

CLACKAMAS EDUCATION SERVICE DISTRICT
CLACKAMAS COUNTY, OREGON

FINANCIAL REPORT

FOR THE YEAR ENDED JUNE 30, 2021



**12700 SW 72nd Ave.
Tigard, OR 97223**

CLACKAMAS EDUCATION SERVICE DISTRICT

TABLE OF CONTENTS

PAGE
NUMBER

FINANCIAL SECTION:

INDEPENDENT AUDITORS' REPORT	1
MANAGEMENT'S DISCUSSION AND ANALYSIS (Required Supplementary Information)	4
FINANCIAL STATEMENTS AND SCHEDULES:	
Basic Financial Statements:	
Government-Wide Financial Statements:	
Statement of Net Position	12
Statement of Activities	13
Fund Financial Statements:	
Balance Sheet – Governmental Funds	14
Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	15
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position	16
Reconciliation of the Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances to the Statement of Activities	17
Statement of Net Position – Proprietary Funds	18
Statement of Changes in Net Position – Proprietary Funds	19
Statement of Cash Flows – Proprietary Funds	20
Statement of Fiduciary Net Position	21
Statement of Changes in Fiduciary Net Position	22
Notes to Basic Financial Statements	23

REQUIRED SUPPLEMENTARY INFORMATION:

Schedule of the Proportionate Share of the Net Pension Liability and Contributions	52
Schedule of the Changes in Total OPEB Liability - RHIA	53
Schedule of Changes in Other Post Employment Benefit Liability	54
Schedules of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual:	
General Fund	55
Special Revenue Fund	56

CLACKAMAS EDUCATION SERVICE DISTRICT

TABLE OF CONTENTS

PAGE
NUMBER

SUPPLEMENTARY INFORMATION:

Schedules of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual:	
Debt Service Fund	57
Capital Projects Fund	58
Enterprise Fund	59
Internal Service Fund	60
Fiduciary Fund	61

AUDITORS' REPORT REQUIRED BY OREGON STATE REGULATIONS	62
--	----

GRANT COMPLIANCE REVIEW:

Schedule of Expenditures of Federal Awards (Supplementary Information)	64
Independent Auditors' Report on Compliance and on Internal Control Over Financial Reporting Based on an Audit Performed in Accordance with <i>Government Auditing Standards</i>	65
Report on Compliance with Requirements Applicable to Each Major Program and Internal Control Over Compliance with the Uniform Guidance	67
Schedule of Prior and Current Year Audit Findings and Questioned Costs Relative to Federal Awards and Notes to Schedule of Expenditures of Federal Awards	69

OTHER INFORMATION:

Information Required by Oregon Department of Education	71
--	----

CLACKAMAS EDUCATION SERVICE DISTRICT

Clackamas County, Oregon

PRINCIPAL OFFICIALS

BOARD OF DIRECTORS

TERM EXPIRES

Wade Byers, Chair	June 30, 2025
Linda Brown, Vice Chair	June 30, 2023
Jon Eyman	June 30, 2025
Susan Trone	June 30, 2023
Nadene Duffield	June 30, 2025
Greg McKenzie	June 30, 2025
Len Mills	June 30, 2023

ADMINISTRATION

Larry Didway, Superintendent
Tim Witcher, Chief Financial Officer

The Board members receive mail at the following address:

Clackamas ESD
13455 SE 97th Ave
Clackamas, OR 97015



PAULY, ROGERS AND CO., P.C.
12700 SW 72nd Ave. ♦ Tigard, OR 97223
(503) 620-2632 ♦ (503) 684-7523 FAX
www.paulyrogersandcocpas.com

December 9, 2021

To the Board of Directors
Clackamas Education Service District

INDEPENDENT AUDITORS' REPORT

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, business-type activities, each major fund and the aggregate remaining fund information of Clackamas Education Service District as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the 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.

Auditors' 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 auditors' 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 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 internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, each major fund and the aggregate remaining fund information of Clackamas Education Service District, as of June 30, 2021, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and the required supplementary information, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

The budgetary comparison schedules presented as Required Supplementary Information, as listed in the table of contents, have 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 records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America, and in our opinion 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 basic financial statements. The supplementary and other 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 (CRF) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, and is not a required part of the basic financial statements.

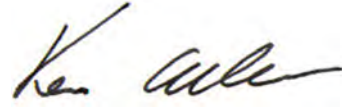
The supplementary information, as listed in the table of contents and the schedule of expenditures of federal expenditures are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such 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 listed in the table of contents and the schedule of federal expenditures, is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The other information, as listed in the table of contents, and the board member listing, presented after the table of contents, have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Reports on Other Legal and Regulatory Requirements

In accordance with *Government Auditing Standards*, we have also issued our report dated December 9, 2021 on our consideration of the internal control over financial reporting and on our tests of 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 internal control over financial reporting and compliance.

In accordance with Minimum Standards for Audits of Oregon Municipal Corporations, we have issued our report dated December 9, 2021, on our consideration of compliance with certain provisions of laws and regulations, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules. The purpose of that report is to describe the scope of our testing of compliance and the results of that testing and not to provide an opinion on compliance.

A handwritten signature in dark ink, appearing to read "Ken Allen", is positioned above the printed name.

Kenneth Allen, CPA
PAULY, ROGERS AND CO., P.C.

CLACKAMAS EDUCATION SERVICE DISTRICT
CLACKAMAS COUNTY, OREGON

MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended June 30, 2021

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, 2021. 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, 2021, 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, 2021 based on projected funding of \$9.0 billion for the biennium statewide for K-12 education with 49.00% for 2019-20 and 51.00% for 2020-21

ESDs are included in the distribution formula for \$9 billion (for the 2019-21 biennium) at the 4.50% rate. For 2020-21, 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, 2021, the District's total assets increased by \$11,217,012, total deferred outflows increased by \$3,247,058, total liabilities increased by \$11,548,663, and total deferred inflows decreased by \$852,100. The net impact was an increase in total net position of \$3,767,507.
- The net position includes, \$5,647,430 invested in capital assets, net of related debt; \$11,321,488 was restricted for local districts and grant or donor contract obligations. 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, 2021, the District's governmental funds reported a combined ending fund balance of \$18.2 million, an increase of \$6.1 million compared to the prior year. Approximately 75% of this total amount, \$13,671,391 is available for general fund programs during the 2021-22 fiscal year.
- As of June 30, 2021, the unassigned fund balance for the General Fund was \$4,602,252 or approximately 30% of the General Fund expenditures totaling \$15,276,371.
- The District's debt service fund balance remained largely unchanged during the 2020-21 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, 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.

CLACKAMAS EDUCATION SERVICE DISTRICT
CLACKAMAS COUNTY, OREGON

MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
For the Year Ended June 30, 2021

- 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).

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 12-13 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 14-15 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.

CLACKAMAS EDUCATION SERVICE DISTRICT
CLACKAMAS COUNTY, OREGON

MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
For the Year Ended June 30, 2021

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 18-20 of this report.

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 pages 21-22 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 23-51 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 can be found on pages 55-61 of this report.

Other Financial Schedules to assist the reader can be found on pages 71-80 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 \$12.4 million (less pension plan and OPEB deferred inflows and outflows) as of June 30, 2021.

Current and other assets consist mainly of investments, cash, and receivables, e.g., grants and property taxes, and represent \$29,080,619 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 \$16,377,633 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, 2021, represent \$8,735,341 or 13% of total liabilities. The remaining liabilities are discussed in Note 8 through Note 11 to the Financial Statements and represent \$57,214,256 or 87% of total liabilities.

CLACKAMAS EDUCATION SERVICE DISTRICT
CLACKAMAS COUNTY, OREGON

MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
For the Year Ended June 30, 2021

A summary of the District net position as of June 30, 2021, compared to June 30, 2020 is presented below.

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

Assets	2021	2020	Difference
Current and other assets	\$ 29,080,619	\$ 22,284,579	\$ 6,796,040
Noncurrent assets	16,377,633	11,956,661	4,420,972
Total assets	<u>45,458,252</u>	<u>34,241,240</u>	<u>11,217,012</u>
Deferred Outflows of Resources			
OPEBs	433,870	468,912	(35,042)
Pension Plan	10,356,925	7,074,825	3,282,100
Total deferred outflows of resources	<u>10,790,795</u>	<u>7,543,737</u>	<u>3,247,058</u>
Liabilities			
Current liabilities	8,735,341	7,868,120	867,221
Noncurrent liabilities	57,214,256	46,532,814	10,681,442
Total liabilities	<u>65,949,597</u>	<u>54,400,934</u>	<u>11,548,663</u>
Deferred Inflows of Resources			
OPEBs	127,277	60,711	66,566
Pension Plan	2,533,836	3,452,502	(918,666)
Total deferred inflows of resources	<u>2,661,113</u>	<u>3,513,213</u>	<u>(852,100)</u>
Net Position			
Investment in capital assets	5,647,430	3,385,989	2,261,441
Net position: restricted	11,321,488	2,457,565	8,863,923
Net position: unrestricted	(29,330,581)	(21,972,724)	(7,357,857)
Total net position	<u>\$ (12,361,663)</u>	<u>\$ (16,129,170)</u>	<u>\$ 3,767,507</u>

At the end of the fiscal year, the Clackamas Education Service District's net position increased by \$3,767,507. Investment in capital assets increased by \$2,261,441 due to capital investment costs exceeding depreciation expense. Restricted net position increased by \$8,863,923 due to the recognition of restrictions related to contracts with local districts and revenues from local, state, federal grants and contracts received more than expenses. Unrestricted net position decreased by \$7,357,857 due to the recognition of local district restrictions and 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, 2021

A summary of the District's changes in net position for the fiscal year ending June 30, 2021, compared to June 30, 2020 is presented below.

	Change in Net Position For the Fiscal Year Ending June 30		Increase (Decrease)	%
	2021	2020		
Revenues				
Program revenues				
Charges for services	\$ 7,415,737	\$ 10,459,264	\$ (3,043,527)	-29.1%
Operating grants and contributions	24,433,865	17,455,606	6,978,259	40.0%
Total program revenue	31,849,602	27,914,870	3,934,732	14.1%
General revenue				
Property taxes	18,323,249	17,381,293	941,956	5.4%
State school fund	11,293,615	9,972,821	1,320,794	13.2%
Investment earnings	90,686	304,220	(213,534)	-70.2%
Miscellaneous	437,337	1,566,367	(1,129,030)	-72.1%
Total general revenue	30,144,887	29,224,701	920,186	3.1%
Total revenue	61,994,489	57,139,571	4,854,918	8.5%
Expenses				
Instruction	28,105,245	27,915,853	189,392	0.7%
Support services	14,390,527	13,880,568	509,959	3.7%
Enterprise and community services	461,998	516,085	(54,087)	-10.5%
Facility acquisition	-	393,235	(393,235)	-100.0%
Other uses	14,293,571	13,872,047	421,524	3.0%
Depreciation	152,200	174,574	(22,374)	-12.8%
Interest on long-term debt	823,442	838,861	(15,419)	-1.8%
Total expenses	58,226,982	57,591,223	635,759	1.1%
Change in net position	3,767,507	(451,652)	4,219,159	-934.2%
Net position - beginning	(16,129,170)	(15,677,518)	(451,652)	2.9%
Net position - ending	\$ (12,361,663)	\$ (16,129,170)	\$ 3,767,507	-23.4%

Total program revenues for the 2020-2021 fiscal year represented 51% of total revenues, similar to 2019-20. As mentioned earlier in the Financial Highlights state school support funds were increased in 2020-21. Operating grants were increased substantially compared to the prior year. Overall, total revenues increased by \$4,854,918.

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, 2021

**Total and Net Cost of Governmental Activities
For the Fiscal Year Ending June 30, 2021**

	Total Cost of Services and Grants	Net Cost of Services	% Funded by General Revenues
	2021	2021	
Instructional programs	\$ 28,104,750	\$ 8,951,362	31.8%
Support services	12,966,397	4,309,360	33.2%
Enterprise and community services	461,998	461,998	100.0%
Facility acquisition			
Other uses	14,016,643	11,724,249	83.6%
Interest on long-term debt	823,442	823,442	100.0%
Total	<u>\$ 56,373,229</u>	<u>\$ 26,270,411</u>	46.6%

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

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 23.1. % 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 2020-21 fiscal year, the District's governmental funds reported combined ending fund balances of \$18,170,747. The amount includes \$9,021,251 restricted for local districts; \$2,300,237 restricted for local, state, and federal grant and contract purposes; \$1,519,590 restricted for capital projects; \$679,529 assigned for debt service principal and interest payments; \$47,888 designated as nonspendable for prepaid items, leaving the remaining balance of \$4,602,252 as *unassigned fund balance* to support and enhance services provided to local school districts for the 2021-22 fiscal year.

CLACKAMAS EDUCATION SERVICE DISTRICT
CLACKAMAS COUNTY, OREGON

MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
For the Year Ended June 30, 2021

The general fund is the primary operating fund of the District. As of June 30, 2021, the combined fund balance was \$13,671,391 compared to \$8,786,055 at the beginning of the fiscal year, July 1, 2020. Total resources increased by \$2,721,083 from increases in State School Fund and Taxes. Expenses decreased by \$1,902,769 reduction in force in our largest single General Fund program and unprecedented underrealized expenditures due to the Pandemic.

The special revenue fund balance decreased by \$157,328 due to an increase in expenditures and the end of the biennium. 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 an assigned ending fund balance of \$679,529. 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 \$1,519,590.

General Fund Budgetary Highlights

The Board adopted the budget and made appropriations for the General Fund following Oregon Budget Law. Amounts reported in the General Fund's Schedule of Revenues, Expenditures and Changes in Fund Balance, Budget and Actual for the year ended June 30, 2021 reflect the originally adopted appropriations. Actual expenditures did not exceed appropriated amounts.

Capital Assets

As of June 30, 2021, the District had invested \$15,952,975 in capital assets, net of depreciation. The District's investment in capital assets includes land, buildings, improvements, software, vehicles, and equipment. Activity in capital assets for the year can be found in Note 5 to the financial statements.

During the fiscal year, the District's investments in capital assets increased by \$4,438,604. The major capital asset events included the purchase of a new building for \$4,850,000.

Debt

At the end of the 2020-21 fiscal year, the District had total debt of \$23,322,473 as discussed in Note 8, 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 balance of this debt was \$17,892,338 as of June 30, 2021. During the 2016-17 fiscal year, the District refinanced this debt without extending the original term. The District paid principal on the bonds totaling \$1,145,000 and \$325,000 towards the general obligation debt in the 2020-21 fiscal year. During the 2019-20 fiscal year, the District financed \$1,000,000 for improvements to the Sunnybrook facility. During 2020-2021, \$189,555 in principal was paid on the loan and the outstanding balance at June 30, 2021 was \$717,135. Also during 2021, the District committed to a long term loan in the amount of \$4,713,000 to finance the purchase of a new building. 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, 2021

Economic Factors and Next Year's Budget

Currently, the Oregon unemployment rate is at 4.4%, almost identical to the U.S. rate of 4.2%, which both represent a substantial decrease from last year. Last year's rates were directly attributable to the pandemic and the changes reflect the fact that while the economy is still finding its' footing, the lifting of the initial restrictions has had a positive effect on the economy. It should be noted that these rates are only one economic factor to consider when assessing the overall health of the economy. The recently released economic forecast for Oregon reports good financial news with revenues being higher than projected, household incomes and consumer spending remain strong and the recovery from the pandemic continues to be robust. Of course, supply chain issues are still of concern and the recovery is dependent on containment of the COVID 19 virus and its variants. We are currently in the first year of the biennium, which provides known funding in General Fund for this year and next. Historically, 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 has a history of living within its means and 2020-21 was no exception with the unrestricted fund balance being increased by approximately \$600,000. The restricted fund balance did experience a historic increase of over \$4.2 million, due to unrealized expenditures in programs, directly attributable to the pandemic. Of this amount, \$1.2 million has already been returned to districts and we are seeking their guidance as to how they would like the rest to be used for their benefit. Additional expenditures this fiscal year (and beyond) to bring this number back down to historical norms should be viewed as right-sizing, not financial instability.

Pandemic Note:

As the metrics and State mandates evolve, we are positioning ourselves to pivot as effectively as possible to deliver the best instruction to our valued students and families.

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.

CLACKAMAS EDUCATION SERVICE DISTRICT
CLACKAMAS COUNTY, OREGON

BASIC FINANCIAL STATEMENTS

CLACKAMAS EDUCATION SERVICE DISTRICT
CLACKAMAS COUNTY, OREGON

STATEMENT OF NET POSITION
June 30, 2021

	GOVERNMENTAL	BUSINESS TYPE ACTIVITIES	TOTAL
ASSETS:			
Cash and Investments	\$ 15,056,374	\$ 968,820	\$ 16,025,194
Property Taxes Receivable	511,079	-	511,079
Other Receivables	12,326,270	170,188	12,496,458
Prepaid Expenses	47,888	-	47,888
Proportionate Share of OPEB Asset, RHIA	420,411	4,247	424,658
Capital Assets			
Nondepreciable	2,173,996	-	2,173,996
Depreciable, net	13,325,579	453,400	13,778,979
Total Assets	43,861,597	1,596,655	45,458,252
DEFERRED OUTFLOWS OF RESOURCES:			
Pension Deferrals	10,223,399	127,707	10,351,106
Retiree Health Insurance Subsidy Deferrals (GASB 75)	379,158	3,830	382,988
Stipend Benefit Deferrals (GASB 73)	5,761	58	5,819
Retiree Health Insurance Account Deferrals (GASB 75)	50,373	509	50,882
Total Deferred Outflows	10,658,691	132,104	10,790,795
Total Assets and Deferred Outflows	\$ 54,520,289	\$ 1,728,758	\$ 56,249,047
LIABILITIES:			
Accounts Payable	\$ 6,690,792	\$ 10,714	\$ 6,701,506
Accrued Payroll and benefits	1,236,306	-	1,236,306
Due to other governmental agencies	605,933	-	605,933
Compensated absences	162,871	-	162,871
Accrued Interest Payable	28,725	-	28,725
Noncurrent liabilities:			
Bonds and other debt			
Due within one year	2,071,342	-	2,071,342
Due in more than one year	21,251,131	-	21,251,131
Proportionate Share of the Net Pension Liability	30,363,347	379,289	30,742,636
Single Employer Pension Plan - Stipend Benefit	566,878	5,726	572,604
OPEB - Retiree Health Insurance Subsidy	2,550,778	25,765	2,576,543
Total Liabilities	65,528,103	421,494	65,949,597
DEFERRED INFLOWS OF RESOURCES:			
Pension Deferrals	2,457,064	30,693	2,487,757
Stipend Benefit Deferrals (GASB 73)	45,618	461	46,079
Retiree Health Insurance Account Deferrals (GASB 75)	126,004	1,273	127,277
Total Deferred Inflows of Resources	2,628,686	32,427	2,661,113
NET POSITION:			
Net Investment in Capital Assets	5,194,030	453,400	5,647,430
Restricted for:			
Local Districts	9,021,251	-	9,021,251
Local, State and Federal Grants and Contracts	2,300,237	-	2,300,237
Unrestricted	(30,152,018)	821,437	(29,330,581)
Total Net Position	(13,636,500)	1,274,837	(12,361,663)
Total Liabilities, Deferred Inflows and Net Position	\$ 54,520,289	\$ 1,728,758	\$ 56,249,047

The accompanying notes are an integral part of this statement.

CLACKAMAS EDUCATION SERVICE DISTRICT
CLACKAMAS COUNTY, OREGON

STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2021

FUNCTIONS	FUNCTION REVENUES			NET (EXPENSE) REVENUE AND CHANGES IN NET ASSETS		
	EXPENSES	CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	GOVERNMENTAL ACTIVITIES	BUSINESS TYPE ACTIVITIES	TOTAL
Governmental Activities:						
Instruction	\$ 28,104,750	\$ 3,904,279	\$ 15,249,109	\$ (8,951,362)		\$ 38,306,776
Support services	12,966,397	1,764,674	6,892,362	(4,309,360)		17,314,072
Enterprise and Community Services	461,998	-	-	(461,998)		-
Other uses	14,016,643	-	2,292,394	(11,724,249)		4,584,788
Interest on long-term debt	823,442	-	-	(823,442)		-
Total Governmental activities	<u>\$ 56,373,229</u>	<u>\$ 5,668,953</u>	<u>\$ 24,433,865</u>	<u>\$ (26,270,411)</u>		<u>\$ 60,205,636</u>
Business-Type Activities:						-
Instruction	\$ 495	-	-	-	(495)	-
Support services	1,424,130	1,469,856	-	-	45,726	2,939,712
Other uses	276,928	276,928	-	-	-	553,856
Depreciation	152,200	-	-	-	(152,200)	-
Total Business-Type Activities	<u>1,853,753</u>	<u>1,746,784</u>	<u>-</u>	<u>-</u>	<u>(106,969)</u>	<u>3,493,568</u>
Total Governmental Activities	<u>\$ 58,226,982</u>	<u>\$ 7,415,737</u>	<u>\$ 24,433,865</u>	<u>\$ (26,270,411)</u>	<u>\$ (106,969)</u>	<u>\$ 63,699,204</u>
General Revenues						
Taxes:						
Property Taxes, Levied for General Purposes				\$ 18,323,249	\$ -	\$ 18,323,249
Taxes Passed Through Intermediate Sources				10,696	-	10,696
State Revenue Sharing				11,293,615	-	11,293,615
Interest and Investment Earnings				90,686	-	90,686
Miscellaneous Revenue				426,641	-	426,641
Total General Revenues				<u>30,144,887</u>	<u>-</u>	<u>30,144,887</u>
Changes in Net Position				3,874,476	(106,969)	3,767,507
Net Position - Beginning of Year				<u>(17,510,976)</u>	<u>1,381,806</u>	<u>(16,129,170)</u>
Net Position - Ending				<u>\$ (13,636,500)</u>	<u>\$ 1,274,837</u>	<u>\$ (12,361,663)</u>

The accompanying notes are an integral part of this statement.

CLACKAMAS EDUCATION SERVICE DISTRICT
CLACKAMAS COUNTY, OREGON

BALANCE SHEET - GOVERNMENTAL FUNDS
June 30, 2021

	GENERAL	SPECIAL REVENUE	DEBT SERVICE	CAPITAL PROJECTS	TOTALS
ASSETS:					
Cash and Investments	\$ 12,057,300	\$ 500	\$ 679,529	\$ 1,533,354	\$ 14,270,683
Property Taxes Receivable	511,079	-	-	-	511,079
Other Receivables	156,814	12,169,456	-	-	12,326,270
Due from Other Funds	8,629,598	-	-	-	8,629,598
Prepaid Items	47,888	-	-	-	47,888
Total Assets	<u>\$ 21,402,679</u>	<u>\$ 12,169,956</u>	<u>\$ 679,529</u>	<u>\$ 1,533,354</u>	<u>\$ 35,785,518</u>
LIABILITIES:					
Accounts Payable	\$ 5,418,899	\$ 1,240,121	\$ -	\$ 13,764	\$ 6,672,784
Accrued Payroll, Taxes, and Employee Withholdings	1,236,306	-	-	-	1,236,306
Due to Other Funds	-	8,629,598	-	-	8,629,598
Due to other governmental agencies	605,933	-	-	-	605,933
Total Liabilities	<u>7,261,138</u>	<u>9,869,719</u>	<u>-</u>	<u>13,764</u>	<u>17,144,621</u>
DEFERRED INFLOWS OF RESOURCES:					
Unavailable Revenue - Property Taxes	<u>470,150</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>470,150</u>
Total Deferred Inflows of Resources	<u>470,150</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>470,150</u>
FUND BALANCES:					
Nonspendable:					
Prepaid Items	47,888	-	-	-	47,888
Restricted:					
For Local Districts	9,021,251	-	-	-	9,021,251
Capital Projects	-	-	-	1,519,590	1,519,590
Local, State and Federal Grants and Contracts	-	2,300,237	-	-	2,300,237
Assigned:					
Future Debt Service	-	-	679,529	-	679,529
Unassigned:	<u>4,602,252</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,602,252</u>
Total Fund Balances (Deficit)	<u>13,671,391</u>	<u>2,300,237</u>	<u>679,529</u>	<u>1,519,590</u>	<u>18,170,747</u>
Total Liabilities, Deferred Inflows and Fund Balances	<u>\$ 21,402,679</u>	<u>\$ 12,169,956</u>	<u>\$ 679,529</u>	<u>\$ 1,533,354</u>	<u>\$ 35,785,518</u>

The accompanying notes are an integral part of this statement.

CLACKAMAS EDUCATION SERVICE DISTRICT
CLACKAMAS COUNTY, OREGON

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES (DEFICIT)
GOVERNMENTAL FUNDS
For the Year Ended June 30, 2021

	GENERAL	SPECIAL REVENUE	DEBT SERVICE	CAPITAL PROJECTS	TOTALS
REVENUES:					
Local Sources:					
Taxes	\$ 18,273,376	\$ -	\$ -	\$ -	\$ 18,273,376
Charges for Services	1,070,126	4,598,767	1,861,099	-	7,529,992
Earnings from Investments	84,278	-	6,408	-	90,686
Other	1,090,865	370,587	-	-	1,461,452
Total Local Sources	20,518,645	4,969,354	1,867,507	-	27,355,506
Intermediate Sources	10,696	-	-	-	10,696
State Sources	11,293,615	20,386,804	-	-	31,680,419
Federal Sources	-	4,047,061	-	-	4,047,061
Total Revenues	31,822,956	29,403,219	1,867,507	-	63,093,682
EXPENDITURES:					
Current:					
Instruction	6,355,959	21,107,831	-	-	27,463,790
Support Services	8,138,062	4,275,148	-	-	12,413,210
Enterprise and community services	-	465,738	-	-	465,738
Facility acquisition and construction	-	-	-	18,290	18,290
Debt Service:					
Principal	514,488	-	1,145,000	-	1,659,488
Interest	267,862	-	570,128	-	837,990
Capital Outlay	-	1,419,436	-	3,450,000	4,869,436
Total Expenditures	15,276,371	27,268,153	1,715,128	3,468,290	47,727,942
Revenues over (under) Expenditures	16,546,585	2,135,066	152,379	(3,468,290)	15,365,740
Other Financing Sources, (uses):					
Debt Proceeds	-	-	-	4,713,000	4,713,000
Debt Issue Costs	-	-	-	(63,000)	(63,000)
Payments to Districts	(11,661,249)	(2,292,394)	-	-	(13,953,643)
Total other Financing Sources (uses)	(11,661,249)	(2,292,394)	-	4,650,000	(9,303,643)
Net Change in Fund Balance	4,885,336	(157,328)	152,379	1,181,710	6,062,097
Fund Balance, Beginning of Year	8,786,055	2,457,565	527,150	337,880	12,108,650
Fund Balance, End of Year	\$ 13,671,391	\$ 2,300,237	\$ 679,529	\$ 1,519,590	\$ 18,170,747

The accompanying notes are an integral part of this statement.

CLACKAMAS EDUCATION SERVICE DISTRICT
CLACKAMAS COUNTY, OREGON

Reconciliation of the Governmental Funds
Balance Sheet to the Statement of Net Position
June 30, 2021

Total Fund Balances - Governmental Funds		18,170,747
Capital assets used in governmental activities are not financial resources, and therefore are not reported in the funds.		15,499,575
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.		767,683
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	50,373	
Deferred outflows - Pension	10,223,399	
Deferred outflows - Retiree Health Subsidy	379,158	
Deferred outflows - Stipend Plan	5,761	
Deferred inflows - RHIA	(126,004)	
Deferred Inflows - Pension	(2,457,064)	
Deferred Inflows - Stipend Plan	<u>(45,618)</u>	8,030,005
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	(162,871)	
Bonds and Loans Payable	<u>(23,322,473)</u>	(23,485,344)
Accrued Interest on Long-term liabilities		(28,725)
Unearned revenue related to property taxes		470,150
The asset for the RHIA other postemployment benefit due at year end is not recorded in the governmental funds, but it is accrued as a decrease in expense and an asset in the government-wide statements.		420,411
The liability for the net pension 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.		(30,363,347)
The liability for the single employer pension 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.		(566,878)
The liability for other postemployment benefit obligations 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>(2,550,778)</u>
Net Position		<u><u>(13,636,500)</u></u>

The accompanying notes are an integral part of this statement.

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, 2021

Total Net Changes in Fund Balances - Governmental Funds	\$	6,062,097
---	----	-----------

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	
Bond and Loan Principal Payments		1,659,555	
Proceeds from Issuance of New Debt		<u>(4,713,000)</u>	(3,010,239)

On the Statement of Activities, Interest on Long-Term Obligations is recorded as an expenditure in the period that it is due and payable. In the Governmental Funds, interest is simply recorded as an expenditure at the time it is paid.		(28,725)
--	--	----------

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	\$	4,850,000	
Depreciation Expense		<u>(411,396)</u>	4,438,604

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.		(194,945)
---	--	-----------

In the Statement of Activities, compensated absences 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)		3,645
---	--	-------

Property tax revenues in the Statement of Activities that do not provide current financial resources are not reported as revenue in the governmental funds.		49,873
---	--	--------

(Increases) decreases in pension and other post-employment asset/liability and related deferred outflows/(inflows) 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.

Proportionate share of the net pension liability	\$	(3,261,737)	
Single employer pension plan		(2,365)	
Retiree health insurance account (RHIA)		104,033	
Implicit subsidy for retiree health benefits		<u>(285,765)</u>	<u>(3,445,834)</u>

Change in Net Position of Governmental Activities	\$	<u><u>3,874,476</u></u>
---	----	-------------------------

The accompanying notes are an integral part of this statement.

CLACKAMAS EDUCATION SERVICE DISTRICT
CLACKAMAS COUNTY, OREGON

STATEMENT OF NET POSITION PROPRIETARY FUNDS
June 30, 2021

	BUSINESS TYPE ACTIVITIES: ENTERPRISE FUND	GOVERNMENTAL ACTIVITIES: INTERNAL SERVICE FUND
ASSETS:		
Current Assets:		
Cash and investments	\$ 968,820	\$ 785,691
Other receivables	170,188	-
Total Current Assets	1,139,008	785,691
Noncurrent Assets:		
Proportionate Share of OPEB Asset - RHIA	4,247	-
Equipment (net)	453,400	-
Total Noncurrent Assets	457,647	-
Total Assets	1,596,655	785,691
DEFERRED OUTFLOWS OF RESOURCES:		
Pension Deferrals	127,707	-
Retiree Health Insurance Subsidy Deferrals (GASB 75)	3,830	-
Stipend Benefit Deferrals (GASB 73)	58	-
Retiree Health Insurance Account Deferrals (GASB 75)	509	-
Total Deferred Outflows of Resources	132,104	-
LIABILITIES:		
Current Liabilities:		
Accounts payable	10,714	18,008
Total Current Liabilities	10,714	18,008
Noncurrent Liabilities:		
Proportionate Share of the Net Pension Liability	379,289	-
Single Employer Pension Plan - Stipend Benefit	5,726	-
OPEB - Retiree Health Insurance Subsidy	25,765	-
Total Noncurrent Liabilities	410,780	-
Total Liabilities	421,494	18,008
DEFERRED INFLOWS OF RESOURCES:		
Pension Deferrals	30,693	-
Stipend Benefit Deferrals (GASB 73)	461	-
Retiree Health Insurance Account Deferrals (GASB 75)	1,273	-
Total Deferred Inflows of Resources	32,427	-
NET POSITION:		
Invested in Capital Assets	453,400	-
Unrestricted	821,437	767,683
Total Net Position	\$ 1,274,837	\$ 767,683

The accompanying notes are an integral part of this statement.

CLACKAMAS EDUCATION SERVICE DISTRICT
CLACKAMAS COUNTY, OREGON

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
For the Year Ended June 30, 2021

	BUSINESS TYPE ACTIVITIES: ENTERPRISE FUND	GOVERNMENTAL ACTIVITIES: INTERNAL SERVICE FUND
Operating Revenues:		
Local Sources	\$ 1,442,655	\$ 934,609
Federal Services	<u>304,129</u>	<u>1,094</u>
Total Operating Revenues	<u>1,746,784</u>	<u>935,703</u>
Operating Expenses:		
Salaries and Associated Payroll Costs	379,971	269,102
Professional and Contracted Services	517,891	502,048
Supplies and Materials	523,076	166,919
Depreciation	152,200	-
Other Operating Expenses	<u>3,687</u>	<u>192,579</u>
Total Operating Expenses	<u>1,576,825</u>	<u>1,130,648</u>
Operating Income, (Loss)	169,959	(194,945)
Other Financing Sources (Uses)		
Payments to Districts	<u>(276,928)</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>(276,928)</u>	<u>-</u>
Change in Net Position	(106,969)	(194,945)
Net Position, Beginning of Year	<u>1,381,806</u>	<u>962,628</u>
Net Position, End of Year	<u><u>\$ 1,274,837</u></u>	<u><u>\$ 767,683</u></u>

The accompanying notes are an integral part of this statement.

CLACKAMAS EDUCATION SERVICE DISTRICT
CLACKAMAS COUNTY, OREGON

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the Year Ended June 30, 2021

	BUSINESS TYPE ACTIVITIES: ENTERPRISE FUND	GOVERNMENTAL ACTIVITIES: INTERNAL SERVICE FUND
CASH FLOWS FROM OPERATING ACTIVITIES:		
Cash received from user charges	\$ 58,657	\$ 528,870
Cash received from other governmental agencies	1,817,244	35,672
Cash received from assessments made to other funds	39,236	375,467
Cash payments to suppliers for goods and services	(1,054,656)	(721,011)
Cash payments to employees for services	(388,239)	(269,102)
Cash payments for other operating expenses	(3,687)	(192,579)
Net Cash Provided (Used) by Operating Activities	468,555	(242,683)
CASH FLOWS FROM NON-CAPITAL AND RELATED FINANCING ACTIVITIES:		
Payments to districts	(276,928)	-
Net Cash Provided (Used) for Non-Capital and Related Financing Activities	(276,928)	-
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Acquisition of capital assets	-	-
Net Cash Provided (Used) for Capital and Related Financing Activities	-	-
Net Increase, (Decrease) in Cash and Cash Equivalents	191,627	(242,683)
Cash and Cash Equivalents - Beginning	777,193	1,028,374
Cash and Cash Equivalents - Ending	\$ 968,820	\$ 785,691
Reconciliation of Operating Income, (Loss) to Net Cash Provided, (Used) by Operating Activities:		
Operating income, (loss)	169,959	(194,945)
Adjustments to Reconcile Operating Income, (Loss) to Net Cash Provided, (Used) by Operating Activities:		
Depreciation	152,200	-
Changes in assets and liabilities:		
Inventory	5,065	
Receivables	168,353	5,400
Payables	(18,754)	(53,138)
Net Change in Pension and OPEB	(8,268)	-
Net Cash Provided by Operating Activities	\$ 468,555	\$ (242,683)

The accompanying notes are an integral part of this statement.

CLACKAMAS EDUCATION SERVICE DISTRICT
CLACKAMAS COUNTY, OREGON

STATEMENT OF FIDUCIARY NET POSITION
June 30, 2021

	CUSTODIAL FIDUCIARY FUND
ASSETS:	
Cash and Investments	<u>\$ 164,637</u>
Total Assets	<u>\$ 164,637</u>
NET POSITION:	
Restricted For Fiduciary Activities	<u>\$ 164,637</u>
Total Net Position	<u><u>\$ 164,637</u></u>

The accompanying notes are an integral part of this statement.

CLACKAMAS EDUCATION SERVICE DISTRICT
CLACKAMAS COUNTY, OREGON

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
For the Year Ended June 30, 2021

	CUSTODIAL FIDUCIARY FUND
ADDITIONS:	
Private Donations	\$ 216
Total Additions	216
DEDUCTIONS:	
Materials and Services	4,397
Total Deductions	4,397
Net Increase, (Decrease) in Fiduciary Net Position	(4,181)
Net Position, Beginning	168,818
Net Position, Ending	\$ 164,637

The accompanying notes are an integral part of this statement.

CLACKAMAS EDUCATION SERVICE DISTRICT
CLACKAMAS COUNTY, OREGON

NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2021

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, 2021

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.

Fiduciary 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, 2021

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. Appropriations lapse at the end of each 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, 2021

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 fiduciary 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.

Prepaid expenses are recorded as an asset when payments for goods or services are made before the items are received.

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, 2021

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

In March 2009, the GASB issued Statement No. 54, *Fund Balance Reporting and Governmental Fund-type Definitions*. The objective of this statement is to enhance the usefulness of fund balance information by providing clearer fund balance classifications that can be more consistently applied and by clarifying the existing governmental fund-type definitions. This statement establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed on the use of the resources reported in governmental funds. Under this standard, the fund balance classifications of reserved, designated, and unreserved/undesignated were replaced with five new classifications – nonspendable, restricted, committed, assigned, and unassigned.

- Nonspendable fund balance represents amounts that are not in a spendable form. The nonspendable fund balance represents prepaid items.
- Restricted fund balance represents amounts that are legally restricted by outside parties for a specific purpose (such as debt covenants, grant requirements, donor requirements, or other governments) or are restricted by law (constitutionally or by enabling legislation).
- Committed fund balance represents funds formally set aside by the governing body for a particular purpose. The use of committed funds would be approved by resolution.
- Assigned fund balance represents amounts that are constrained by the expressed intent to use resources for specific purposes that do not meet the criteria to be classified as restricted or committed. Intent can be stipulated by the governing body or by an official to whom that authority has been given by the governing body. The board has granted the Superintendent and/or Chief Financial Officer the authority to assign fund balances.
- Unassigned fund balance is the residual classification of the General Fund. Only the General Fund may report a positive unassigned fund balance. Other governmental funds would report any negative residual fund balance as unassigned.

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. Net Position

Net position comprises the various net earnings from operations, non-operating revenues, expenses and contributions of capital. Net position is classified in the following three categories.

Net Investment in Capital Assets – consists of all capital assets, net of accumulated depreciation and related debt.

CLACKAMAS EDUCATION SERVICE DISTRICT
CLACKAMAS COUNTY, OREGON

NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2021

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

M. Net Position (continued)

Restricted – consists of external constraints placed on net asset use by creditors, grantors, contributors, or laws or regulations of other governments or constraints imposed by law through constitutional provisions or enabling legislation.

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

NET POSITION FLOW ASSUMPTION

Sometimes the District will fund outlays for a particular purpose from both restricted and unrestricted resources. In order to calculate the amounts to report as restricted-net position and unrestricted-net position in the government-wide financial statements, a flow assumption must be made about the order in which resources are considered applied. It is the District's policy to consider restricted-net position to have been depleted before unrestricted-net position is applied.

N. 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.

O. 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.

P. 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.

Q. 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.

CLACKAMAS EDUCATION SERVICE DISTRICT
CLACKAMAS COUNTY, OREGON

NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2021

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Q. Retirement Plans (continued)

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.

R. Fair Value, Measurement Focus and Hierarchy

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Observable inputs are developed based on market data obtained from sources independent of the reporting entity. Unobservable inputs are developed based on the best information available about the assumptions market participants would use in pricing the asset. The classification of securities within the fair value hierarchy is based up on the activity level in the market for the security type and the inputs used to determine their fair value, as follows:

Level 1 – unadjusted price quotations in active markets/exchanges for identical assets or liabilities that each Fund has the ability to access

Level 2 – other observable inputs (including, but not limited to, quoted prices for similar assets or liabilities in markets that are active, quoted prices for identical or similar assets or liabilities in markets that are not active, inputs other than quoted prices that are observable for the assets or liabilities (such as interest rates, yield curves, volatilities, loss severities, credit risks and default rates) or other market-corroborated inputs)

Level 3 – unobservable inputs based on the best information available in the circumstances, to the extent observable inputs are not available (including each Fund's own assumptions used in determining the fair value of investments)

The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). Accordingly, the degree of judgment exercised in determining fair value is greatest for instruments categorized in Level 3. The inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, for disclosure purposes, the fair value hierarchy classification is determined based on the lowest level input that is significant to the fair value measurement in its entirety.

S. 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.

T. 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.

CLACKAMAS EDUCATION SERVICE DISTRICT
CLACKAMAS COUNTY, OREGON

NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2021

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

T. Deferred Outflows/Inflows of Resources (Continued)

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 differences between the District's budgetary basis and GAAP basis are related to the classification of capital outlay and debt proceeds which are reported as income items the budgetary statements but go directly to the balance sheet for GAAP reporting. Additionally, GAAP statements report depreciation expense as well as expenditures related to the changes in pensions and other post-employment benefits. These items are not expensed for budgetary purposes because they do not result in a direct outlay of current resources.

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, 2021 was \$.3687 per \$1,000 of assessed value.

CLACKAMAS EDUCATION SERVICE DISTRICT
CLACKAMAS COUNTY, OREGON

NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2021

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, 2021 are shown on the basic financial statements as, and consist of, the following:

Petty Cash	\$ 500
Deposits with financial institutions	6,835,007
Investments	9,354,324
Total	<u>\$ 16,189,831</u>

Cash and investments are reported on:

Statement of Net Position - Governmental Activities	\$ 15,056,374
Statement of Net Position - Business-Type Activities	968,820
Statement of Fiduciary Net Position	164,637
Total	<u>\$ 16,189,831</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 \$6,835,007 on June 30, 2021. The bank statement records reflect a balance of \$7,483,091 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.

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.

CLACKAMAS EDUCATION SERVICE DISTRICT
CLACKAMAS COUNTY, OREGON

NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2021

NOTE 4 – DEPOSITS AND INVESTMENTS (Continued)

B. Investments (Continued)

Investment Type	Fair Value	Investment Maturity (in months)	
		Less Than 3	More than 3
State Treasurer's Local Government Investment Pool	\$ 9,354,324	\$ 9,354,324	\$ -
Total	\$ 9,354,324	\$ 9,354,324	\$ -

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, 2021, 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.

NOTE 5 – CAPITAL ASSETS AND DEPRECIATION

A summary of changes in the governmental activities capital assets for the year ended June 30, 2021 follows:

	Balance July 1, 2020	Additions	Deletions	Balance July 1, 2021
Capital Assets not being depreciated:				
Land	\$ 2,151,662	\$ -	\$ -	\$ 2,151,662
Construction in progress	22,334	-	-	22,334
Total	2,173,996	-	-	2,173,996
Capital Assets being depreciated:				
Buildings and improvements	11,454,389	4,850,000	-	16,304,389
Vehicles and equipment	1,407,920	-	-	1,407,920
Software	1,378,171	-	-	1,378,171
Total	14,240,480	4,850,000	-	19,090,480
Less accumulated depreciation for:				
Buildings and improvements	(2,935,426)	(243,543)	-	(3,178,969)
Vehicles and equipment	(1,350,576)	(30,036)	-	(1,380,612)
Software	(1,067,503)	(137,817)	-	(1,205,320)
Total	(5,353,505)	\$ (411,396)	\$ -	(5,764,901)
Capital assets being depreciated, net	8,886,975			13,325,579
Total capital assets, net	\$ 11,060,971			\$ 15,499,575

CLACKAMAS EDUCATION SERVICE DISTRICT
CLACKAMAS COUNTY, OREGON

NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2021

NOTE 5 – CAPITAL ASSETS AND DEPRECIATION (Continued)

Depreciation was allocated to the functions as follows:

Instruction	\$ 282,871
Support Services	<u>128,525</u>
Total	<u><u>411,396</u></u>

A summary of changes in capital assets of the enterprise fund for the year ended June 30, 2021 follows:

	Balance July 1, 2020	Additions	Deletions	Balance July 1, 2021
Capital Assets being depreciated:				
Equipment	\$ 5,194,662	-	-	\$ 5,194,662
Accumulated Depreciation	<u>(4,589,062)</u>	<u>(152,200)</u>	-	<u>(4,741,262)</u>
Total capital assets, net	<u><u>\$ 605,600</u></u>			<u><u>\$ 453,400</u></u>

NOTE 6 – INTERFUND BALANCES AND TRANSFERS

The composition of interfund balances as of June 30, 2021 are clearly shown on the face of the Governmental Funds Balance Sheet with the Special Revenue Funds owing \$8,629,598 to the General Fund. The outstanding balances between funds results from grant awards which require the expenditure of funds prior to reimbursement, causing negative cash balances until reimbursement is received. This transaction records negative cash balances.

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, 2021. This benefit is paid primarily from the General Fund.

Outstanding Balance July 1, 2020	Additions	Payments	Outstanding Balance June 30, 2021
\$ 166,516	\$ 170,689	\$ (174,334)	\$ 162,871

CLACKAMAS EDUCATION SERVICE DISTRICT
CLACKAMAS COUNTY, OREGON

NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2021

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, 2021 were as follows:

	Balance July 1, 2020	Additions	Payments and Deletions	Balance June 30, 2021	Due In One Year
PERS UAL Bond	\$ 11,980,000	\$ -	\$ (1,145,000)	\$ 10,835,000	\$ 1,270,000
Unamortized Premium	705,544	-	(43,206)	662,338	43,206
Total	<u>\$ 12,685,544</u>	<u>\$ -</u>	<u>\$ (1,188,206)</u>	<u>\$ 11,497,338</u>	<u>\$ 1,313,206</u>

Future maturities of bonds are payable as follows:

Payable in Fiscal Year	Principal	Interest
2022	\$ 1,270,000	\$ 515,638
2023	1,400,000	455,198
2024	1,540,000	388,572
2025	1,690,000	315,284
2026	1,850,000	234,857
2027-2028	3,085,000	197,498
Total	<u>\$ 10,835,000</u>	<u>\$ 2,107,047</u>

2. Notes Payable – Direct Borrowing

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.

The 2019 Capital Loan was issued November 27, 2019 to finance facility renovations. The interest rate is 3.464%.

The 2021 Building Note was issued June 24, 2021 to finance the purchase of a new building for Early Intervention Program operations. The interest rate varies from 1.14% to 2.43% and the note is scheduled to be paid off in June, 2039.

Payments on the certificates of participation and capital loan and building note are made by the General Fund.

CLACKAMAS EDUCATION SERVICE DISTRICT
CLACKAMAS COUNTY, OREGON

NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2021

NOTE 8 – LONG-TERM DEBT (Continued)

2. Notes Payable – Direct Borrowing (Continued)

Changes in other long-term debt outstanding for the year ended June 30, 2021 were as follows:

Direct Borrowing	Balance July 1, 2020	Additions	Payments and Deletions	Balance June 30, 2021	Due within One Year
2016 COP Note	\$ 6,720,000	\$ -	\$ (325,000)	\$ 6,395,000	\$ 330,000
2019 Capital Loan	906,690	-	(189,555)	717,135	196,178
2021 Building Note	-	4,713,000	-	4,713,000	231,958
Total	<u>\$ 7,626,690</u>	<u>\$ 4,713,000</u>	<u>\$ (514,555)</u>	<u>\$ 11,825,135</u>	<u>\$ 758,136</u>

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

Payable in Fiscal Year	2016 COP Note		2019 Capital Loan		2021 Building Note		Total	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2022	\$ 330,000	\$ 228,300	\$ 196,178	\$ 23,157	\$ 231,958	\$ 86,454	\$ 758,136	\$ 337,911
2023	345,000	218,400	203,032	16,303	228,701	89,710	776,733	324,413
2024	355,000	204,600	210,126	9,209	231,377	87,034	796,503	300,843
2025	375,000	190,400	107,799	1,867	234,316	84,096	717,115	276,363
2026	385,000	179,150	-	-	237,666	80,744	622,666	259,894
2027-2031	2,105,000	715,450	-	-	1,251,259	340,798	3,356,259	1,056,248
2032-2036	2,500,000	308,000	-	-	1,386,750	205,306	3,886,750	513,306
2037-2039	-	-	-	-	910,973	44,262	910,973	44,262
	<u>\$ 6,395,000</u>	<u>\$ 2,044,300</u>	<u>\$ 717,135</u>	<u>\$ 50,536</u>	<u>\$ 4,713,000</u>	<u>\$ 1,018,404</u>	<u>\$ 11,825,135</u>	<u>\$ 3,113,240</u>

3. Default and Termination Conditions

2019 Capital Loan

In the event of default, where (a) the District has failed to pay principal or interest on the note when due, and failure is not cured for a period of more than 10 days after the lender has made written demand, (b) the District has failed to comply with any of its obligations, or to perform any of its duties and where failure continues and is not cured, for a period for more than 30 days after the lender has made written demand, (c) a material misrepresentation was made by the District, (d) failure of the District to maintain tax exempt status of the note, (e) The District becomes unable to pay its debts generally as they come due, or (f) the District enters into bankruptcy, the lender may exercise any remedy available at law or in equity. In addition, upon the occurrence of an event of default due to the District's failure to pay principal or interest on the note when due, or if the note fails to maintain tax exempt status, the lender may declare that the principal amount of the note then outstanding shall bear interest at the default rate of 6%.

2021 Building Note

In the event of default, where (a) the District has failed to comply with any of its obligations, or to perform any of its duties for a period of more than 30 days after the lender has made written demand on the District to cure such failure, (b) a material misrepresentation by the District occurred in its agreement or on the note, or (c), failure to maintain the tax exempt status of the note, the lender may exercise any remedy available at law or in equity except that the Note shall not be subject to acceleration. If the lender incurs any expenses in connection with enforcing the agreement or the note, or if the lender takes collection action, the District shall pay to the lender, on demand, the lender's reasonable costs and reasonable attorney's fees.

CLACKAMAS EDUCATION SERVICE DISTRICT
CLACKAMAS COUNTY, OREGON

NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2021

NOTE 9 – DEFINED BENEFIT PENSION PLAN

Plan Description – The Oregon Public Employees Retirement System (PERS) consists of a single cost-sharing multiple-employer defined benefit plan. All benefits of the system are established by the legislature pursuant to Oregon Revised Statute (ORS) Chapters 238 and 238A. Oregon PERS produces an independently audited Comprehensive Annual Financial Report which can be found at:

<https://www.oregon.gov/pers/Documents/Financials/CAFR/2020-CAFR.pdf>

If the link is expired please contact Oregon PERS for this information.

- a. **PERS Pension (Chapter 238).** The ORS Chapter 238 Defined Benefit Plan is closed to new members hired on or after August 29, 2003.
- i. **Pension Benefits.** The PERS retirement allowance is payable monthly for life. It may be selected from 13 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 (2.0 percent for police and fire employees, and 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 benefits 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 (age 45 for police and fire members). General service employees may retire after reaching age 55. Police and fire members are eligible after reaching age 50. Tier 1 general service employee benefits are reduced if retirement occurs prior to age 58 with fewer than 30 years of service. Police and fire member benefits are reduced if retirement occurs prior to age 55 with fewer than 25 years of service. Tier 2 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.
- ii. **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 contributions are met:
- Member was employed by PERS employer at the time of death,
 - Member died within 120 days after termination of PERS covered employment,
 - Member died as a result of injury sustained while employed in a PERS-covered job, or
 - Member was on an official leave of absence from a PERS-covered job at time of death
- iii. **Disability Benefits.** A member with 10 or more years of creditable service who becomes disabled from other than duty-connected causes may receive a non-duty disability benefit. A disability resulting from a job-incurred injury or illness qualifies a member (including PERS judge members) for disability benefits regardless of the length of PERS-covered service. Upon qualifying for either a non-duty or duty disability, service time is computed to age 58 (55 for police and fire members) when determining the monthly benefit.
- iv. **Benefit Changes After Retirement.** Members may choose to continue participation in their variable account after retiring and may experience annual benefit fluctuations due to changes in the fair value of the underlying global equity investments of that account. Under ORS 238.360 monthly benefits are adjusted annually through cost-of-living changes (COLA). The COLA is capped at 2.0 percent.

CLACKAMAS EDUCATION SERVICE DISTRICT
CLACKAMAS COUNTY, OREGON

NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2021

NOTE 9 – DEFINED BENEFIT PENSION PLAN (Continued)

- b. **OPSRP Pension Program (OPSRP DB).** The ORS Chapter 238A Defined Benefit Pension Program provides benefits to members hired on or after August 29, 2003.
- i. **Pension Benefits.** This portion of OPSRP provides a life pension funded by employer contributions. Benefits are calculated with the following formula for members who attain normal retirement age:
- Police and fire:* 1.8 percent is multiplied by the number of years of service and the final average salary. Normal retirement age for police and fire members is age 60 or age 53 with 25 years of retirement credit. To be classified as a police and fire member, the individual must have been employed continuously as a police and fire member for at least five years immediately preceding retirement.
- General service:* 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 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.
- ii. **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. The surviving spouse may elect to delay payment of the death benefit, but payment must commence no later than December 31 of the calendar year in which the member would have reached 70½ years.
- iii. **Disability Benefits.** A member who has accrued 10 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.

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. The 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, 2017 actuarial valuation, which became effective July 1, 2019. The state of Oregon and certain schools, community colleges, and political subdivision have made unfunded actuarial liability payments and their rates have been reduced. Employer contributions for the year ended June 30, 2021 were \$2,813,043, excluding amounts to fund employer specific liabilities. At June 30, 2021, the District reported a net pension liability of \$30,742,636 for its proportionate share of the net pension liability. The pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation dated December 31, 2018. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. As of the measurement date of June 30, 2020 and 2019, the District's proportion was .014 percent and .014 percent, respectively. Pension expense for the year ended June 30, 2021 was \$3,261,649.

The rates in effect for the year ended June 30, 2021 were:

- (1) Tier 1/Tier 2 – 18.99%
- (2) OPSRP general services – 13.54%

CLACKAMAS EDUCATION SERVICE DISTRICT
CLACKAMAS COUNTY, OREGON

NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2021

NOTE 9 – DEFINED BENEFIT PENSION PLAN (Continued)

	Deferred Outflow of Resources	Deferred Inflow of Resources
Difference between expected and actual experience	\$ 1,353,048	\$ -
Changes in assumptions	1,649,860	57,808
Net difference between projected and actual earnings on pension plan investments	3,614,935	-
Net changes in proportionate share	920,220	1,000,152
Differences between District contributions and proportionate share of contributions	-	1,429,797
Subtotal - Amortized Deferrals (below)	7,538,063	2,487,757
District contributions subsequent to measuring date	2,813,043	-
Deferred outflow (inflow) of resources	<u>\$ 10,351,106</u>	<u>\$ 2,487,757</u>

The amount of contributions subsequent to the measurement date will be included as a reduction of the net pension liability in the fiscal year ended June 30, 2022.

Amounts reported as deferred outflows or inflow of resources related to pension will be recognized in pension expense as follows:

<u>Year ending June 30,</u>	<u>Amount</u>
2022	\$ 808,414
2023	1,534,989
2024	1,482,619
2025	1,199,344
2026	24,940
Thereafter	-
Total	<u>\$ 5,050,306</u>

All assumptions, methods and plan provisions used in these calculations are described in the Oregon PERS system-wide GASB 68 reporting summary dated March 5, 2021. Oregon PERS produces an independently audited ACFR which can be found at:

<https://www.oregon.gov/pers/Documents/Financials/CAFR/2020-CAFR.pdf>

Actuarial Valuations – The employer contribution rates effective July 1, 2019 through June 30, 2021, were set using the entry age normal 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 (estimated amount necessary to finance benefits earned by employees during the current service year), (2) an amount for the amortization unfunded actuarial accrued liabilities, which are being amortized over a fixed period with new unfunded actuarial liabilities being amortized over 20 years.

For the OPSRP Pension Program component of the PERS Defined Benefit Plan, this method produced an employer 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 actuarially determined amount for funding a disability benefit

CLACKAMAS EDUCATION SERVICE DISTRICT
CLACKAMAS COUNTY, OREGON

NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2021

NOTE 9 – DEFINED BENEFIT PENSION PLAN (Continued)

component, and (c) 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 Methods and Assumptions:

Valuation date	December 31, 2018
Experience Study Report	2018, Published July 24, 2019
Actuarial cost method	Entry Age Normal
Amortization method	Level percentage of payroll
Asset valuation method	Market value of assets
Inflation rate	2.50 percent
Investment rate of return	7.20 percent
Discount rate	7.20 percent
Projected salary increase	3.50 percent
Cost of Living Adjustment	Blend of 2% COLA and graded COLA (1.25%/0.15%) in accordance with <i>Moro</i> decision, blend based on service
Mortality	<p>Healthy retirees and beneficiaries:</p> <p>Pub-2010 Healthy Retiree, sex distinct, generational with Unisex, Social Security Data Scale, with job category adjustments and set-backs as described in the valuation. Active members: Pub-2010 Employee, sex distinct, generational with Unisex, Social Security Data Scale, with job category adjustments and set-backs as described in the valuation. Disabled retirees: Pub-2010 Disabled Retiree, sex distinct, generational with Unisex, Social Security Data Scale, with job category adjustments and set-backs as described in the valuation.</p>

Actuarial valuations of an ongoing plan involve estimates of value of reported amounts 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 method and assumptions shown are based on the 2018 Experience Study which is reviewed for the four-year period ending December 31, 2018.

Assumed Asset Allocation:

Asset Class/Strategy	Low Range	High Range	OIC Target
Debt Securities	15.0%	25.0%	20.0%
Public Equity	27.5%	37.5%	32.5%
Real Estate	9.5%	15.5%	12.5%
Private Equity	14.0%	21.0%	17.5%
Alternative Investments	7.5%	17.5%	15.0%
Opportunity Portfolio	0.0%	3.0%	0.0%
Risk Parity	0.0%	2.5%	2.5%
Total			100.0%

(Source: June 30, 2020 PERS ACFR; p. 102)

CLACKAMAS EDUCATION SERVICE DISTRICT
CLACKAMAS COUNTY, OREGON

NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2021

NOTE 9 – DEFINED BENEFIT PENSION PLAN (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 May 2019 the PERS Board reviewed long-term assumptions developed by both Milliman's capital market assumptions team and the Oregon Investment Council's (OIC) investment advisors. The table below shows Milliman's assumptions for each of the asset classes in which the plan was invested at that time based on the OIC long-term target asset allocation. The OIC's description of each asset class was used to map the target allocation to the asset classes shown below. Each asset class assumption is based on a consistent set of underlying assumptions, and includes adjustment for the inflation assumption. These assumptions are not based on historical returns, but instead are based on a forward-looking capital market economic model.

Asset Class	Target Allocation	Compound Annual (Geometric) Return
Core Fixed Income	9.60%	4.07%
Short-Term Bonds	9.60%	3.68%
Bank/Leveraged Loans	3.60%	5.19%
High Yield Bonds	1.20%	5.74%
Large/Mid Cap US Equities	16.17%	6.30%
Small Cap US Equities	1.35%	6.68%
Micro Cap US Equities	1.35%	6.79%
Developed Foreign Equities	13.48%	6.91%
Emerging Market Equities	4.24%	7.69%
Non-US Small Cap Equities	1.93%	7.25%
Private Equity	17.50%	8.33%
Real Estate (Property)	10.00%	5.55%
Real Estate (REITS)	2.50%	6.69%
Hedge Fund of Funds - Diversified	1.50%	4.06%
Hedge Fund - Event-driven	38.00%	5.59%
Timber	1.13%	5.61%
Farmland	1.13%	6.12%
Infrastructure	2.25%	6.67%
Commodities	1.13%	3.79%
<i>Assumed Inflation - Mean</i>		<i>2.50%</i>

(Source: June 30, 2020 PERS ACFR; p. 74)

Discount Rate – The discount rate used to measure the total pension liability was 7.20 percent for the Defined Benefit Pension Plan. The projection of cash flows used to determine the discount rate assumed that contributions from the 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.

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 one percent lower (6.20 percent) or one percent higher (8.20 percent) than the current rate.

CLACKAMAS EDUCATION SERVICE DISTRICT
CLACKAMAS COUNTY, OREGON

NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2021

NOTE 9 – DEFINED BENEFIT PENSION PLAN (Continued)

	1% Decrease (6.20%)	Discount Rate (7.20%)	1% Increase (8.20%)
District's proportionate share of the net pension liability	\$ 45,650,275	\$ 30,742,636	\$ 18,241,889

Changes Subsequent to the Measurement Date

As described above, GASB 67 and GASB 68 require the Total Pension Liability to be determined based on the benefit terms in effect at the Measurement Date. Any changes to benefit terms that occurs after that date are reflected in amounts reported for the subsequent Measurement Date. However, Paragraph 80f of GASB 68 requires employers to briefly describe any changes between the Measurement Date and the employer's reporting date that are expected to have a significant effect on the employer's share of the collective Net Pension Liability, along with an estimate of the resulting change, if available.

There are no changes subsequent to the June 30, 2020 Measurement Date that meet this requirement and thus would require a brief description under the GASB standard.

Deferred Compensation Plan

A deferred compensation plan is available to employees wherein they may execute an individual agreement with the District for amounts earned by them to not be paid until a future date when certain circumstances are met. These circumstances are: termination by reason of resignation, death, disability, or retirement; unforeseeable emergency; or by requesting a de minimis distribution from inactive accounts valued less than \$5,000. Payment to the employee will be made over a period not to exceed 15 years. The deferred compensation plan is one which is authorized under IRC Section 457 and has been approved in its specifics by a private ruling from the Internal Revenue Service. The assets of the plan are held by the administrator for the sole benefit of the plan participants and are not considered assets or liabilities of the District.

OPSRP Individual Account Program (OPSRP IAP)

Plan Description:

Employees of the District are provided with pensions through OPERS. All the benefits of OPERS are established by the Oregon legislature pursuant to Oregon Revised Statute (ORS) Chapters 238 and 238A. Chapter 238 Defined Benefit Pension Plan is closed to new members hired on or after August 29, 2003. Chapter 238A created the Oregon Public Service Retirement Plan (OPSRP), which consists of the Defined Benefit Pension Program and the Individual Account Program (IAP). Membership includes public employees hired on or after August 29, 2003. PERS members retain their existing defined benefit plan accounts, but member contributions are deposited into the member's IAP account. OPSRP is part of OPERS, and is administered by the OPERS Board.

Pension Benefits:

Participants in OPERS defined benefit pension plans also participate in their defined contribution plan. An IAP member becomes vested on the date the employee account is established or on the date the rollover account was established. If the employer makes optional employer contributions for a member, the member becomes vested on the earliest of the following dates: the date the member completes 600 hours of service in each of five calendar years, the date the member reaches normal retirement age, the date the IAP is terminated, the date the active member becomes disabled, or the date the active member dies. Upon retirement, a member of the OPSRP IAP may receive the amounts in his or her employee account, rollover account, and vested employer account as a lump-sum payment

CLACKAMAS EDUCATION SERVICE DISTRICT
CLACKAMAS COUNTY, OREGON

NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2021

NOTE 9 – DEFINED BENEFIT PENSION PLAN (Continued)

or in equal installments over a 5-, 10-, 15-, 20-year period or an anticipated life span option. Each distribution option has a \$200 minimum distribution limit.

Death Benefits:

Upon the death of a non-retired member, the beneficiary receives in a lump sum the member's account balance, rollover account balance, and vested employer optional contribution account balance. If a retired member dies before the installment payments are completed, the beneficiary may receive the remaining installment payments or choose a lump-sum payment.

Contributions:

Employees of the District pay six (6) percent of their covered payroll. The District did not pick up contributions to member IAP accounts for the year ended June 30, 2021.

Additional disclosures related to Oregon PERS not applicable to specific employers are available online, or by contacting PERS at the following address: PO Box 23700 Tigard, OR 97281-3700.

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

NOTE 10 – SINGLE EMPLOYER PENSION PLAN – STIPEND BENEFIT (GASB 73)

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 Stipend Liability – The District's total stipend liability of \$572,604 was measured as of June 30, 2021 and was determined by an actuarial valuation as of July 1, 2019.

Actuarial Assumptions and Other Inputs - The total stipend liability in the July 1, 2019 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, 2021

NOTE 10 – SINGLE EMPLOYER PENSION PLAN – STIPEND BENEFIT (GASB 73) – (Continued)

Changes in the Total Stipend Liability:

Balance at June 30, 2020	\$ 564,884
Service Costs	33,553
Interest	15,883
Changes in benefit terms	-
Differences between expected and actual experience	-
Changes of assumptions or other input	-
Benefit payments	<u>(41,716)</u>
Balance at June 30, 2021	<u><u>\$ 572,604</u></u>

For the year ended June 30, 2021 the District recognized an increase in pension related costs of \$7,720. At June 30, 2021 the District reported the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 46,079
Changes of assumptions	<u>5,819</u>	<u>-</u>
Net deferred outflow/inflow of resources	<u><u>\$ 5,819</u></u>	<u><u>\$ 46,079</u></u>

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
2022	\$ (8,052)
2023	(8,052)
2024	(8,052)
2025	(8,052)
2026	(8,052)
Thereafter	-

CLACKAMAS EDUCATION SERVICE DISTRICT
CLACKAMAS COUNTY, OREGON

NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2021

NOTE 10 – SINGLE EMPLOYER PENSION PLAN – STIPEND BENEFIT (GASB 73) – (Continued)

Sensitivity of the Total Pension Liability to Changes in the Discount Rate - The following presents the total pension liability of the District, as well as what that the District's total pension liability would be if it were calculated using a discount rate that is one percentage point lower (1.75 percent) or one percentage point higher (3.75 percent).

	1% Decrease (1.75%)	Current Discount Rate (2.75%)	1% Increase (3.75%)
Total stipend liability (asset)	\$ 596,278	\$ 572,604	\$ 549,229

NOTE 11 – OPEB – IMPLICIT HEALTH SUBSIDY (GASB 75)

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.

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 \$2,576,543 was measured as of June 30, 2021 and was determined by an actuarial valuation as of July 1, 2019.

CLACKAMAS EDUCATION SERVICE DISTRICT
CLACKAMAS COUNTY, OREGON

NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2021

NOTE 11 – OPEB – IMPLICIT HEALTH SUBSIDY (GASB 75) – (Continued)

Actuarial Assumptions and Other Inputs - The total OPEB liability in the July 1, 2019 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, 2019
Measurement date	June 30, 2020, rolled forward
Actuarial cost method	Entry Age Normal, level percent of salary.
Actuarial assumptions:	
Discount rate	2.75% per year, based on all years discounted at municipal bond rate.
Inflation rate	2.50% per year
Salary increases	3.50% per year
Healthcare cost trend rates	Increase from 5.0% in 2019-2020 depending on plan selected by employees to an ultimate rate range of 5.0% to 6.5%
Mortality rates	Basic table: Pub-2010 Teachers table, separate Employee/Healthy Annuitant, sex distinct, generational, no setback. Males 120% of table, females 100% of table.
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.

Changes in the Total OPEB Liability:

Balance at June 30, 2020	\$ 2,367,423
Service Costs	223,722
Interest	70,092
Changes in benefit terms	-
Differences between expected and actual experience	-
Changes of assumptions or other input	-
Benefit payments	(84,694)
Balance at June 30, 2021	<u>\$ 2,576,543</u>

At June 30, 2021 the District reported the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 152,181	\$ -
Changes of assumptions	230,807	-
Net deferred outflow/inflow of resources	<u>\$ 382,988</u>	<u>\$ -</u>

CLACKAMAS EDUCATION SERVICE DISTRICT
CLACKAMAS COUNTY, OREGON

NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2021

NOTE 11 – OPEB – IMPLICIT HEALTH SUBSIDY (GASB 75) – (Continued)

Amounts reported by the District as deferred outflows of resources and deferred inflows of resources related to the OPEB will be recognized in expenses in subsequent years as follows:

Year Ended June 30	Amount
2022	\$ 71,041
2023	71,041
2024	71,041
2025	71,041
2026	71,041
Thereafter	27,783

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 (1.75 percent) or one percentage point higher (3.75 percent) than the current rate:

	1% Decrease (1.75%)	Current Discount Rate (2.75%)	1% Increase (3.75%)
Total OPEB liability (asset)	\$ 2,765,818	\$ 2,576,543	\$ 2,397,857

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 4% Graded Up to 5.5%, then Down to 4.0%	Current Trend Rate 5% Graded Up to 6.5%, then Down to 5.0%	1% Increase 6% Graded Up to 7.5%, then Down to 6.0%
Total OPEB liability (asset)	\$ 2,269,850	\$ 2,576,543	\$ 2,945,674

NOTE 12 – OPEB – RETIREE HEALTH INSURANCE ACCOUNT - RHIA (GASB 75)

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. RHIA pays a monthly contribution toward the cost of Medicare companion health insurance premiums of eligible retirees. Oregon Revised Statute (ORS) 238.420 established this trust fund. Authority to establish and amend the benefit provisions of RHIA reside with the Oregon Legislature. The plan is closed to new entrants after January 1, 2004. 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, PO Box 23700, Tigard, OR 97281-3700.

CLACKAMAS EDUCATION SERVICE DISTRICT
CLACKAMAS COUNTY, OREGON

NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2021

NOTE 12 – OPEB – RETIREE HEALTH INSURANCE ACCOUNT - RHIA (GASB 75) – (Continued)

Funding Policy:

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 dollars 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 dollars 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 OPERS at the time of retirement or receive a disability allowance as if the member had eight years or more of creditable service in OPERS, (2) receive both Medicare Parts A and B coverage, and (3) enroll in an OPERS-sponsored health plan. A surviving spouse or dependent of a deceased OPERS 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 OPERS or (2) was insured at the time the member died and the member retired before May 1, 1991.

Participating districts are contractually required to contribute to RHIA at a rate assessed each year by OPERS, and the District currently contributes 0.06% of annual covered OPERF payroll and 0.00% of OPSRP payroll under a contractual requirement in effect until June 30, 2021. Consistent with GASB Statement 75, the OPERS Board of Trustees sets the employer contribution rates as a measure of the proportionate relationship of the employer to all employers consistent with the manner in which contributions to the OPEB plan are determined. The basis for the employer's portion is determined by comparing the employer's actual, legally required contributions made during the fiscal year to the plan with the total actual contributions made in the fiscal year of all employers. The District's contributions to RHIA for the years ended June 30, 2019, 2020 and 2021 were \$74,403, \$14,883 and \$3,657, respectively, which equaled the required contributions each year.

At June 30, 2021, the District reported a net OPEB liability/(asset) of (\$424,658) for its proportionate share of the net OPEB liability/(asset). The OPEB liability/(asset) was measured as of June 30, 2020, and the total OPEB liability/(asset) used to calculate the net OPEB liability/(asset) was determined by an actuarial valuation as of December 31, 2018. Consistent with GASB Statement No. 75, paragraph 59(a), the District's proportion of the net OPEB liability/(asset) is determined by comparing the employer's actual, legally required contributions made during the fiscal year to the Plan with the total actual contributions made in the fiscal year of all employers. As of the measurement date of June 30, 2020 and 2019, the District's proportion was .21 percent and .15 percent, respectively. OPEB expense for the year ended June 30, 2021 was (\$101,973).

Components of OPEB Expense/(Income):

Employer's proportionate share of collective system OPEB Expense/(Income)	\$ (68,302)
Net amortization of employer-specific deferred amounts from:	
- Changes in proportionate share (per paragraph 64 of GASB 75)	(33,671)
- Differences between employer contributions and employer's proportionate share of system contributions (per paragraph 65 of GASB 75)	-
Employer's Total OPEB Expense/(Income)	<u><u>\$ (101,973)</u></u>

CLACKAMAS EDUCATION SERVICE DISTRICT
CLACKAMAS COUNTY, OREGON

NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2021

NOTE 12 – OPEB – RETIREE HEALTH INSURANCE ACCOUNT - RHIA (GASB 75) – (Continued)

Components of Deferred Outflows/Inflows of Resources:

	Deferred Outflow of Resources	Deferred Inflow of Resources
Difference between expected and actual experience	\$ -	\$ 43,412
Changes in assumptions	-	22,573
Net difference between projected and actual earnings on pension plan investments	47,225	-
Net changes in proportionate share	-	61,292
Differences between District contributions and proportionate share of contributions	-	-
Subtotal - Amortized Deferrals (below)	47,225	127,277
District contributions subsequent to measuring date	3,657	-
Deferred outflow (inflow) of resources	<u>\$ 50,882</u>	<u>\$ 127,277</u>

The amount of contributions subsequent to the measurement date will be included as a reduction of the net OPEB liability/(asset) in the fiscal year ended June 30, 2022.

Amounts reported as deferred outflows or inflow of resources related to pension will be recognized in pension expense as follows:

Year ending June 30,	Amount
2022	\$ (75,324)
2023	(37,082)
2024	17,457
2025	14,897
2026	-
Thereafter	-
Total	<u>\$ (80,052)</u>

All assumptions, methods and plan provisions used in these calculations are described in the Oregon PERS Retirement Health Insurance Account Cost-Sharing Multiple-Employer Other Postemployment Benefit (OPEB) Plan Schedules of Employer Allocations and OPEB Amounts by Employer report, as of and for the Year Ended June 30, 2020. That independently audited report was dated March 5, 2021 and can be found at:

https://www.oregon.gov/pers/EMP/Documents/GASB/2020/GASB_75_FYE_6.30.2020.pdf

CLACKAMAS EDUCATION SERVICE DISTRICT
CLACKAMAS COUNTY, OREGON

NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2021

NOTE 12 – OPEB – RETIREE HEALTH INSURANCE ACCOUNT - RHIA (GASB 75) – (Continued)

Actuarial Methods and Assumptions:

Valuation Date	December 31, 2018
Experience Study Report	2018, Published July 24, 2019
Actuarial cost method	Entry Age Normal
Inflation rate	2.50 percent
Investment rate of return	7.20 percent
Discount rate	7.20 percent
Projected salary increase	3.50 percent
Retiree healthcare participation	Healthy retirees: 32%; Disabled retirees: 20%
Mortality	Healthy retirees and beneficiaries: Pub-2010 Healthy Retiree, sex distinct, generational with Unisex, Social Security Data Scale, with job category adjustments and set-backs as described in the valuation. Active members: Pub-2010 Employee, sex distinct, generational with Unisex, Social Security Data Scale, with job category adjustments and set-backs as described in the valuation. Disabled retirees: Pub-2010 Disabled Retiree, sex distinct, generational with Unisex, Social Security Data Scale, with job category adjustments and set-backs as described in the valuation.

Actuarial valuations of an ongoing plan involve estimates of value of reported amounts 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 method and assumptions shown are based on the 2018 Experience Study which is reviewed for the four-year period ending December 31, 2018.

Discount Rate:

The discount rate used to measure the total OPEB liability as of the measurement date of June 30, 2020 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 May 2019 the PERS Board reviewed long-term assumptions developed by both Milliman's capital market assumptions team and the Oregon Investment Council's (OIC) investment advisors. The table below shows Milliman's assumptions for each of the asset classes in which the plan was invested at that time based on the OIC long-term target asset allocation. The OIC's description of each asset class was used to map the target allocation to the asset classes shown below. Each asset class assumption is based on a consistent set of underlying assumptions, and includes adjustment for the inflation assumption. These assumptions are not based on historical returns, but instead are based on a forward-looking capital market economic model.

CLACKAMAS EDUCATION SERVICE DISTRICT
CLACKAMAS COUNTY, OREGON

NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2021

NOTE 12 – OPEB – RETIREE HEALTH INSURANCE ACCOUNT - RHIA (GASB 75) – (Continued)

Asset Class	Target Allocation	Compound Annual (Geometric) Return
Core Fixed Income	9.60%	4.07%
Short-Term Bonds	9.60%	3.68%
Bank/Leveraged Loans	3.60%	5.19%
High Yield Bonds	1.20%	5.74%
Large/Mid Cap US Equities	16.17%	6.30%
Small Cap US Equities	1.35%	6.68%
Micro Cap US Equities	1.35%	6.79%
Developed Foreign Equities	13.48%	6.91%
Emerging Market Equities	4.24%	7.69%
Non-US Small Cap Equities	1.93%	7.25%
Private Equity	17.50%	8.33%
Real Estate (Property)	10.00%	5.55%
Real Estate (REITS)	2.50%	6.69%
Hedge Fund of Funds - Diversified	1.50%	4.06%
Hedge Fund - Event-driven	38.00%	5.59%
Timber	1.13%	5.61%
Farmland	1.13%	6.12%
Infrastructure	2.25%	6.67%
Commodities	1.13%	3.79%
<i>Assumed Inflation - Mean</i>		<i>2.50%</i>

(Source: June 30, 2020 PERS ACFR; p. 74)

Sensitivity of the District's proportionate share of the net OPEB liability/(asset) to changes in the discount rate – The following presents the District's proportionate share of the net OPEB liability/(asset) 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 one percent lower (6.20 percent) or one percent higher (8.20 percent) than the current rate.

	1% Decrease (6.20%)	Discount Rate (7.20%)	1% Increase (8.20%)
District's proportionate share of the net OPEB liability (asset)	\$ (342,840)	\$ (424,658)	\$ (494,616)

Changes Subsequent to the Measurement Date

There are no changes subsequent to the June 30, 2020 Measurement Date that meet this requirement and thus would require a brief description under the GASB standard.

CLACKAMAS EDUCATION SERVICE DISTRICT
CLACKAMAS COUNTY, OREGON

NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2021

NOTE 13 – PRIOR PERIOD ADJUSTMENT

A prior period adjustment was necessary to reduce beginning fund balance in the Enterprise Fund budgetary statement by \$605,600. The purpose of the adjustment was to remove the capital equipment value from fund balance since equipment only needs to be presented on the GAAP basis.

NOTE 14 – TAX ABATEMENTS

For the year ended June 30, 2021, \$2,093,659 in tax abatements were issued at the County level for properties within the ESD's District boundaries. The majority of abatements, totaling \$1,297,589 were issued in reference to exemption code ORS 307.09 – Schools. The remaining \$796,070 consisted of numerous exemptions that were not individually significant to the District.

NOTE 15 - 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 16 - 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.

NOTE 17 - COVID-19

The COVID-19 outbreak worldwide has resulted in government mandated closures that have caused disruption in the District's ability to deliver in-person education. The outbreak has affected local and global economics. The extent and duration of the impact of this outbreak on operations is unknown at this time.

CLACKAMAS EDUCATION SERVICE DISTRICT
CLACKAMAS COUNTY, OREGON

REQUIRED SUPPLEMENTARY INFORMATION

CLACKAMAS EDUCATION SERVICE DISTRICT
CLACKAMAS COUNTY, OREGON

REQUIRED SUPPLEMENTARY INFORMATION
OREGON PUBLIC EMPLOYEES RETIREMENT SYSTEM
For the Year Ended June 30, 2021

SCHEDULE OF THE 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
2021	0.14 %	\$ 30,742,636	\$ 17,658,849	174.1 %	75.8 %
2020	0.13	23,288,273	16,641,436	139.9	80.2
2019	0.14	21,911,465	15,406,105	142.2	82.1
2018	0.14	18,915,146	15,865,571	119.2	83.1
2017	0.15	22,315,470	15,200,528	146.8	80.5
2016	0.17	10,120,449	14,706,433	110.0	91.9
2015	0.16	(3,738,141)	15,304,949	(48.2)	103.6
2014	0.16	8,415,829	14,944,654	108.5	92.0

The amounts presented for each fiscal year were actuarially determined at 12/31 and rolled forward to the measurement date.

These schedules are presented to illustrate the requirements to show 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.

SCHEDULE OF CONTRIBUTIONS

Year Ended June 30,	Statutorily required contribution	Contributions in relation to the statutorily required contribution	Contribution deficiency (excess)	District's covered payroll	Contributions as a percent of covered payroll
2021	\$ 2,813,043	\$ 2,813,043	\$	\$ 18,347,303	15.33 %
2020	2,717,179	2,717,179	-	17,658,849	15.39
2019	1,837,495	1,837,495	-	16,641,436	11.0
2018	1,692,439	1,692,439	-	15,406,105	11.0
2017	1,254,632	1,254,632	-	15,865,571	7.9
2016	1,008,002	1,008,002	-	15,200,528	6.6
2015	1,343,835	1,343,835	-	14,706,433	9.1
2014	1,509,358	1,509,358	-	15,304,949	9.9

The amounts presented for each fiscal year were actuarially determined at 12/31 and rolled forward to the measurement date.

These schedules are presented to illustrate the requirements to show 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, OREGON

REQUIRED SUPPLEMENTARY INFORMATION
OREGON PUBLIC EMPLOYEES RETIREMENT SYSTEM
For the Year Ended June 30, 2021

SCHEDULE OF THE PROPORTIONATE SHARE OF THE NET OPEB LIABILITY - 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 liability
2021	0.21 %	\$ (424,658)	\$ 17,658,849	(2.4) %	75.8 %
2020	0.15	(290,090)	16,641,436	(1.74)	144.4
2019	0.14	(160,829)	15,406,105	(1.04)	124.0
2018	0.14	(57,564)	15,865,571	(0.36)	108.9

The amounts presented for each fiscal year were actuarially determined at 12/31 and rolled forward to the measurement date.

These schedules are presented to illustrate the requirements to show 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.

SCHEDULE OF CONTRIBUTIONS - RHIA

Year Ended June 30,	Statutorily required contribution	Contributions in relation to the statutorily required contribution	Contribution deficiency (excess)	District's covered payroll	Contributions as a percent of covered payroll
2021	\$ 3,657	\$ 3,657	\$ -	\$ 18,347,303	0.02 %
2020	14,883	14,883	-	17,658,849	0.08
2019	74,403	74,403	-	16,641,436	0.45
2018	69,154	69,154	-	15,406,105	0.45

The amounts presented for each fiscal year were actuarially determined at 12/31 and rolled forward to the measurement date.

These schedules are presented to illustrate the requirements to show 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
SCHEDULE OF CHANGES IN OTHER POST EMPLOYMENT BENEFITS LIABILITY AND RELATED RATIOS
For the Year Ended June 30, 2021

OPEB Liability - Medical Benefits				
	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018
OPEB Liability - Medical Benefit				
Total OPEB Liability - Beginning	\$ 2,367,423	\$ 1,988,571	\$ 1,527,844	\$ 1,486,498
Service Cost	223,722	147,472	142,485	116,326
Interest	70,092	78,795	71,089	55,479
Changes in Benefit Terms	-	-	-	-
Differences between expected and actual experience	-	173,921	-	-
Changes in assumptions or other input	-	48,346	346,061	-
Benefit Payments	(84,694)	(69,682)	(98,908)	(130,459)
Net Change in Total OPEB Liability	209,120	378,852	460,727	41,346
Total OPEB Liability - End of Year	<u>\$ 2,576,543</u>	<u>\$ 2,367,423</u>	<u>\$ 1,988,571</u>	<u>\$ 1,527,844</u>
Covered Payroll	18,761,036	18,126,605	17,511,063	16,918,901
Total OPEB Liability as Percentage of Covered Payroll	13.73%	13.06%	11.36%	9.03%
Pension Liability - Stipend Benefit				
	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018
Pension Liability - Stipend Benefit				
Total Pension Stipend Liability - Beginning	\$ 564,884	\$ 619,035	\$ 653,302	\$ 722,364
Service Cost	33,553	30,110	-	-
Interest	15,883	23,382	29,092	29,092
Changes in Benefit Terms	-	-	23,417	25,319
Differences between expected and actual experience	-	(63,153)	-	-
Changes in assumptions or other input	-	6,789	-	-
Benefit Payments	(41,716)	(51,279)	(86,776)	(123,473)
Net Change in Total Pension Stipend Liability	7,720	(54,151)	(34,267)	(69,062)
Total Pension Liability - End of Year	<u>\$ 572,604</u>	<u>\$ 564,884</u>	<u>\$ 619,035</u>	<u>\$ 653,302</u>
Covered Payroll	6,978,256	6,742,276	7,084,150	6,844,589
Total Pension Liability as Percentage of Covered Payroll	8.21%	8.38%	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

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
For the Year Ended June 30, 2021

<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	\$ 18,114,822	\$ 18,114,822	\$ 18,273,376	\$ 158,554
Charges for Services	1,000,000	1,000,000	1,070,126	70,126
Earnings from Investments	250,000	250,000	84,278	(165,722)
Other	400,000	400,000	1,090,865	690,865
Total Local Sources	19,764,822	19,764,822	20,518,645	753,823
Intermediate Sources	-	-	10,696	10,696
State Sources	10,552,945	10,552,945	11,293,615	740,670
Total Revenues	30,317,767	30,317,767	31,822,956	1,505,189
EXPENDITURES:				
Instruction	9,126,116	9,126,116 (1)	6,355,959	2,770,157
Support Services	9,987,433	9,987,433 (1)	8,138,062	1,849,371
Debt Service	826,700	826,700 (1)	782,350	44,350
Contingency	1,000,000	1,000,000 (1)	-	1,000,000
Total Expenditures	20,940,249	20,940,249	15,276,371	5,663,878
Revenues Over, (under) Expenditures	9,377,518	9,377,518	16,546,585	7,169,067
Other Financing Sources, (Uses):				
Transfers Out	(50,000)	(50,000) (1)	-	50,000
Payments to Districts	(12,100,000)	(12,100,000) (1)	(11,661,249)	438,751
Total Other Financing Sources, (Uses)	(12,150,000)	(12,150,000)	(11,661,249)	488,751
Revenues and Other Financing Sources Over, (Under) Expenditures	(2,772,482)	(2,772,482)	4,885,336	7,657,818
Fund Balance, Beginning of Year	7,301,391	7,301,391	8,786,055	1,484,664
Fund Balance, End of Year	\$ 4,528,909	\$ 4,528,909	\$ 13,671,391	\$ 9,142,482

(1) Legally adopted appropriation level

CLACKAMAS EDUCATION SERVICE DISTRICT
CLACKAMAS COUNTY, OREGON

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
For the Year Ended June 30, 2021

<u>SPECIAL REVENUE FUND</u>				
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE TO FINAL BUDGET
REVENUES:				
Local sources	\$ 7,426,994	\$ 7,426,994	\$ 4,764,799	\$ (2,662,195)
Intermediate Sources	3,321	3,321	-	(3,321)
State Sources	19,876,803	21,276,803	20,386,804	(889,999)
Federal Sources	5,152,657	5,152,657	4,251,616	(901,041)
Total Revenues	32,459,775	33,859,775	29,403,219	(4,456,556)
EXPENDITURES:				
Instruction	25,053,971	25,053,971 (1)	21,127,267	3,926,704
Support Services	4,994,379	4,994,379 (1)	4,275,148	719,231
Enterprise and Community Services	879,105	879,105 (1)	465,738	413,367
Facilities Acquisition and Construction	-	1,400,000 (1)	1,400,000	-
Total Expenditures	30,927,455	32,327,455	27,268,153	5,059,302
Revenues Over, (under) Expenditures	1,532,320	1,532,320	2,135,066	602,746
Other Financing Sources, (Uses):				
Payments to Districts	(3,088,776)	(3,088,776) (1)	(2,292,394)	796,382
Total Other Financing Sources, (Uses)	(3,088,776)	(3,088,776)	(2,292,394)	796,382
Revenues and Other Financing Sources Over, (Under) Expenditures	(1,556,456)	(1,556,456)	(157,328)	1,399,128
Fund Balance, Beginning of Year	1,556,456	1,556,456	2,457,565	901,109
Fund Balance, End of Year	\$ -	\$ -	\$ 2,300,237	\$ 2,300,237

(1) Legally adopted appropriation level

CLACKAMAS EDUCATION SERVICE DISTRICT
CLACKAMAS COUNTY, OREGON

SUPPLEMENTARY INFORMATION

CLACKAMAS EDUCATION SERVICE DISTRICT
CLACKAMAS COUNTY, OREGON

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
For the Year Ended June 30, 2021

	<u>DEBT SERVICE FUND</u>			VARIANCE TO FINAL BUDGET
	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	
REVENUES:				
Local Sources:				
Earnings from investments	\$ 10,000	\$ 10,000	\$ 6,408	\$ (3,592)
Services provided other funds	<u>1,624,385</u>	<u>1,624,385</u>	<u>1,861,099</u>	<u>236,714</u>
Total Revenues	<u>1,634,385</u>	<u>1,634,385</u>	<u>1,867,507</u>	<u>233,122</u>
EXPENDITURES:				
Debt Service:				
Redemption of principal	1,145,000	1,145,000	1,145,000	-
Interest	<u>570,130</u>	<u>570,130</u>	<u>570,128</u>	<u>2</u>
Total Expenditures	<u>1,715,130</u>	<u>1,715,130 (1)</u>	<u>1,715,128</u>	<u>2</u>
Revenues Over, (Under) Expenditures	(80,745)	(80,745)	152,379	233,124
Fund Balance, Beginning of Year	<u>389,850</u>	<u>389,850</u>	<u>527,150</u>	<u>137,300</u>
Fund Balance, End of Year	<u>\$ 309,105</u>	<u>\$ 309,105</u>	<u>\$ 679,529</u>	<u>\$ 370,424</u>

(1) Legally adopted appropriation level

CLACKAMAS EDUCATION SERVICE DISTRICT
CLACKAMAS COUNTY, OREGON

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
For the Year Ended June 30, 2021

	<u>CAPITAL PROJECTS FUND</u>			VARIANCE TO FINAL BUDGET
	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	
REVENUES:				
Local Sources:				
Miscellaneous	\$ -	\$ -	\$ -	\$ -
Total Revenues	-	-	-	-
EXPENDITURES:				
Facility Acquisition	1,450,000	3,750,000 (1)	3,531,290	218,710
Total Expenditures	1,450,000	3,750,000	3,531,290	218,710
Revenues Over, (Under) Expenditures	(1,450,000)	(3,750,000)	(3,531,290)	218,710
Other Financing Sources, (Uses):				
Issuance of Debt	1,200,000	3,500,000	4,713,000	1,213,000
Total Other Financing Sources, (Uses)	1,200,000	3,500,000	4,713,000	1,213,000
Revenues and Other Financing Sources (Uses) Over, (Under) Expenditures	(250,000)	(250,000)	1,181,710	1,431,710
Fund Balance, Beginning of Year	250,000	250,000	337,880	87,880
Fund Balance, End of Year	\$ -	\$ -	\$ 1,519,590	\$ 1,519,590

(1) Legally adopted appropriation level

CLACKAMAS EDUCATION SERVICE DISTRICT
CLACKAMAS COUNTY, OREGON

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
For the Year Ended June 30, 2021

	<u>ENTERPRISE FUND</u>			VARIANCE TO FINAL BUDGET
	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	
REVENUES:				
Local Sources:				
Supplies and services provided other LEAs	\$ 964,822	\$ 964,822	\$ 1,344,762	\$ 379,940
Supplies and services provided other funds	145,125	145,125	39,236	(105,889)
Other local revenues	<u>129,121</u>	<u>129,121</u>	<u>58,657</u>	<u>(70,464)</u>
Total local sources	1,239,068	1,239,068	1,442,655	203,587
Federal Services:	<u>-</u>	<u>490,000</u>	<u>304,129</u>	<u>(185,871)</u>
Total Revenues	<u>1,239,068</u>	<u>1,729,068</u>	<u>1,746,784</u>	<u>17,716</u>
EXPENDITURES:				
Instruction	27,487	27,487 (1)	495	26,992
Support Services	<u>2,393,047</u>	<u>2,393,047 (1)</u>	<u>1,432,487</u>	<u>960,560</u>
Total Expenditures	<u>2,420,534</u>	<u>2,420,534</u>	<u>1,432,982</u>	<u>987,552</u>
Revenues Over, (Under) Expenditures	<u>(1,181,466)</u>	<u>(691,466)</u>	<u>313,802</u>	<u>1,005,268</u>
Other Financing Sources, (Uses):				
Payments to districts	<u>(10,000)</u>	<u>(500,000) (1)</u>	<u>(276,928)</u>	<u>223,072</u>
Total Other Financing Sources, (Uses)	<u>(10,000)</u>	<u>(500,000)</u>	<u>(276,928)</u>	<u>223,072</u>
Revenues and Other Financing Sources (Uses) Over, (Under) Expenditures	(1,191,466)	(1,191,466)	36,874	1,228,340
Fund Balance, Beginning of Year	<u>1,431,866</u>	<u>1,431,866</u>	<u>1,697,020</u>	<u>265,154</u>
Prior Period Adjustment			(605,600)	
Fund Balance, End of Year	<u>\$ 240,400</u>	<u>\$ 240,400</u>	<u>\$ 1,128,294</u>	<u>\$ 887,894</u>
Adjustment to generally accepted accounting principles (GAAP) basis:				
Equipment, net			453,400	
Net RHIA Asset			4,247	
Deferred Outflows			132,104	
Net OPEB Liabilities			(25,765)	
Net Pension Liability			(379,289)	
Stipend Plan Liability			(5,726)	
Deferred Inflows			<u>(32,427)</u>	
Net Position - GAAP basis			<u>\$ 1,274,837</u>	

(1) Legally adopted appropriation level

CLACKAMAS EDUCATION SERVICE DISTRICT
CLACKAMAS COUNTY, OREGON

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
For the Year Ended June 30, 2021

<u>INTERNAL SERVICE FUND</u>				
	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE TO FINAL BUDGET</u>
REVENUES:				
Local Sources:				
Rentals	\$ 543,592	\$ 543,592	\$ 523,470	\$ (20,122)
Supplies and services provided other funds	475,477	475,477	375,467	(100,010)
Miscellaneous revenue	90,000	90,000	35,672	(54,328)
Total Local Sources:	1,109,069	1,109,069	934,609	(174,460)
Federal Services:	-	-	1,094	1,094
Total Revenues	1,109,069	1,109,069	935,703	(173,366)
EXPENDITURES:				
Support Services	1,643,377	1,643,377 (1)	1,130,648	512,729
Total Expenditures	1,643,377	1,643,377	1,130,648	512,729
Revenues Over, (Under) Expenditures	(534,308)	(534,308)	(194,945)	339,363
Other Financing Sources, (Uses):				
Transfers In	50,000	50,000	-	(50,000)
Total Other Financing Sources, (Uses)	50,000	50,000	-	(50,000)
Revenues and Other Financing Sources (Uses) Over, (Under) Expenditures	(484,308)	(484,308)	(194,945)	289,363
Fund Balance, Beginning of Year	543,112	543,112	962,628	419,516
Fund Balance, End of Year	\$ 58,804	\$ 58,804	\$ 767,683	\$ 708,879

(1) Legally adopted appropriation level

CLACKAMAS EDUCATION SERVICE DISTRICT
CLACKAMAS COUNTY, OREGON

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
For the Year Ended June 30, 2021

	<u>FIDUCIARY FUND</u>			VARIANCE TO FINAL BUDGET
	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	
REVENUES:				
Private Donations	\$ 14,526	\$ 14,526	\$ 216	\$ (14,310)
Miscellaneous	111,462	111,462	-	(111,462)
Total Revenues	125,988	125,988	216	(125,772)
EXPENDITURES:				
Support Services	293,777	293,777 (1)	4,397	289,380
Total Expenditures	293,777	293,777	4,397	289,380
Revenues Over, (Under) Expenditures	(167,789)	(167,789)	(4,181)	163,608
Fund Balance, Beginning of Year	167,789	167,789	168,818	1,029
Fund Balance, End of Year	\$ -	\$ -	\$ 164,637	\$ 164,637

(1) Legally adopted appropriation level

CLACKAMAS EDUCATION SERVICE DISTRICT
CLACKAMAS COUNTY, OREGON

INDEPENDENT AUDITORS' REPORT REQUIRED BY OREGON STATE REGULATIONS



PAULY, ROGERS AND CO., P.C.
12700 SW 72nd Ave. ♦ Tigard, OR 97223
(503) 620-2632 ♦ (503) 684-7523 FAX
www.paulyrogersandcocpas.com

Independent Auditors' Report Required by Oregon State Regulations

We have audited the basic financial statements of the Clackamas Education Service District as of and for the year ended June 30, 2021, and have issued our report thereon dated December 9, 2021. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and Government Auditing Standards.

Compliance

As part of obtaining reasonable assurance about whether the Clackamas Education Service 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:

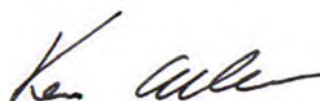
- Deposit of public funds with financial institutions (ORS Chapter 295)
- Indebtedness limitations, restrictions and repayment.
- Budgets legally required (ORS Chapter 294).
- Insurance and fidelity bonds in force or required by law.
- Programs funded from outside sources.
- Authorized investment of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

In connection with our testing nothing came to our attention that caused us to believe the Clackamas Education Service 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 internal controls 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 internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the internal controls over financial reporting.

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

A handwritten signature in dark ink, appearing to read "Ken Allen", with a stylized, flowing script.

Kenneth Allen, CPA
PAULY, ROGERS AND CO., P.C.

CLACKAMAS EDUCATION SERVICE DISTRICT
CLACKAMAS COUNTY, OREGON

GRANT COMPLIANCE REVIEW

**CLACKAMAS EDUCATION SERVICE DISTRICT
CLACKAMAS COUNTY, OREGON
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended June 30, 2021**

		Period		Federal	Pass				
	Pass Through Organization	Start	End	AL	Through	Sub Grant	Current Year	Passed-Through	
				Number	Entity	Amount	Expenditures	to Sub-Recipients	
U.S. DEPARTMENT OF EDUCATION									
Migrant Education State Grant Program									
Migrant Ed, 19-20 Summer	Oregon Department of Education	3/14/2020	9/30/2021	84.011	57309	\$ 318,309	\$ 164,078	\$ 136,382	
Migrant Ed, 20-21 Summer	Oregon Department of Education	7/1/2020	9/30/2021	84.011	66104	355,965	-	-	
Migrant Ed, 19-20 Preschool	Oregon Department of Education	7/1/2019	9/30/2020	84.011	52833	60,866	-	-	
Migrant Ed, 20-21 Preschool	Oregon Department of Education	7/1/2020	9/30/2021	84.011	58912	50,475	3,438	-	
Migrant Ed, 19-20 Regular	Oregon Department of Education	7/1/2019	9/30/2022	84.011	52836	853,993	183,167	65,498	
Migrant Ed, 20-21 Regular	Oregon Department of Education	7/1/2020	9/30/2021	84.011	58930	956,334	639,292	239,827	
Migrant Ed, 20-21 Regular - Supplemental	Oregon Department of Education	7/1/2020	9/30/2021	84.011	61765	10,000	-	-	
Total Migrant Education State Grant Program						2,605,942	989,974	441,707	
Vocational Education - Grants to States									
Vocational Education, 20-21 Basic	Oregon Department of Education	7/1/2020	9/30/2021	84.048	57581	725,524	572,813	570,208	
Vocational Education, 20-21 Reserve	Oregon Department of Education	7/1/2020	9/30/2021	84.048	57613	95,347	55,788	42,934	
Vocational Education, 19-20 Basic	Oregon Department of Education	7/1/2019	9/30/2020	84.048	52486	737,543	128,444	-	
Vocational Education, 19-20 Reserve	Oregon Department of Education	7/1/2019	9/30/2020	84.048	52470	107,021	-	-	
Total Vocational Education - Grants to States						1,665,435	757,044	613,142	
Rehabilitation Services - Vocational Rehabilitation Grants to States									
Transition Network Facilitation	Oregon Department of Education	7/1/2019	6/30/2021	84.126	10197	115,793	81,087	-	
Special Education Cluster:									
Special Education Grants to States									
IDEA Part B, Section 611 2020-21	Oregon Department of Education	7/1/2020	6/30/2021	84.027	11118-2	1,501,482	730,070	-	
Extended Assessment 2020-21	Oregon Department of Education	7/1/2020	6/30/2021	84.027	59339	1,099	-	-	
Total Special Education Grants to States						1,502,581	730,070	-	
Special Education Preschool Grants									
IDEA Part B, Section 619 2020-21	Oregon Department of Education	7/1/2020	6/30/2021	84.173	11118-2	240,601	119,280	-	
IDEA Part B, Section 619 2020-21	Oregon Department of Education	9/1/2020	8/31/2021	84.173	61166	12,000	11,744	-	
IDEA Part B, Section 619 2020-21	Oregon Department of Education	9/1/2020	8/31/2021	84.173	61162	12,000	12,000	-	
Total Special Education Preschool Grants						264,601	143,024	-	
Total Special Education Cluster						1,767,182	873,093	-	
Special Education - Grants for Infants and Families	Oregon Department of Education	7/1/2020	6/30/2021	84.181	11118-2	1,020,437	203,262	-	
School Safety National Activities	Direct Award	7/1/2020	6/30/2021	84.184Q	12552	167,000	104,642	-	
Education Stabilization Fund*									
Elementary and Secondary School Emergency Relief Fund I	Oregon Department of Education	3/13/2020	9/30/2022	84.425	58419	357,867	63,873	-	
Elementary and Secondary School Emergency Relief Fund II	Oregon Department of Education	3/13/2020	11/14/2023	84.425	65019	1,442,443	167,967	-	
Total Education Stabilization Fund*						1,800,310	231,840	-	
TOTAL U.S. DEPARTMENT OF EDUCATION						9,142,099	3,240,944	1,054,849	
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES									
Child Care									
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	Oregon Department of Education	10/1/2019	6/30/2021	93.596	56970	189,702	189,702	-	
Child Care and Development Block Grant	Oregon Department of Education	3/1/2019	9/30/2020	93.575	52407	384,744	61,668	-	
Child Care and Development Block Grant	Oregon Department of Education	10/1/2019	6/30/2021	93.575	54241	169,958	169,958	-	
Total Child Care and Development Block Grant						554,703	231,626	-	
	Oregon Department of Administrative Services								
Surplus Property Utilization		7/1/2020	6/30/2021	93.291	N/A	1,094	1,094	-	
TOTAL U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES						745,499	422,422	1,054,849	
U.S. DEPARTMENT OF LABOR, EMPLOYMENT & TRAINING ADMINISTRATION									
WIOA Youth Activities	Oregon Department of Community Colleges and Workforce Development	7/1/2020	6/30/2021	17.259	20-21	540,213	362,667	-	
TOTAL U.S. DEPARTMENT OF LABOR, EMPLOYMENT & TRAINING ADMINISTRATION						540,213	362,667	-	
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT									
Youth Homelessness Demonstration Program	Workforce Investment Council of Clackamas County	7/1/2020	6/30/2021	14.276	20-21	43,000	22,123	-	
TOTAL U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT						43,000	22,123	-	
TOTAL FEDERAL EXPENDITURES OR AMOUNTS PASSED THROUGH TO SUB-RECIPIENTS							\$ 4,048,155	\$ 1,054,849	

* Covid-19 Funding



PAULY, ROGERS AND CO., P.C.
12700 SW 72nd Ave. ♦ Tigard, OR 97223
(503) 620-2632 ♦ (503) 684-7523 FAX
www.paulyrogersandcocpas.com

December 9, 2021

To the Board of Directors
Clackamas Education Service District

Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With *Government Auditing Standards*

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, business-type activities, each major fund and the aggregate remaining fund information of Clackamas Education Service District as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the basic financial statements, and have issued our report thereon dated December 9, 2021.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the 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 internal control. Accordingly, we do not express an opinion on the effectiveness of 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 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.

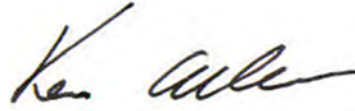
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not 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 financial statements are free from material misstatement, we performed tests of 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 internal control or on compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink, appearing to read "Ken Allen", is positioned above the printed name.

Kenneth Allen, CPA
PAULY, ROGERS AND CO., P.C.



PAULY, ROGERS AND CO., P.C.
12700 SW 72nd Ave. ♦ Tigard, OR 97223
(503) 620-2632 ♦ (503) 684-7523 FAX
www.paulyrogersandcocpas.com

December 9, 2021

To the Board of Directors
Clackamas Education Service District

Independent Auditors' Report on Compliance with Requirements Applicable to Each Major Program and on Internal Control over Compliance Required by the Uniform Guidance

Report on Compliance for Each Major Federal Program

We have audited Clackamas Education Service 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 major federal programs for the year ended June 30, 2021. The 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.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of the 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 the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about 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 compliance.

Opinion on Each Major Federal Program

In our opinion, Clackamas Education Service District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2021.

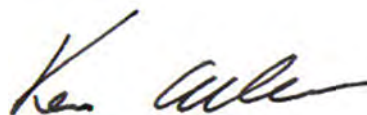
Report on Internal Control Over Compliance

Management 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 internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. 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 the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

A handwritten signature in dark ink, appearing to read "Ken Allen", is positioned above the printed name.

Kenneth Allen, CPA
PAULY, ROGERS AND CO., P.C.

CLACKAMAS EDUCATION SERVICE DISTRICT

SCHEDULE OF PRIOR AND CURRENT YEAR AUDIT FINDINGS AND QUESTIONED COSTS
RELATIVE TO FEDERAL AWARDS AND NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL
AWARDS

For the Year Ended June 30, 2021

SECTION I – SUMMARY OF AUDITORS’ RESULTS

FINANCIAL STATEMENTS

Type of auditors’ report issued Unmodified

Internal control over financial reporting:

Material weakness(es) identified? ☐ yes ☒ no

Significant deficiency(s) identified that are not considered to be material weaknesses? ☐ yes ☒ none reported

Noncompliance material to financial statements noted? ☐ yes ☒ no

Any GAGAS audit findings disclosed that are required to be reported in accordance with the Uniform Guidance? ☐ yes ☒ no

FEDERAL AWARDS

Internal control over major programs:

Material weakness(es) identified? ☐ yes ☒ no

Significant deficiency(s) identified that are not considered to be material weaknesses? ☐ yes ☒ none reported

Type of auditors’ report issued on compliance for major programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with the Uniform Guidance? ☐ yes ☒ no

IDENTIFICATION OF MAJOR PROGRAMS

<u>CFDA NUMBER</u>	<u>NAME OF FEDERAL PROGRAM CLUSTER</u>
84.011	Migrant Education – State Grant Program
84.048	Career and Technical Education – Basic Grants to States
84.425	Education Stabilization Fund

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

Auditee qualified as low-risk auditee? Yes

CLACKAMAS EDUCATION SERVICE DISTRICT

SCHEDULE OF PRIOR AND CURRENT YEAR AUDIT FINDINGS AND QUESTIONED COSTS
RELATIVE TO FEDERAL AWARDS AND NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL
AWARDS

For the Year Ended June 30, 2021

SECTION II – FINANCIAL STATEMENT FINDINGS

None

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONS COSTS:

None

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

1. Basis of Presentation:

The accompanying schedule of expenditures of federal awards includes federal grant activity under programs of the federal government. The information in this schedule is presented in accordance with 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). Because the schedule presents only a selected portion of the operations, it is not intended to and does not present the net position, changes in net position, or cash flows of the entity.

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 the Uniform Guidance, wherein certain types of expenditures are not allowed or are limited as to reimbursement. Negative amounts shown on the schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years. The entity has not elected to use the ten percent de minimis indirect cost rate as allowed under Uniform Guidance, due to the fact that it already has a negotiated indirect cost rate with Oregon Department of Education, and thus is not allowed to use the de minimis rate.

CLACKAMAS EDUCATION SERVICE DISTRICT
CLACKAMAS COUNTY, OREGON

OTHER INFORMATION

CLACKAMAS EDUCATION SERVICE DISTRICT

**SUPPLEMENTAL INFORMATION
As Required by The Oregon Department of Education
For the Year Ended June 30, 2021**

A. Energy bills for heating - all funds:				<u>Objects 325, 326 & 327</u>
			Function 2540	\$ 72,080
			Function 2550	\$ -
B. Replacement of equipment - General Fund:				
Include all General Fund expenditures in Object 542, except for the following exclusions:				<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
2020-21 REVENUE SUMMARY BY FUNCTION**

Revenue from Local Sources	General	Special	Debt Service
1111 Current Taxes	17,972,031	-	-
1112 Prior Taxes	252,439	-	-
1114 Payments in Lieu of Property Taxes	1,765	-	-
1190 Interest on Delinquent Taxes	47,141	-	-
1312 Tuition	-	3,743,426	-
1314 Flow Through Funds General Fund	1,070,126	-	-
1410 School Day Transportation	-	-	6,408
1510 Earnings on Investments	84,278	-	-
1910 Building Rentals	-	-	-
1920 Local Grants	-	29,050	-
1940 Services Provided LEA's	2,890	826,351	-
1960 Recovery of Prior Year Expenditures	30,799	(60)	-
1970 Services Provided Other Funds	-	-	1,861,099
1980 Grant Fees	1,052,284	-	-
1990 Miscellaneous	4,892	166,032	-
Total Revenue from Local Sources	\$ 20,518,645	\$ 4,764,799	\$ 1,867,507
Revenue from Intermediate Sources	General	Special	Debt Service
2190 HERT Tax Revenue	10,696	-	-
Total Revenue from Intermediate Sources	\$ 10,696	\$ -	\$ -
Revenue from State Sources	General	Special	Debt Service
3101 State School Fund - General Support	11,293,615	-	-
3207 Special Projects	-	3,073,032	-
3299 Other Restricted Grants-in-Aid	-	17,313,772	-
Total Revenue from State Sources	\$ 11,293,615	\$ 20,386,804	\$ -
Revenue from Federal Sources	General	Special	Debt Service
4500 Restricted Federal Revenue Through State	-	3,445,499	-
4700 Other Federal Grants-in-Aid	-	806,117	-
4202 Medicaid Reimbursement	-	-	-
4900 Federal Surplus Property	-	-	-
Total Revenue from Federal Sources	\$ -	\$ 4,251,616	\$ -
Revenue from Other Sources	General	Special	Debt Service
5150 Loan Receipts	-	-	-
5400 Resources - Beginning Fund Balance	8,786,055	2,457,565	527,150
Total Revenue from Other Sources	\$ 8,786,055	\$ 2,457,565	\$ 527,150
Grand Totals	\$ 40,609,011	\$ 31,860,784	\$ 2,394,657

**CLACKAMAS EDUCATION SERVICE DISTRICT
2020-21 REVENUE SUMMARY BY FUNCTION**

Capital Projects	Enterprise	Internal Service	Fiduciary
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	523,470	-
-	-	-	216
-	1,344,762	54,631	-
-	-	-	-
-	39,236	320,836	-
-	-	-	-
-	58,657	35,672	-
\$ -	\$ 1,442,655	\$ 934,609	\$ 216

Capital Projects	Enterprise	Internal Service	Fiduciary
-	-	-	-
\$ -	\$ -	\$ -	\$ -

Capital Projects	Enterprise	Internal Service	Fiduciary
-	-	-	-
-	-	-	-
-	-	-	-
\$ -	\$ -	\$ -	\$ -

Capital Projects	Enterprise	Internal Service	Fiduciary
-	-	-	-
-	-	-	-
-	304,129	-	-
-	-	1,094	-
\$ -	\$ 304,129	\$ 1,094	\$ -

Capital Projects	Enterprise	Internal Service	Fiduciary
4,713,000	-	-	-
337,880	1,697,020	962,628	168,818
\$ 5,050,880	\$ 1,697,020	\$ 962,628	\$ 168,818

\$ 5,050,880	\$ 3,443,804	\$ 1,898,331	\$ 169,034
--------------	--------------	--------------	------------

**CLACKAMAS EDUCATION SERVICE DISTRICT
2020-21 EXPENDITURES BY FUNCTION/OBJECT**

General Fund

Instruction Expenditures

1220 Special Ed Programs

Total Instruction Expenditures

Totals	Object 100	Object 200	Object 300	Object 400	Object 500	Object 600	Object 700
6,355,959	3,100,947	2,240,817	879,108	135,080	-	8	-
\$ 6,355,959	\$ 3,100,947	\$ 2,240,817	\$ 879,108	\$ 135,080	\$ -	\$ 8	\$ -

Support Services Expenditures

2110 Attendance and Social Work Services

2140 Psychological Services

2210 Improvement of Instruction Services

2310 Board of Education Services

2320 Executive Administration Services

2520 Fiscal Services

2570 Internal Services

2630 Information Services

2640 Staff Services

2660 Technology Services

2690 Other Support Services - Central

2700 Supplemental Retirement Program

Total Support Services Expenditures

Totals	Object 100	Object 200	Object 300	Object 400	Object 500	Object 600	Object 700
11,952	5,106	4,421	2,425	-	-	-	-
725,700	420,062	275,822	8,172	21,644	-	-	-
1,024,013	477,900	255,850	277,956	10,454	-	1,853	-
131,085	-	-	120,110	3,962	-	7,013	-
493,237	268,950	156,300	37,381	5,857	-	24,750	-
847,549	439,038	244,876	107,205	14,054	-	42,375	-
40,475	17,903	8,515	12,342	1,715	-	-	-
325,711	187,836	81,829	54,325	1,722	-	-	-
674,196	390,451	218,027	51,653	11,880	-	2,185	-
3,603,661	1,320,591	759,619	505,959	981,596	-	35,895	-
154,070	-	-	154,070	-	-	-	-
106,414	31,900	74,514	-	-	-	-	-
\$ 8,138,062	\$ 3,559,738	\$ 2,079,772	\$ 1,331,597	\$ 1,052,885	\$ -	\$ 114,071	\$ -

Other Uses Expenditures

5100 Debt Service

5300 Transits to Districts

Total Other Uses Expenditures

Totals	Object 100	Object 200	Object 300	Object 400	Object 500	Object 600	Object 700
782,350	-	-	-	-	-	782,350	-
11,661,249	-	-	-	-	-	-	11,661,249
\$ 12,443,599	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 782,350	\$ 11,661,249

Grand Total

\$ 26,937,620	\$ 6,660,684	\$ 4,320,589	\$ 2,210,705	\$ 1,187,964	\$ -	\$ 896,428	\$ 11,661,249
---------------	--------------	--------------	--------------	--------------	------	------------	---------------

**CLACKAMAS EDUCATION SERVICE DISTRICT
2020-21 EXPENDITURES BY FUNCTION/OBJECT**

Special Revenue Fund

Instruction Expenditures

1140 Pre-kindergarten Programs
1220 Restrictive Programs for Students with Disabilities
1260 Early Intervention
1290 Migrant and Youth Programs

Total Instruction Expenditures

Totals	Object 100	Object 200	Object 300	Object 400	Object 500	Object 600	Object 700
3,053,398	1,024,976	737,951	982,174	131,426	19,436	157,437	-
4,167,304	1,902,790	1,367,753	777,364	118,057	-	1,340	-
13,631,649	7,260,491	4,619,339	786,460	251,475	-	713,884	-
274,915	169,124	91,853	2,688	11,250	-	-	-
\$ 21,127,267	\$ 10,357,381	\$ 6,816,896	\$ 2,548,686	\$ 512,208	\$ 19,436	\$ 872,660	\$ -

Support Services Expenditures

2110 Attendance and Social Work Services
2120 Guidance Services
2140 Psychological Services
2190 Service Direction, Student Support Services
2210 Improvement of Instruction Services
2520 Fiscal Services
2540 Operation and Maintenance of Plant Services
Planning, R&D, Evaluation, Grant Writing and
2620 Statistical Services
2630 Information Services
2640 Staff Services
2660 Technology Services
2690 Other Support Services Central

Total Support Services Expenditures

Totals	Object 100	Object 200	Object 300	Object 400	Object 500	Object 600	Object 700
313,254	185,575	116,090	54	285	-	11,250	-
148,643	92,560	53,014	806	285	-	1,978	-
50	-	-	50	-	-	-	-
216,447	113,939	56,534	18,141	3,208	-	24,625	-
2,028,227	762,605	387,260	654,887	124,355	-	99,120	-
26,691	-	-	23,045	3,646	-	-	-
336,483	111,624	35,337	36,853	141,148	-	11,520	-
548,826	266,782	138,571	108,899	15,946	-	18,628	-
73	-	-	-	73	-	-	-
192,441	5,725	1,541	121,676	54,064	-	9,435	-
404,015	143,195	64,698	-	196,122	-	-	-
60,000	-	-	60,000	-	-	-	-
\$ 4,275,148	\$ 1,682,004	\$ 853,045	\$ 1,024,412	\$ 539,131	\$ -	\$ 176,557	\$ -

Enterprise and Community Services Expenditures

3500 Custody and Care of Children Services

Total Enterprise and Community Services Expenditures

Totals	Object 100	Object 200	Object 300	Object 400	Object 500	Object 600	Object 700
465,738	242,556	153,780	37,434	6,500	-	25,468	-
\$ 465,738	\$ 242,556	\$ 153,780	\$ 37,434	\$ 6,500	\$ -	\$ 25,468	\$ -

Facilities Acquisition and Construction Expenditures

4150 Building, Acquisition and Construction

Total Facilities Acquisition and Construction Expenditures

Totals	Object 100	Object 200	Object 300	Object 400	Object 500	Object 600	Object 700
1,400,000	-	-	-	-	1,400,000	-	-
\$ 1,400,000	\$ -	\$ -	\$ -	\$ -	\$ 1,400,000	\$ -	\$ -

Other Uses Expenditures

5300 Apportionment of Funds by ESD

Total Other Uses Expenditures

Totals	Object 100	Object 200	Object 300	Object 400	Object 500	Object 600	Object 700
2,292,394	-	-	-	-	-	-	2,292,394
\$ 2,292,394	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,292,394

Grand Total

\$ 29,560,547	\$ 12,281,942	\$ 7,823,721	\$ 3,610,532	\$ 1,057,838	\$ 1,419,436	\$ 1,074,685	\$ 2,292,394
---------------	---------------	--------------	--------------	--------------	--------------	--------------	--------------

**CLACKAMAS EDUCATION SERVICE DISTRICT
2020-21 EXPENDITURES BY FUNCTION/OBJECT**

Debt Service Fund

Other Uses Expenditures

5100 Debt Service

Totals	Object 100	Object 200	Object 300	Object 400	Object 500	Object 600	Object 700
1,715,128	-	-	-	-	-	1,715,128	-
\$ 1,715,128	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,715,128	\$ -
\$ 1,715,128	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,715,128	\$ -

Total Other Uses Expenditures

Grand Total

**CLACKAMAS EDUCATION SERVICE DISTRICT
2020-21 EXPENDITURES BY FUNCTION/OBJECT**

Capital Projects Fund

Facilities Acquisition and Construction Expenditures

4150 Building, Acquisition and Construction

Totals	Object 100	Object 200	Object 300	Object 400	Object 500	Object 600	Object 700
3,531,290	-	-	15,513	-	3,450,000	65,777	-

**Total Facilities Acquisition and Construction
Expenditures**

\$ 3,531,290 \$ - \$ - \$ 15,513 \$ - \$ 3,450,000 \$ 65,777 \$ -

Grand Total

\$ 3,531,290	\$ -	\$ -	\$ 15,513	\$ -	\$ 3,450,000	\$ 65,777	\$ -
--------------	-----------------	-----------------	-----------	-----------------	--------------	-----------	-----------------

**CLACKAMAS EDUCATION SERVICE DISTRICT
2020-21 EXPENDITURES BY FUNCTION/OBJECT**

Enterprise Fund

Instruction Expenditures

1220 Restrictive Programs for Students with Disabilities

Total Instruction Expenditures

Totals	Object 100	Object 200	Object 300	Object 400	Object 500	Object 600	Object 700
495	-	-	-	-	-	495	-

\$ 495 \$ - \$ - \$ - \$ - \$ - \$ 495 \$ -

Support Services Expenditures

2210 Improvement of Instruction Services

2220 Educational Media Services

2570 Internal Services

2660 Technology Services

Total Support Services Expenditures

Totals	Object 100	Object 200	Object 300	Object 400	Object 500	Object 600	Object 700
192	-	-	-	-	-	192	-
205,378	72,350	37,139	15,000	80,888	-	-	-
343,731	112,044	85,880	86,812	58,995	-	-	-
883,186	47,458	33,457	416,079	383,192	-	3,000	-

\$1,432,487 \$ 231,852 \$ 156,477 \$ 517,891 \$ 523,076 \$ - \$ 3,192 \$ -

Other Uses Expenditures

5300 Apportionment of Funds by ESD

Total Other Uses Expenditures

Totals	Object 100	Object 200	Object 300	Object 400	Object 500	Object 600	Object 700
276,928	-	-	-	-	-	-	276,928

\$ 276,928 \$ - \$ - \$ - \$ - \$ - \$ - \$ 276,928

Grand Total

\$1,709,910	\$ 231,852	\$ 156,477	\$ 517,891	\$ 523,076	\$ -	\$ 3,687	\$ 276,928
-------------	------------	------------	------------	------------	------	----------	------------

**CLACKAMAS EDUCATION SERVICE DISTRICT
2020-21 EXPENDITURES BY FUNCTION/OBJECT**

Internal Service Fund

Support Services Expenditures

2520 Fiscal Services
2540 Operation and Maintenance of Plant Services
2660 Technology Serevices

Total Support Services Expenditures

Grand Total

Totals	Object 100	Object 200	Object 300	Object 400	Object 500	Object 600	Object 700
48,537	-	-	8,278	-		40,260	-
726,602	88,464	73,045	360,400	52,390	-	152,303	-
355,508	73,193	34,400	133,370	114,529	-	17	-
\$1,130,648	\$ 161,657	\$ 107,445	\$ 502,048	\$ 166,919	\$ -	\$ 192,579	\$ -
\$1,130,648	\$ 161,657	\$ 107,445	\$ 502,048	\$ 166,919	\$ -	\$ 192,579	\$ -

**CLACKAMAS EDUCATION SERVICE DISTRICT
2020-21 EXPENDITURES BY FUNCTION/OBJECT**

Fiduciary Fund

Support Services Expenditures

2320 Executive Administrative Services

Total Support Services Expenditures

Grand Total

Totals	Object 100	Object 200	Object 300	Object 400	Object 500	Object 600	Object 700
4,397	-	-	364	4,033	-	-	-
\$ 4,397	\$ -	\$ -	\$ 364	\$ 4,033	\$ -	\$ -	\$ -
\$ 4,397	\$ -	\$ -	\$ 364	\$ 4,033	\$ -	\$ -	\$ -