
Total Other Uses Expenditures	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

Grand Total

\$ 1,550,345	\$ 205,586	\$ 132,576	\$ 757,322	\$ 246,821	\$ -	\$ 208,040	\$ -
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Clackamas Education Service District
Clackamas County
2018-19 EXPENDITURES BY FUNCTION/OBJECT

Fund 600 - Internal Service Funds

Instruction Expenditures

	Totals	Object 100	Object 200	Object 300	Object 400	Object 500	Object 600	Object 700
1111 Primary, K-3	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
1113 Elementary Extracurricular	-	-	-	-	-	-	-	-
1121 Middle/Junior High Programs	-	-	-	-	-	-	-	-
1122 Middle/Junior High School Extracurricular	-	-	-	-	-	-	-	-
1131 High School Programs	-	-	-	-	-	-	-	-
1132 High School Extracurricular	-	-	-	-	-	-	-	-
1140 Pre-kindergarten Programs	-	-	-	-	-	-	-	-
1210 Programs for the Talented and Gifted	-	-	-	-	-	-	-	-
1220 Restrictive Programs for Students with Disabilities	-	-	-	-	-	-	-	-
1250 Less Restrictive Programs for Students with Disabilities	-	-	-	-	-	-	-	-
1260 Early Intervention	-	-	-	-	-	-	-	-
1271 Remediation	-	-	-	-	-	-	-	-
1272 Title I	-	-	-	-	-	-	-	-
1280 Alternative Education	-	-	-	-	-	-	-	-
1291 English Second Language Programs	-	-	-	-	-	-	-	-
1292 Teen Parent Program	-	-	-	-	-	-	-	-
1293 Migrant Education	-	-	-	-	-	-	-	-
1294 Youth Corrections Education	-	-	-	-	-	-	-	-
1299 Other Programs	-	-	-	-	-	-	-	-
1300 Adult/Continuing Education Programs	-	-	-	-	-	-	-	-
1400 Summer School Programs	-	-	-	-	-	-	-	-
Total Instruction Expenditures	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

Support Services Expenditures

	Totals	Object 100	Object 200	Object 300	Object 400	Object 500	Object 600	Object 700
2110 Attendance and Social Work Services	-	-	-	-	-	-	-	-
2120 Guidance Services	-	-	-	-	-	-	-	-
2130 Health Services	-	-	-	-	-	-	-	-
2140 Psychological Services	-	-	-	-	-	-	-	-
2150 Speech Pathology and Audiology Services	-	-	-	-	-	-	-	-
2160 Other Student Treatment Services	-	-	-	-	-	-	-	-
2190 Service Direction, Student Support Services	-	-	-	-	-	-	-	-
2210 Improvement of Instruction Services	-	-	-	-	-	-	-	-
2220 Educational Media Services	-	-	-	-	-	-	-	-
2230 Assessment & Testing	-	-	-	-	-	-	-	-
2240 Instructional Staff Development	-	-	-	-	-	-	-	-
2310 Board of Education Services	-	-	-	-	-	-	-	-
2320 Executive Administration Services	-	-	-	-	-	-	-	-
2410 Office of the Principal Services	-	-	-	-	-	-	-	-
2490 Other Support Services - School Administration	-	-	-	-	-	-	-	-
2510 Direction of Business Support Services	-	-	-	-	-	-	-	-
2520 Fiscal Services	54,256	-	43,434	4,597	840	-	5,385	-
2540 Operation and Maintenance of Plant Services	638,172	78,169	63,222	336,662	29,148	1	130,970	-
2550 Student Transportation Services	-	-	-	-	-	-	-	-
2570 Internal Services	-	-	-	-	-	-	-	-
2610 Direction of Central Support Services	-	-	-	-	-	-	-	-
2620 Planning, Research, Development, Evaluation Services, Grant Writing and Statistical Services	-	-	-	-	-	-	-	-
2630 Information Services	-	-	-	-	-	-	-	-
2640 Staff Services	-	-	-	-	-	-	-	-
2660 Technology Services	294,507	60,919	26,251	120,472	84,329	-	2,536	-
2670 Records Management Services	-	-	-	-	-	-	-	-
2690 Other Support Services - Central	-	-	-	-	-	-	-	-
2700 Supplemental Retirement Program	-	-	-	-	-	-	-	-
Total Support Services Expenditures	\$ 986,935	\$ 139,088	\$ 132,907	\$ 461,731	\$ 114,317	\$ 1	\$ 138,891	\$ -

Enterprise and Community Services Expenditures

	Totals	Object 100	Object 200	Object 300	Object 400	Object 500	Object 600	Object 700
3100 Food Services	-	-	-	-	-	-	-	-
3200 Other Enterprise Services	-	-	-	-	-	-	-	-
3300 Community Services	-	-	-	-	-	-	-	-
3500 Custody and Care of Children Services	-	-	-	-	-	-	-	-
Total Enterprise and Community Services Expenditures	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

Facilities Acquisition and Construction Expenditures

	Totals	Object 100	Object 200	Object 300	Object 400	Object 500	Object 600	Object 700
4110 Service Area Direction	-	-	-	-	-	-	-	-
4120 Site Acquisition and Development Services	-	-	-	-	-	-	-	-
4150 Building Acquisition, Construction, and Improvement Services	-	-	-	-	-	-	-	-
4190 Other Facilities Construction Services	-	-	-	-	-	-	-	-
Total Facilities Acquisition and Construction Expenditures	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

Other Uses Expenditures

	Totals	Object 100	Object 200	Object 300	Object 400	Object 500	Object 600	Object 700
5100 Debt Service	-	-	-	-	-	-	-	-
5200 Transfers of Funds	-	-	-	-	-	-	-	-
5300 Apportionment of Funds by ESD	-	-	-	-	-	-	-	-
5400 PERS UAL Bond Lump Sum	-	-	-	-	-	-	-	-
Total Other Uses Expenditures	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

Grand Total

Grand Total	\$ 986,935	\$ 139,088	\$ 132,907	\$ 461,731	\$ 114,317	\$ 1	\$ 138,891	\$ -
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Clackamas Education Service District
Clackamas County
2018-19 EXPENDITURES BY FUNCTION/OBJECT

Fund 700 - Trust and Agency Funds

Instruction Expenditures

	Totals	Object 100	Object 200	Object 300	Object 400	Object 500	Object 600	Object 700
1111 Primary, K-3	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
1113 Elementary Extracurricular	-	-	-	-	-	-	-	-
1121 Middle/Junior High Programs	-	-	-	-	-	-	-	-
1122 Middle/Junior High School Extracurricular	-	-	-	-	-	-	-	-
1131 High School Programs	-	-	-	-	-	-	-	-
1132 High School Extracurricular	-	-	-	-	-	-	-	-
1140 Pre-kindergarten Programs	-	-	-	-	-	-	-	-
1210 Programs for the Talented and Gifted	-	-	-	-	-	-	-	-
1220 Restrictive Programs for Students with Disabilities	-	-	-	-	-	-	-	-
1250 Less Restrictive Programs for Students with Disabilities	-	-	-	-	-	-	-	-
1260 Early Intervention	-	-	-	-	-	-	-	-
1271 Remediation	-	-	-	-	-	-	-	-
1272 Title I	-	-	-	-	-	-	-	-
1280 Alternative Education	-	-	-	-	-	-	-	-
1291 English Second Language Programs	-	-	-	-	-	-	-	-
1292 Teen Parent Program	-	-	-	-	-	-	-	-
1293 Migrant Education	-	-	-	-	-	-	-	-
1294 Youth Corrections Education	-	-	-	-	-	-	-	-
1299 Other Programs	-	-	-	-	-	-	-	-
1300 Adult/Continuing Education Programs	-	-	-	-	-	-	-	-
1400 Summer School Programs	-	-	-	-	-	-	-	-
Total Instruction Expenditures	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

Support Services Expenditures

	Totals	Object 100	Object 200	Object 300	Object 400	Object 500	Object 600	Object 700
2110 Attendance and Social Work Services	-	-	-	-	-	-	-	-
2120 Guidance Services	-	-	-	-	-	-	-	-
2130 Health Services	-	-	-	-	-	-	-	-
2140 Psychological Services	-	-	-	-	-	-	-	-
2150 Speech Pathology and Audiology Services	-	-	-	-	-	-	-	-
2160 Other Student Treatment Services	-	-	-	-	-	-	-	-
2190 Service Direction, Student Support Services	-	-	-	-	-	-	-	-
2210 Improvement of Instruction Services	-	-	-	-	-	-	-	-
2220 Educational Media Services	-	-	-	-	-	-	-	-
2230 Assessment & Testing	-	-	-	-	-	-	-	-
2240 Instructional Staff Development	-	-	-	-	-	-	-	-
2310 Board of Education Services	-	-	-	-	-	-	-	-
2320 Executive Administration Services	804	-	-	-	804	-	-	-
2410 Office of the Principal Services	-	-	-	-	-	-	-	-
2490 Other Support Services - School Administration	-	-	-	-	-	-	-	-
2510 Direction of Business Support Services	-	-	-	-	-	-	-	-
2520 Fiscal Services	-	-	-	-	-	-	-	-
2540 Operation and Maintenance of Plant Services	-	-	-	-	-	-	-	-
2550 Student Transportation Services	-	-	-	-	-	-	-	-
2570 Internal Services	-	-	-	-	-	-	-	-
2610 Direction of Central Support Services	-	-	-	-	-	-	-	-
2620 Planning, Research, Development, Evaluation Services, Grant Writing and Statistical Services	-	-	-	-	-	-	-	-
2630 Information Services	-	-	-	-	-	-	-	-
2640 Staff Services	13,453	10,439	3,014	-	-	-	-	-
2660 Technology Services	-	-	-	-	-	-	-	-
2670 Records Management Services	-	-	-	-	-	-	-	-
2690 Other Support Services - Central	-	-	-	-	-	-	-	-
2700 Supplemental Retirement Program	-	-	-	-	-	-	-	-
Total Support Services Expenditures	\$ 14,257	\$ 10,439	\$ 3,014	\$ -	\$ 804	\$ -	\$ -	\$ -

Enterprise and Community Services Expenditures

	Totals	Object 100	Object 200	Object 300	Object 400	Object 500	Object 600	Object 700
3100 Food Services	-	-	-	-	-	-	-	-
3200 Other Enterprise Services	-	-	-	-	-	-	-	-
3300 Community Services	-	-	-	-	-	-	-	-
3500 Custody and Care of Children Services	-	-	-	-	-	-	-	-
Total Enterprise and Community Services Expenditures	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

Facilities Acquisition and Construction Expenditures

	Totals	Object 100	Object 200	Object 300	Object 400	Object 500	Object 600	Object 700
4110 Service Area Direction	-	-	-	-	-	-	-	-
4120 Site Acquisition and Development Services	-	-	-	-	-	-	-	-
4150 Building Acquisition, Construction, and Improvement Services	-	-	-	-	-	-	-	-
4190 Other Facilities Construction Services	-	-	-	-	-	-	-	-
Total Facilities Acquisition and Construction Expenditures	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

Other Uses Expenditures

	Totals	Object 100	Object 200	Object 300	Object 400	Object 500	Object 600	Object 700
5100 Debt Service	-	-	-	-	-	-	-	-
5200 Transfers of Funds	-	-	-	-	-	-	-	-
5300 Apportionment of Funds by ESD	-	-	-	-	-	-	-	-
5400 PERS UAL Bond Lump Sum	-	-	-	-	-	-	-	-
Total Other Uses Expenditures	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

Grand Total

Grand Total	\$ 14,257	\$ 10,439	\$ 3,014	\$ -	\$ 804	\$ -	\$ -	\$ -
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SINGLE AUDIT SECTION

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To the School Board
Clackamas Education Service District
Clackamas County, Oregon

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

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, the business-type activities, each major fund, and the aggregate remaining fund information of Clackamas Education Service District (District), as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated December 26, 2019.

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) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

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

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

Compliance and Other Matters

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



Purpose of this Report

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

Wilcox Arredondo & Co.

Certified Public Accountants
Canby, Oregon
December 26, 2019



To the School Board
Clackamas Education Service District
Clackamas County, Oregon

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

Report on Compliance for Each Major Federal Program

We have audited Clackamas Education Service District's (District's) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended June 30, 2019. 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.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the District's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Each Major Federal Program

In our opinion, the District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2019.



Report on Internal Control over Compliance

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

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

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

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

Wilcox Arredondo & Co.

Certified Public Accountants
Canby, Oregon
December 26, 2019

CLACKAMAS EDUCATION SERVICE DISTRICT
CLACKAMAS COUNTY, OREGON
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 For the Year Ended June 30, 2019

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Pass- Through Grantor's Number	Period Covered	Pass- Through to Sub- Recipients	Expenditures
U.S. DEPARTMENT OF EDUCATION					
Passed through Oregon Department of Education:					
Title I, Part C - Migrant Education					
Migrant Ed, 17-18 Summer	84.011	48623	4/4/18-9/30/18	202,237	274,534
Migrant Ed, 18-19 Summer	84.011	52514	3/15/19-9/30/19	158	1,942
Migrant Ed, 18-19 Preschool	84.011	49225	7/1/18-9/30/19	15,459	43,396
Migrant Ed, 17-18 Regular	84.011	44978	7/1/17-9/30/19	-	71,788
Migrant Ed, 18-19 Regular	84.011	49206	7/1/18-9/30/19	164,389	498,379
Total Title I, Part C - Migrant Education				<u>382,243</u>	<u>890,039</u>
IDEA, Part B - Special Education, Grants to States					
IDEA Part B, Section 611 2018-19	84.027	11118	7/1/18-6/30/19		940,289
SPRI 2018-2019	84.027	49476	7/1/18-6/30/19	-	8,288
Total IDEA, Part B - Special Education, Grants to States				<u>-</u>	<u>948,577</u>
IDEA, Part B - Special Education, Preschool Grants					
IDEA Part B, Section 619 2018-19	84.173	11118	7/1/18-6/30/19	-	191,049
IDEA Part B, Section 619 2018-19	84.173	49738	7/1/18-9/30/19	-	15,000
IDEA Part B, Section 619 2018-19	84.173	49735	7/1/18-9/30/19	-	15,000
IDEA, Part B Sec 619, and IDEA Part C	84.173	52547	7/1/18-6/30/19	-	210
Total IDEA, Part B - Special Education, Preschool Grants				<u>-</u>	<u>221,259</u>
Total IDEA, Part B - Special Education Cluster				<u>-</u>	<u>1,169,836</u>
Perkins IV - Career and Technical Education					
Vocational Education, 17-18 Reserve	84.048	44306	7/1/17-9/30/18	-	46,442
Vocational Education, 18-19 Basic	84.048	48919	7/1/18-9/30/19	534,343	585,706
Vocational Education, 18-19 Reserve	84.048	48938	7/1/18-9/30/19	-	263
Total Perkins IV - Career and Technical Education				<u>534,343</u>	<u>632,411</u>
Rehabilitation Services - Vocational Transition Network Facilitation	84.126	10197	7/1/17-6/30/19	-	131,495
IDEA, Part C - Special Education, Grants for Infants and Families					
EI/ECSE	84.181	52547	7/1/18-6/30/19	-	90
EI/ECSE	84.181	11118	7/1/18-6/30/19	-	493,279
Total IDEA, Part C - Special Education				<u>-</u>	<u>493,369</u>
Total Passed through Oregon Department of Education				<u>916,586</u>	<u>3,317,150</u>
TOTAL U. S. DEPARTMENT OF EDUCATION				<u>916,586</u>	<u>3,317,150</u>
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES					
Passed through Oregon Department of Education:					
Child Care					
Child Care Mandatory and Matching Funds	93.575	46109	10/1/17-6/30/19	-	1,408
Child Care and Development Block Grant	93.596	46109	10/1/17-6/30/19	-	284,099
TOTAL U. S. DEPARTMENT OF HEALTH AND HUMAN SERVICES				<u>-</u>	<u>285,507</u>
U.S. DEPARTMENT OF LABOR, EMPLOYMENT & TRAINING ADMINISTRATION					
Passed through Oregon Department of Community Colleges and Workforce Development:					
Passed through Workforce Investment Council of Clackamas County:					
Workforce Investment Act Youth Services Formula	17.259	18-9-2	7/1/18-6/30/19	136,074	529,251
TOTAL U. S. DEPARTMENT OF LABOR, EMPLOYMENT & TRAINING ADMINISTRATION				<u>136,074</u>	<u>529,251</u>
TOTAL FEDERAL EXPENDITURES				<u>\$ 1,052,660</u>	<u>\$ 4,131,908</u>

CLACKAMAS EDUCATION SERVICE DISTRICT
CLACKAMAS COUNTY, OREGON

NOTES RELATIVE TO SCHEDULE OF FEDERAL AWARDS
For the Year Ended June 30, 2019

NOTE 1 – BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of Clackamas Education Service District (District) programs of the federal government for the year ended June 30, 2019. 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, changes in net assets, or cash flows of the District.

NOTE 2 – 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 [Identify the applicable cost principles (the Uniform Guidance and/or OMB Circular A-87, *Cost Principles for State, Local, and Indian Tribal Governments*)] wherein certain types of expenditures are not allowable or are limited as to reimbursement.

NOTE 3 – INDIRECT COST RATE

The District has elected not to use the 10% de minimis indirect cost rate as allowed under the Uniform Guidance due to the fact that the District has a negotiated indirect cost rate with Oregon Department of Education, and thus is not allowed to use the de minimus rate.

CLACKAMAS EDUCATION SERVICE DISTRICT
CLACKAMAS COUNTY, OREGON

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2019

SECTION I - SUMMARY OF AUDITOR'S RESULTS

Financial Statements:

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

Material weakness(es) identified? Yes ___ No

Significant deficiency(ies) identified that are not considered to be material weakness(es)? Yes ___ None reported

Noncompliance material to financial statements noted? Yes ___ No

Federal Awards:

Internal control over major programs:

Material weakness(es) identified? Yes ___ No

Significant deficiency(ies) identified not considered to be material weakness(es)? Yes ___ None reported

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

Any audit findings disclosed that are required to be reported in accordance with 2 CFR section 200.516(a)? Yes ___ No

Identification of major programs:

<u>CFDA NUMBER</u>	<u>NAME OF PROGRAM OR CLUSTER</u>
84.027, 84.173	Special Education Cluster

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

Auditee qualified as low-risk auditee? Yes No ___

SECTION II - FINANCIAL STATEMENT FINDINGS - NONE

SECTION III - FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS - NONE

SECTION IV - SUMMARY OF PRIOR AUDIT FINDING - NONE

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AUDITORS' COMMENTS AND DISCLOSURES REQUIRED
BY STATE REGULATION

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INDEPENDENT AUDITORS' REPORT REQUIRED BY OREGON STATE REGULATIONS

We have audited the basic financial statements of the Clackamas Education Service District (the District) as of and for the year ended June 30, 2019, and have issued our report thereon dated December 26, 2019. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and *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 162-10-320 of the Minimum Standards for Audits of Oregon Municipal Corporations, noncompliance with which could have a direct and material effect on the determination of financial statements 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 162-10-320 of the Minimum Standards for Audits of Oregon Municipal Corporations.

OAR 162-10-0230 Internal Control

In planning and performing our audit, we considered the District's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over financial reporting.



Purpose of this Report

This report is intended solely for the information and use of the board of directors and management of the District and the Oregon Secretary of State and is not intended to be and should not be used by anyone other than these parties.

Wilcox Arredondo & Co.

Certified Public Accountants
Canby, Oregon
December 26, 2019