

**CLACKAMAS EDUCATION SERVICE DISTRICT  
CLACKAMAS COUNTY, OREGON**

**FINANCIAL REPORT**

**FOR THE YEAR ENDED JUNE 30, 2024**



**12700 SW 72<sup>nd</sup> Ave.  
Tigard, OR 97223**

CLACKAMAS EDUCATION SERVICE DISTRICT

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**CLACKAMAS EDUCATION SERVICE DISTRICT**  
Clackamas County, Oregon

PRINCIPAL OFFICIALS

| <u>BOARD OF DIRECTORS</u> | <u>TERM EXPIRES</u> |
|---------------------------|---------------------|
| Greg McKenzie, Chair      | June 30, 2025       |
| Linda Brown, Vice Chair   | June 30, 2027       |
| Wade Byers                | June 30, 2025       |
| Nadene Duffield           | June 30, 2025       |
| Jon Eyman                 | June 30, 2025       |
| Susan Trone               | June 30, 2027       |
| Len Mills                 | June 30, 2027       |

ADMINISTRATION

Larry Didway, Superintendent  
Carey Pinto, Chief Financial Officer

The Board members receive mail at the following address:

Clackamas ESD  
13455 SE 97<sup>th</sup> Ave  
Clackamas, OR 97015



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

December 18, 2024

INDEPENDENT AUDITORS' REPORT

To the Board of Directors  
Clackamas Education Service District  
Clackamas County, Oregon

**Report on the Audit of the Financial Statements**

**Opinions**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Clackamas Education Service District, as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Clackamas Education Service District, as of June 30, 2024, 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.

**Basis for Opinions**

We conducted our audit 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. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Clackamas Education Service District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

**Responsibilities of Management for the Financial Statements**

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

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

## **Auditors' Responsibilities for the Audit of the Financial Statements**

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

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

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

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

## **Required Supplementary Information**

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, and pension and opeb schedules be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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 information presented as required supplementary information, is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

## **Supplementary Information**

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The supplementary information, as listed in the table of contents, and the schedule of expenditures of federal awards, 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, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The supplementary information, as listed in the table of contents, is the

responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information, as listed in the table of contents, and the schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

### **Other Information**

Management is responsible for the other information included in the annual report. The other information comprises the listing of board members containing their term expiration dates, located before the table of contents, but does not include the basic financial statements and our auditors' report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

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

### **Report on Other Legal and Regulatory Requirements**

In accordance with *Government Auditing Standards*, we have also issued our report dated December 18, 2024 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 the effectiveness of the 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 18, 2024, 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.



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, 2024

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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, 2024. 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, 2024, 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, 2023, based on projected funding of \$10.2 billion for the biennium statewide for K-12 education with allocations of 49.00% for 2023-24 and 51.00% for 24-25.

ESDs are included in the distribution formula for \$10.2 billion (for the 2023-25 biennium) at the 4.50% rate. For 2023-24, the District continued 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, 2024, the District's total assets increased by \$10,200,746, total deferred outflows increased by \$149,794, total liabilities increased by \$11,504,555, and total deferred inflows decreased by \$4,466,462. The net impact was an increase in total net position of \$3,312,447.
- The net position includes \$6,613,116 invested in capital assets, net of related debt; \$13,456,880 was restricted for local districts, grant or donor contract obligations and Oregon PERS. 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, 2024, the District's governmental funds reported a combined ending fund balance of \$23.3 million, an increase of \$2.6 million compared to the prior year. Approximately 80% of this total amount, \$16,115,010 is available for general fund programs during the 2024-25 fiscal year.
- As of June 30, 2024, the unassigned fund balance for the General Fund was \$5,918,591 or approximately 27.2 of the General Fund expenditures totaling \$21,778,034.
- The District's debt service fund balance increased by \$295,495 during 2023-24. 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 like a private-sector business.

- The *statement of net position* presents information on all 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, 2024

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- 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, 2024

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**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 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 \$5.5 (less pension plan and OPEB deferred inflows and outflows) as of June 30, 2024.

Current and other assets consist mainly of investments, cash, and receivables, e.g., grants and property taxes, and represent \$39,690,608 or 63.7% of total assets. The remaining assets and capital assets, which consist of the District's land, buildings, building improvements, vehicles, and equipment, representing \$22,667,209 or 36.3% of total assets.

Current liabilities consisting of funds due to other funds and other governmental agencies, accrued payroll, taxes and withholdings, accounts payable and unearned revenue as of June 30, 2024, represent \$11,306,970 or 16.6% of total liabilities. The remaining liabilities are discussed in Note 8 through Note 11 to the Financial Statements and represent \$56,609,269 or 83.4% of total liabilities.

CLACKAMAS EDUCATION SERVICE DISTRICT  
CLACKAMAS COUNTY, OREGON

MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)  
For the Year Ended June 30, 2024

A summary of the District net position as of June 30, 2024, compared to June 30, 2023, is presented below.

| <b>Changes in Net Position</b>              |                                |                    |                                 |                  |                                 |                    |                               |
|---|--------------------------------|--------------------|---------------------------------|------------------|---------------------------------|--------------------|-------------------------------|
| <b>For the Fiscal Years Ending June 30</b>  |                                |                    |                                 |                  |                                 |                    |                               |
|   | <u>Governmental Activities</u> |                    | <u>Business-Type Activities</u> |                  | <u>Total Primary Government</u> |                    | <u>Increase/<br/>Decrease</u> |
|   | <u>2024</u>                    | <u>2023</u>        | <u>2024</u>                     | <u>2023</u>      | <u>2024</u>                     | <u>2023</u>        |                               |
| <b>Assets</b>                               |                                |                    |                                 |                  |                                 |                    |                               |
| Current assets                              | 35,252,794                     | 32,778,514         | 3,763,540                       | 2,712,007        | 39,016,334                      | 35,490,521         | 3,525,813                     |
| Noncurrent assets                           | 22,964,722                     | 16,048,485         | 377,061                         | 618,365          | 23,341,783                      | 16,666,850         | 6,674,933                     |
| <b>Total assets</b>                         | <u>58,217,516</u>              | <u>48,826,999</u>  | <u>4,140,601</u>                | <u>3,330,372</u> | <u>62,358,117</u>               | <u>52,157,371</u>  | <u>10,200,746</u>             |
| <b>Deferred Outflows of Resources</b>       |                                |                    |                                 |                  |                                 |                    |                               |
| OPEBs                                       | 619,265                        | 366,754            | 25,803                          | 15,284           | 645,068                         | 382,038            | 263,030                       |
| Pension Plan                                | 8,719,242                      | 8,828,866          | 283,864                         | 287,476          | 9,003,106                       | 9,116,342          | (113,236)                     |
| <b>Total deferred outflows of resources</b> | <u>9,338,507</u>               | <u>9,195,620</u>   | <u>309,667</u>                  | <u>302,760</u>   | <u>9,648,174</u>                | <u>9,498,380</u>   | <u>149,794</u>                |
| <b>Liabilities</b>                          |                                |                    |                                 |                  |                                 |                    |                               |
| Current liabilities                         | 11,250,154                     | 11,043,175         | 56,816                          | 352,809          | 11,306,970                      | 11,395,984         | (89,014)                      |
| Noncurrent liabilities                      | 55,418,298                     | 43,933,120         | 1,190,971                       | 1,082,580        | 56,609,269                      | 45,015,700         | 11,593,569                    |
| <b>Total liabilities</b>                    | <u>66,668,452</u>              | <u>54,976,295</u>  | <u>1,247,787</u>                | <u>1,435,389</u> | <u>67,916,239</u>               | <u>56,411,684</u>  | <u>11,504,555</u>             |
| <b>Deferred Inflows of Resources</b>        |                                |                    |                                 |                  |                                 |                    |                               |
| OPEBs                                       | 716,592                        | 204,406            | 29,862                          | 8,519            | 746,454                         | 212,925            | 533,529                       |
| Pension Plan                                | 2,587,510                      | 7,430,377          | 85,149                          | 242,273          | 2,672,659                       | 7,672,650          | (4,999,991)                   |
| <b>Total deferred inflows of resources</b>  | <u>3,304,102</u>               | <u>7,634,783</u>   | <u>115,011</u>                  | <u>250,792</u>   | <u>3,419,113</u>                | <u>7,885,575</u>   | <u>(4,466,462)</u>            |
| <b>Net Position</b>                         |                                |                    |                                 |                  |                                 |                    |                               |
| Net investment in capital assets            | 6,462,123                      | 5,819,419          | 150,993                         | 356,527          | 6,613,116                       | 6,175,946          | 437,170                       |
| Net position: restricted                    | 13,429,293                     | 12,859,048         | 27,587                          | -                | 13,456,880                      | 12,859,048         | 597,832                       |
| Net position: unrestricted                  | (22,307,947)                   | (23,266,926)       | 2,908,890                       | 1,590,424        | (19,399,057)                    | (21,676,502)       | 2,277,445                     |
| <b>Total net position</b>                   | <u>(2,416,531)</u>             | <u>(4,588,459)</u> | <u>3,087,470</u>                | <u>1,946,951</u> | <u>670,939</u>                  | <u>(2,641,508)</u> | <u>3,312,447</u>              |

At the end of the fiscal year, the Clackamas Education Service District's net position increased by \$3,312,447. Investment in capital assets increased by \$437,170 due to capital expenditures, payments on related debt, and depreciation. Restricted net position increased by \$597,832 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 increased by \$2,227,445 primarily due an increase in current assets and a decrease in current liabilities.

CLACKAMAS EDUCATION SERVICE DISTRICT  
CLACKAMAS COUNTY, OREGON

MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)  
For the Year Ended June 30, 2024

*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).

A summary of the District's changes in net position for the fiscal year ending June 30, 2024, compared to June 30, 2023, is presented below.

**Statement of Activities  
For the Fiscal Year Ending June 30**

|                                    | Governmental Activities |                | Business-Type Activities |              | Total Primary Government |                | Increase/<br>(Decrease) |
|------------------------------------|-------------------------|----------------|--------------------------|--------------|--------------------------|----------------|-------------------------|
|                                    | 2024                    | 2023           | 2024                     | 2023         | 2024                     | 2023           |                         |
| Revenues                           |                         |                |                          |              |                          |                |                         |
| Program revenues                   |                         |                |                          |              |                          |                |                         |
| Charges for services               | \$ 10,856,903           | \$ 8,656,495   | \$ 5,147,367             | \$ 4,097,424 | \$ 16,004,270            | \$ 12,753,919  | \$ 3,250,351            |
| Operating grants and contributions | 32,222,615              | 65,926,195     | -                        | -            | 32,222,615               | 65,926,195     | (33,703,580)            |
| Total program revenue              | 43,079,518              | 74,582,690     | 5,147,367                | 4,097,424    | 48,226,885               | 78,680,114     | (30,453,229)            |
| General revenue                    |                         |                |                          |              |                          |                |                         |
| Property taxes                     | 20,969,320              | 19,913,560     | -                        | -            | 20,969,320               | 19,913,560     | 1,055,760               |
| State school fund                  | 11,909,341              | 11,193,689     | -                        | -            | 11,909,341               | 11,193,689     | 715,652                 |
| Investment earnings                | 938,570                 | 930,387        | -                        | -            | 938,570                  | 930,387        | 8,183                   |
| Miscellaneous                      | 390,236                 | 250,155        | (105,800)                | -            | 284,436                  | 250,155        | 34,281                  |
| Total general revenue              | 34,207,467              | 32,287,791     | (105,800)                | -            | 34,101,667               | 32,287,791     | 1,813,876               |
| Total revenue                      | 77,286,985              | 106,870,481    | 5,041,567                | 4,097,424    | 82,328,552               | 110,967,905    | (28,639,353)            |
| Expenses                           |                         |                |                          |              |                          |                |                         |
| Instruction                        | 40,622,801              | 35,763,830     | 763                      | 763          | 40,623,564               | 35,764,593     | 4,858,971               |
| Support services                   | 15,914,267              | 16,066,918     | 3,211,095                | 2,750,732    | 19,125,362               | 18,817,650     | 307,712                 |
| Enterprise and community services  | 1,120,604               | 1,038,010      | -                        | 509,729      | 1,120,604                | 1,547,739      | (427,135)               |
| Other uses                         | 16,426,830              | 48,249,767     | 538,958                  | -            | 16,965,788               | 48,249,767     | (31,283,979)            |
| Depreciation                       | -                       | -              | 144,097                  | 203,449      | 144,097                  | 203,449        | (59,352)                |
| Interest on long-term debt         | 1,030,555               | 734,662        | 6,135                    | 5,148        | 1,036,690                | 739,810        | 296,880                 |
| Total expenses                     | 75,115,057              | 101,853,187    | 3,901,048                | 3,469,821    | 79,016,105               | 105,323,008    | (26,306,903)            |
| Change in net position             | 2,171,928               | 5,017,294      | 1,140,519                | 627,603      | 3,312,447                | 5,644,897      | 2,332,450               |
| Net position - beginning           | (4,588,459)             | (9,605,753)    | 1,946,951                | 1,319,348    | (2,641,508)              | (8,286,405)    | (5,644,897)             |
| Net position - ending              | \$ (2,416,531)          | \$ (4,588,459) | \$ 3,087,470             | \$ 1,946,951 | \$ 670,939               | \$ (2,641,508) | \$ (3,312,447)          |

Total program revenues for the 2023-24 fiscal year represented 55.8% of total revenues, a decrease compared to the prior year. The main reason was a significant decrease in grants in contributions, primarily related to Covid stimulus funding and funding from the State of Oregon's summer education program. Operating grant decreased

CLACKAMAS EDUCATION SERVICE DISTRICT  
CLACKAMAS COUNTY, OREGON

MANAGEMENT’S DISCUSSION AND ANALYSIS (Continued)  
For the Year Ended June 30, 2024

substantially compared to the prior year. Overall, total revenues decreased by \$29,639,353.

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.

**Total and Net Cost of Governmental Activities  
For the Fiscal Year Ending June 30, 2024**

|                                   | Total Cost of<br>Services and<br>Grants | Net Cost of<br>Services | % Funded by<br>General<br>Revenues |
|-----------------------------------|---|-------------------------|------------------------------------|
|                                   | 2024                                    | 2024                    |                                    |
| Instructional programs            | \$ 40,622,801                           | \$ 11,487,237           | 28.3%                              |
| Support services                  | 15,914,267                              | 3,427,597               | 21.5%                              |
| Enterprise and community services | 1,120,604                               | 1,120,604               | 100.0%                             |
| Other uses                        | 16,426,830                              | 14,969,546              | 91.1%                              |
| Interest on long-term debt        | 1,030,555                               | 1,030,555               | 100.0%                             |
| <b>Total</b>                      | <b>\$ 75,115,057</b>                    | <b>\$ 32,035,539</b>    | <b>42.6%</b>                       |

**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 28.2% 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 2023-24 fiscal year, the District’s governmental funds reported combined ending fund balances of \$23,298,533.

The amount includes \$10,194,389 for local districts; \$2,573,479 restricted for local, state, and federal grant and

CLACKAMAS EDUCATION SERVICE DISTRICT  
CLACKAMAS COUNTY, OREGON

MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)  
For the Year Ended June 30, 2024

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contract purposes; \$2,795,577 restricted for capital projects; \$1,814,467 assigned for debt service principal and interest payments; \$2,030 designated as nonspendable for prepaid items, leaving the remaining balance of \$5,918,591 as *unassigned fund balance* to support and enhance services provided to local school districts for the 2023-24 fiscal year.

The general fund is the primary operating fund of the District. As of June 30, 2024, the combined fund balance was \$16,115,010 compared to \$16,626,887 at the beginning of the fiscal year, July 1, 2023. Total revenue increased primarily due to increases in property taxes along with an increase in the earnings from investments. However, this was offset by increases in staffing costs in all employment classifications.

The special revenue fund balance increased from \$2,023,057, to \$2,580,956 as additional grant funds were received.

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 \$1,814,467. 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. This fund is used to make debt payments including servicing PERS debt.

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 \$2,795,577 up from \$516,157. In 23-24, this fund was used for expenditures related to the remodeling at the Early Learning North Campus known now as the Clackamas Early Learning Center.

### **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, 2024, reflect the originally adopted appropriations with one budget amendment. There were approved board appropriation transfers (May 2024) in both the General and Enterprise Funds. Actual expenditures did not exceed adjusted appropriation amounts.

### **Capital Assets**

As of June 30, 2024, the District had invested \$22,465,059 in capital assets, net of depreciation. The District's investment in capital assets includes land, buildings, improvements, vehicles, and equipment. Activity in capital assets for the year can be found in Note 5 of the financial statements. In addition, GASB 96 came into effect which the requirement that subscriptions (SBITAs) be shown as an intangible asset on the financial statements. This increased the capital assets by \$202,150 in 23-24.

During the fiscal year, the District's investments in capital assets increased by \$437,170. A remodeling project began at the Early Learning North Campus which is slated to open in Fall 2024. Construction in Progress increased from \$917,754 to 7,939,258 due to the expenditures at this site.

### **Debt**

At the end of the 2023-24 fiscal year, the District had total debt of \$25,808,331 as discussed in Note 8, Long-Term

CLACKAMAS EDUCATION SERVICE DISTRICT  
CLACKAMAS COUNTY, OREGON

MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)  
For the Year Ended June 30, 2024

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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. The District paid principal on the PERS bonds in the amount totaling \$1,540,000 in 23-24. The total balance of this debt was \$7,157,720 as of June 30, 2024.

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. During the 2016-17 fiscal year, the District refinanced this debt without extending the original term. During the 23-24 fiscal year, the District paid \$355,000 in principal leaving a balance of \$5,365,000 at 6-30-2024. In the 2019-20 fiscal year, the District financed \$1,000,000 for improvements to the Sunnybrook facility. During 2023-24 fiscal year, \$210,126 in principal was paid on the loan and the outstanding balance on June 30, 2024, was \$107,999. 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. During 2023-24 fiscal year, \$231,377 in principal was paid and the loan balance as of June 30, 2024, was \$4,020,964. In 23-24, the District issued a Full Faith & Credit Obligation for construction items across the agency. The interest rate varies from 4.00% to 5.00% and it is scheduled to be paid off in June 2053. The amount of the issuance was \$8,945,000 in principal.

The amount of principal paid on direct borrowing in 23-24 was \$796,503.

Other obligations include accrued vested compensated absences and early retirement obligations.

### **Economic Factors and Next Year's Budget**

Currently, the Oregon unemployment rate is at 4.1%, slightly lower than the U.S. rate of 4.2%, both were slightly higher from last year. It should be noted that these rates are only one economic factor to consider when assessing the overall health of the economy. The Oregon Revenue Forecast (November 2024) was strong with revenues exceeding expectations.

The State School Fund, for the 23-25 biennium has been established with a funding source of \$10.2 billion. In addition, funding was provided for various carve-out programs. 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 2023-24 was no exception. However, the labor market has continued to be tight. This resulted in increased salaries along with the accompanying associated payroll costs. Expenditures exceeded revenue by approximately \$511K in 2023-24 causing a decrease in ending fund balance to \$16,115,010. Despite a modest decrease in ending fund balance, the District continues to be in a strong financial position.

### **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 97<sup>th</sup> 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, 2024

|  | GOVERNMENTAL<br>ACTIVITIES | BUSINESS TYPE<br>ACTIVITIES | TOTAL                |
|--|----------------------------|-----------------------------|----------------------|
| <b>ASSETS:</b>                                       |                            |                             |                      |
| Cash and Investments                                 | \$ 18,327,777              | \$ 2,987,560                | \$ 21,315,337        |
| Property Taxes Receivable                            | 662,985                    | -                           | 662,985              |
| Other Receivables                                    | 16,260,002                 | 775,980                     | 17,035,982           |
| Prepaid Expenses                                     | 2,030                      | -                           | 2,030                |
| Proportionate Share of OPEB Asset, RHIA              | 647,565                    | 27,009                      | 674,574              |
| Capital Assets                                       |                            |                             |                      |
| Subscriptions, net                                   | 8,413                      | 193,737                     | 202,150              |
| Nondepreciable                                       | 10,090,920                 | -                           | 10,090,920           |
| Depreciable, net                                     | 12,217,824                 | 156,315                     | 12,374,139           |
| Total Assets   | <u>58,217,516</u>          | <u>4,140,601</u>            | <u>62,358,117</u>    |
| <b>DEFERRED OUTFLOWS OF RESOURCES:</b>               |                            |                             |                      |
| Pension Deferrals                                    | 8,717,381                  | 283,786                     | 9,001,167            |
| Retiree Health Insurance Subsidy Deferrals (GASB 75) | 613,375                    | 25,557                      | 638,932              |
| Stipend Benefit Deferrals (GASB 73)                  | 1,861                      | 78                          | 1,939                |
| Retiree Health Insurance Account Deferrals (GASB 75) | 5,890                      | 246                         | 6,136                |
| Total Deferred Outflows                              | <u>9,338,507</u>           | <u>309,667</u>              | <u>9,648,174</u>     |
| Total Assets and Deferred Outflows                   | <u>\$ 67,556,023</u>       | <u>\$ 4,450,268</u>         | <u>\$ 72,006,291</u> |
| <b>LIABILITIES:</b>                                  |                            |                             |                      |
| Accounts Payable                                     | \$ 8,710,267               | \$ 56,816                   | \$ 8,767,083         |
| Accrued Payroll and benefits                         | 2,168,468                  | -                           | 2,168,468            |
| Unearned Revenue                                     | 142,284                    | -                           | 142,284              |
| Compensated absences                                 | 174,109                    | -                           | 174,109              |
| Accrued Interest Payable                             | 55,026                     | -                           | 55,026               |
| Noncurrent liabilities:                              |                            |                             |                      |
| Due within one year:                                 |                            |                             |                      |
| Bonds Payable  | 1,733,206                  | -                           | 1,733,206            |
| Full-Faith and Credit Obligations                    | 57,062                     | -                           | 57,062               |
| Direct Borrowing                                     | 717,115                    | -                           | 717,115              |
| Subscriptions Payable                                | -                          | 46,009                      | 46,009               |
| Due in more than one year:                           |                            |                             |                      |
| Bonds Payable  | 5,424,514                  | -                           | 5,424,514            |
| Full-Faith and Credit Obligations                    | 9,099,786                  | -                           | 9,099,786            |
| Direct Borrowing                                     | 8,776,648                  | -                           | 8,776,648            |
| Subscriptions Payable                                | -                          | 153,050                     | 153,050              |
| Proportionate Share of the Net Pension Liability     | 26,538,554                 | 863,938                     | 27,402,492           |
| Single Employer Pension Plan - Stipend Benefit       | 461,132                    | 19,213                      | 480,345              |
| OPEB - Retiree Health Insurance Subsidy              | 2,610,281                  | 108,761                     | 2,719,042            |
| Total Liabilities                                    | <u>66,668,452</u>          | <u>1,247,787</u>            | <u>67,916,239</u>    |
| <b>DEFERRED INFLOWS OF RESOURCES:</b>                |                            |                             |                      |
| Pension Deferrals                                    | 2,487,079                  | 80,965                      | 2,568,044            |
| Retiree Health Insurance Subsidy Deferrals (GASB 75) | 599,515                    | 24,979                      | 624,494              |
| Stipend Benefit Deferrals (GASB 73)                  | 100,431                    | 4,184                       | 104,615              |
| Retiree Health Insurance Account Deferrals (GASB 75) | 117,077                    | 4,883                       | 121,960              |
| Total Deferred Inflows of Resources                  | <u>3,304,102</u>           | <u>115,011</u>              | <u>3,419,113</u>     |
| <b>NET POSITION:</b>                                 |                            |                             |                      |
| Net Investment in Capital Assets                     | 6,462,123                  | 150,993                     | 6,613,116            |
| Restricted for:                                      |                            |                             |                      |
| Local Districts                                      | 10,194,389                 | -                           | 10,194,389           |
| Local, State and Federal Grants and Contracts        | 2,573,479                  | -                           | 2,573,479            |
| Oregon PERS RHIA                                     | 661,425                    | 27,587                      | 689,012              |
| Unrestricted   | (22,307,947)               | 2,908,890                   | (19,399,057)         |
| Total Net Position                                   | <u>(2,416,531)</u>         | <u>3,087,470</u>            | <u>670,939</u>       |
| Total Liabilities, Deferred Inflows and Net Position | <u>\$ 67,556,023</u>       | <u>\$ 4,450,268</u>         | <u>\$ 72,006,291</u> |

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, 2024

| 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                |
| <b>Governmental Activities:</b>             |                      |                      |                                    |   |                          |                      |
| Instruction                                 | \$ 40,622,801        | \$ 7,599,832         | \$ 21,535,732                      | \$ (11,487,237)                                 |                          | \$ 58,271,128        |
| Support services                            | 15,914,267           | 3,257,071            | 9,229,599                          | (3,427,597)                                     |                          | 24,973,340           |
| Enterprise and Community Services           | 1,120,604            | -                    | -                                  | (1,120,604)                                     |                          | -                    |
| Other uses                                  | 16,426,830           | -                    | 1,457,284                          | (14,969,546)                                    |                          | 2,914,568            |
| Interest on long-term debt                  | 1,030,555            | -                    | -                                  | (1,030,555)                                     |                          | -                    |
| <b>Total Governmental activities</b>        | <u>\$ 75,115,057</u> | <u>\$ 10,856,903</u> | <u>\$ 32,222,615</u>               | <u>\$ (32,035,539)</u>                          |                          | <u>\$ 86,159,036</u> |
| <b>Business-Type Activities:</b>            |                      |                      |                                    |   |                          |                      |
| Instruction                                 | \$ 763               | -                    | -                                  | -   | (763)                    | -                    |
| Support services                            | 3,211,095            | 5,147,367            | -                                  | -   | 1,936,272                | 10,294,734           |
| Other uses                                  | 538,958              | -                    | -                                  | -   | (538,958)                | -                    |
| Interest on long-term debt                  | 6,135                | -                    | -                                  | -   | (6,135)                  | -                    |
| Depreciation                                | 144,097              | -                    | -                                  | -   | (144,097)                | -                    |
| <b>Total Business-Type Activities</b>       | <u>3,901,048</u>     | <u>5,147,367</u>     | <u>-</u>                           | <u>-</u>  | <u>1,246,319</u>         | <u>10,294,734</u>    |
| Total Governmental Activities               | <u>\$ 79,016,105</u> | <u>\$ 16,004,270</u> | <u>\$ 32,222,615</u>               | <u>\$ (32,035,539)</u>                          | <u>\$ 1,246,319</u>      | <u>\$ 96,453,770</u> |
| <b>General Revenues</b>                     |                      |                      |                                    |   |                          |                      |
| Taxes:                                      |                      |                      |                                    |   |                          |                      |
| Property Taxes, Levied for General Purposes |                      |                      |                                    | \$ 20,948,630                                   | \$ -                     | \$ 20,948,630        |
| Taxes Passed Through Intermediate Sources   |                      |                      |                                    | 20,690  | -                        | 20,690               |
| State Revenue Sharing                       |                      |                      |                                    | 11,909,341                                      | -                        | 11,909,341           |
| Gain/(Loss) on Disposal of Assets           |                      |                      |                                    |   | (105,800)                | (105,800)            |
| Interest and Investment Earnings            |                      |                      |                                    | 938,570   | -                        | 938,570              |
| Miscellaneous Revenue                       |                      |                      |                                    | 390,236   | -                        | 390,236              |
| <b>Total General Revenues</b>               |                      |                      |                                    | <u>34,207,467</u>                               | <u>(105,800)</u>         | <u>34,101,667</u>    |
| Changes in Net Position                     |                      |                      |                                    | 2,171,928                                       | 1,140,519                | 3,312,447            |
| Net Position - Beginning of Year            |                      |                      |                                    | <u>(4,588,459)</u>                              | <u>1,946,951</u>         | <u>(2,641,508)</u>   |
| Net Position - Ending                       |                      |                      |                                    | <u>\$ (2,416,531)</u>                           | <u>\$ 3,087,470</u>      | <u>\$ 670,939</u>    |

The accompanying notes are an integral part of this statement.

CLACKAMAS EDUCATION SERVICE DISTRICT  
CLACKAMAS COUNTY, OREGON

BALANCE SHEET - GOVERNMENTAL FUNDS  
June 30, 2024

|  | GENERAL              | SPECIAL<br>REVENUE   | DEBT<br>SERVICE     | CAPITAL<br>PROJECTS | TOTALS               |
|--|----------------------|----------------------|---------------------|---------------------|----------------------|
| <b>ASSETS:</b>   |                      |                      |                     |                     |                      |
| Cash and Investments                                     | \$ 17,286,145        | \$ (63)              | \$ 60,081           | \$ 277,840          | \$ 17,624,003        |
| Property Taxes Receivable                                | 662,985              | -                    | -                   | -                   | 662,985              |
| Other Receivables  | 94,070               | 16,165,932           | -                   | -                   | 16,260,002           |
| Due from Other Funds                                     | 7,597,630            | -                    | 1,754,386           | 3,469,865           | 12,821,881           |
| Prepaid Items  | 2,030                | -                    | -                   | -                   | 2,030                |
| Total Assets   | <u>\$ 25,642,860</u> | <u>\$ 16,165,869</u> | <u>\$ 1,814,467</u> | <u>\$ 3,747,705</u> | <u>\$ 47,370,901</u> |
| <b>LIABILITIES:</b>                                      |                      |                      |                     |                     |                      |
| Accounts Payable   | \$ 6,766,860         | \$ 628,025           | \$ -                | \$ 952,128          | \$ 8,347,013         |
| Accrued Payroll, Taxes, and<br>Employee Withholdings     | 2,168,268            | 200                  | -                   | -                   | 2,168,468            |
| Unearned Revenue   | -                    | 142,284              | -                   | -                   | 142,284              |
| Due to Other Funds                                       | -                    | 12,821,881           | -                   | -                   | 12,821,881           |
| Total Liabilities  | <u>8,935,128</u>     | <u>13,592,390</u>    | <u>-</u>            | <u>952,128</u>      | <u>23,479,646</u>    |
| <b>DEFERRED INFLOWS OF RESOURCES:</b>                    |                      |                      |                     |                     |                      |
| Unavailable Revenue - Property Taxes                     | 592,722              | -                    | -                   | -                   | 592,722              |
| Total Deferred Inflows of Resources                      | <u>592,722</u>       | <u>-</u>             | <u>-</u>            | <u>-</u>            | <u>592,722</u>       |
| <b>FUND BALANCES:</b>                                    |                      |                      |                     |                     |                      |
| Nonspendable:  |                      |                      |                     |                     |                      |
| Prepaid Items  | 2,030                | -                    | -                   | -                   | 2,030                |
| Restricted:  |                      |                      |                     |                     |                      |
| For Local Districts                                      | 10,194,389           | -                    | -                   | -                   | 10,194,389           |
| Capital Projects   | -                    | -                    | -                   | 2,795,577           | 2,795,577            |
| Local, State and Federal Grants<br>and Contracts         | -                    | 2,573,479            | -                   | -                   | 2,573,479            |
| Assigned:  |                      |                      |                     |                     |                      |
| Future Debt Service                                      | -                    | -                    | 1,814,467           | -                   | 1,814,467            |
| Unassigned:  | 5,918,591            | -                    | -                   | -                   | 5,918,591            |
| Total Fund Balances (Deficit)                            | <u>16,115,010</u>    | <u>2,573,479</u>     | <u>1,814,467</u>    | <u>2,795,577</u>    | <u>23,298,533</u>    |
| Total Liabilities, Deferred Inflows<br>and Fund Balances | <u>\$ 25,642,860</u> | <u>\$ 16,165,869</u> | <u>\$ 1,814,467</u> | <u>\$ 3,747,705</u> | <u>\$ 47,370,901</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, 2024

|   | GENERAL              | SPECIAL<br>REVENUE  | DEBT<br>SERVICE     | CAPITAL<br>PROJECTS | TOTALS               |
|---|----------------------|---------------------|---------------------|---------------------|----------------------|
| <b>REVENUES:</b>  |                      |                     |                     |                     |                      |
| Local Sources:  |                      |                     |                     |                     |                      |
| Taxes   | \$ 20,853,236        | \$ -                | \$ -                | \$ -                | \$ 20,853,236        |
| Charges for Services                                    | 1,052,172            | 9,804,732           | 2,168,601           | -                   | 13,025,505           |
| Earnings from Investments                               | 883,104              | -                   | 55,466              | -                   | 938,570              |
| Other   | 1,360,312            | 68,085              | -                   | 278,348             | 1,706,745            |
| <b>Total Local Sources</b>                              | <b>24,148,824</b>    | <b>9,872,817</b>    | <b>2,224,067</b>    | <b>278,348</b>      | <b>36,524,056</b>    |
| Intermediate Sources                                    | 20,690               | -                   | -                   | -                   | 20,690               |
| State Sources   | 11,909,341           | 25,529,862          | -                   | -                   | 37,439,203           |
| Federal Sources   | -                    | 6,692,753           | -                   | -                   | 6,692,753            |
| <b>Total Revenues</b>                                   | <b>36,078,855</b>    | <b>42,095,432</b>   | <b>2,224,067</b>    | <b>278,348</b>      | <b>80,676,702</b>    |
| <b>EXPENDITURES:</b>                                    |                      |                     |                     |                     |                      |
| Current:  |                      |                     |                     |                     |                      |
| Instruction   | 11,146,800           | 31,745,283          | -                   | -                   | 42,892,083           |
| Support Services  | 9,162,337            | 7,092,339           | -                   | -                   | 16,254,676           |
| Enterprise and community services                       | -                    | 1,190,895           | -                   | -                   | 1,190,895            |
| Facility acquisition and construction                   | -                    | -                   | -                   | 784,273             | 784,273              |
| Debt Service:   |                      |                     |                     |                     |                      |
| Principal   | 811,919              | -                   | 1,540,000           | -                   | 2,351,919            |
| Interest  | 656,978              | -                   | 388,572             | -                   | 1,045,550            |
| Capital Outlay  | -                    | 59,209              | -                   | 6,237,231           | 6,296,440            |
| <b>Total Expenditures</b>                               | <b>21,778,034</b>    | <b>40,087,726</b>   | <b>1,928,572</b>    | <b>7,021,504</b>    | <b>70,815,836</b>    |
| Revenues over (under) Expenditures                      | 14,300,821           | 2,007,706           | 295,495             | (6,743,156)         | 9,860,866            |
| Other Financing Sources, (uses):                        |                      |                     |                     |                     |                      |
| Debt Proceeds   | -                    | -                   | -                   | 9,179,424           | 9,179,424            |
| Debt Issue Costs  | -                    | -                   | -                   | (156,848)           | (156,848)            |
| Sale of Asstes  | -                    | -                   | -                   | -                   | -                    |
| Payments to Districts                                   | (14,812,698)         | (1,457,284)         | -                   | -                   | (16,269,982)         |
| <b>Total other Financing Sources<br/>Sources (uses)</b> | <b>(14,812,698)</b>  | <b>(1,457,284)</b>  | <b>-</b>            | <b>9,022,576</b>    | <b>(7,247,406)</b>   |
| Net Change in Fund Balance                              | (511,877)            | 550,422             | 295,495             | 2,279,420           | 2,613,460            |
| Fund Balance, Beginning of Year                         | 16,626,887           | 2,023,057           | 1,518,972           | 516,157             | 20,685,073           |
| Fund Balance, End of Year                               | <u>\$ 16,115,010</u> | <u>\$ 2,573,479</u> | <u>\$ 1,814,467</u> | <u>\$ 2,795,577</u> | <u>\$ 23,298,533</u> |

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, 2024

|  |                     |                           |
|--|---------------------|---------------------------|
| Total Fund Balances - Governmental Funds   |                     | 23,298,533                |
| Capital assets used in governmental activities are not financial resources, and therefore are not reported in the funds.   |                     | 22,317,157                |
| 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.              |                     | 340,520                   |
| 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   | 5,890               |                           |
| Deferred outflows - Pension  | 8,717,381           |                           |
| Deferred outflows - Retiree Health Subsidy   | 613,375             |                           |
| Deferred outflows - Stipend Plan   | 1,861               |                           |
| Deferred inflows - RHIA  | (117,077)           |                           |
| Deferred Inflows - Pension   | (2,487,079)         |                           |
| Deferred Inflows - Retiree Health Subsidy  | (599,515)           |                           |
| Deferred Inflows - Stipend Plan  | <u>(100,431)</u>    | 6,034,405                 |
| 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   | (174,109)           |                           |
| Bonds, Loans, Obligations  | <u>(25,808,331)</u> | (25,982,440)              |
| Accrued Interest on Long-term liabilities  |                     | (55,026)                  |
| Unearned revenue related to property taxes   |                     | 592,722                   |
| 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.  |                     | 647,565                   |
| 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.   |                     | (26,538,554)              |
| 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.   |                     | (461,132)                 |
| 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>(2,610,281)</u>        |
| Net Position   |                     | <u><u>(2,416,531)</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, 2024

|   |    |           |
|---|----|-----------|
| Total Net Changes in Fund Balances - Governmental Fund: | \$ | 2,613,460 |
|---|----|-----------|

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

|                                    |    |                    |             |
|------------------------------------|----|--------------------|-------------|
| Bond Premium and Amortization      | \$ | 43,206             |             |
| Bond and Loan Principal Payments   |    | 2,336,503          |             |
| Proceeds from Issuance of New Debt |    | <u>(9,156,848)</u> | (6,777,139) |

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 i simply recorded as an expenditure at the time it is paid

(29,921)

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 depreciatio expense. In the current period these amounts are

|                      |    |                  |           |
|----------------------|----|------------------|-----------|
| Capital Outlay       | \$ | 7,081,063        |           |
| Depreciation Expense |    | <u>(361,393)</u> | 6,719,670 |

Governmental Funds report the value of all leases and subscriptions added during the yea as capital outlay and other financing sources. In addition, the funds record expenses fo both the principal and interest portion of contract payments. In the government-wide statements however, assets and liabilities are posted directly and the principal portion of all contract payment reduces the liability balance. Amortization expense is recorded to expense the value of the relate assets over time.

|                      |    |                 |       |
|----------------------|----|-----------------|-------|
| Capital Outlay       | \$ | -               |       |
| Debt Proceeds        |    | -               |       |
| Princiapl Paid       |    | 17,280          |       |
| Amortization Expense |    | <u>(13,321)</u> | 3,959 |

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.

(414,880)

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)

3,248

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

95,394

(Increases) decreases in pension and other post-employment asset/liability and relate deferred outflows/(inflows) reported in the Statement of Activities do not provide fo 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 | \$ | (29,212)         |          |
| Single employer pension plan                     |    | 10,601           |          |
| Retiree health insurance account (RHIA)          |    | 104,550          |          |
| Implicit subsidy for retiree health benefits     |    | <u>(127,802)</u> | (41,863) |

|  |    |                  |
|--|----|------------------|
| Change in Net Position of Governmental Activities: | \$ | <u>2,171,928</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, 2024

|  | BUSINESS TYPE<br>ACTIVITIES:<br>ENTERPRISE FUND | GOVERNMENTAL<br>ACTIVITIES:<br>INTERNAL SERVICE<br>FUND |
|--|---|---|
| <b>ASSETS:</b>                                       |   |   |
| Current Assets:                                      |   |   |
| Cash and investments                                 | \$ 2,987,560                                    | \$ 703,774  |
| Other receivables                                    | 775,980   | -   |
| Total Current Assets                                 | <u>3,763,540</u>                                | <u>703,774</u>  |
| Noncurrent Assets:                                   |   |   |
| Proportionate Share of OPEB Asset - RHIA             | 27,009  | -   |
| Capital Assets:                                      |   |   |
| Subscriptions, net                                   | 193,737   | -   |
| Equipment (net)                                      | 156,315   | -   |
| Total Noncurrent Assets                              | <u>377,061</u>                                  | <u>-</u>  |
| Total Assets   | <u>4,140,601</u>                                | <u>703,774</u>  |
| <b>DEFERRED OUTFLOWS OF RESOURCES:</b>               |   |   |
| Pension Deferrals                                    | 283,786   | -   |
| Retiree Health Insurance Subsidy Deferrals (GASB 75) | 25,557  | -   |
| Stipend Benefit Deferrals (GASB 73)                  | 78  | -   |
| Retiree Health Insurance Account Deferrals (GASB 75) | 246   | -   |
| Total Deferred Outflows of Resources                 | <u>309,667</u>                                  | <u>-</u>  |
| <b>LIABILITIES:</b>                                  |   |   |
| Current Liabilities:                                 |   |   |
| Accounts payable                                     | 56,816  | 363,254   |
| Subscriptions Payable, current                       | 46,009  | -   |
| Total Current Liabilities                            | <u>102,825</u>                                  | <u>363,254</u>  |
| Noncurrent Liabilities:                              |   |   |
| Subscriptions Payable                                | 153,050   | -   |
| Proportionate Share of the Net Pension Liability     | 863,938   | -   |
| Single Employer Pension Plan - Stipend Benefit       | 19,213  | -   |
| OPEB - Retiree Health Insurance Subsidy              | 108,761   | -   |
| Total Noncurrent Liabilities                         | <u>1,144,962</u>                                | <u>-</u>  |
| Total Liabilities                                    | <u>1,247,787</u>                                | <u>363,254</u>  |
| <b>DEFERRED INFLOWS OF RESOURCES:</b>                |   |   |
| Pension Deferrals                                    | 80,965  | -   |
| Retiree Health Insurance Subsidy Deferrals (GASB 75) | 24,979  | -   |
| Stipend Benefit Deferrals (GASB 73)                  | 4,184   | -   |
| Retiree Health Insurance Account Deferrals (GASB 75) | 4,883   | -   |
| Total Deferred Inflows of Resources                  | <u>115,011</u>                                  | <u>-</u>  |
| <b>NET POSITION:</b>                                 |   |   |
| Invested in Capital Assets                           | 150,993   | -   |
| Restricted for Oregon PERS - RHIA                    | 27,587  | -   |
| Unrestricted   | 2,908,890                                       | 340,520   |
| Total Net Position                                   | <u>\$ 3,087,470</u>                             | <u>\$ 340,520</u>                                       |

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, 2024

|                                       | BUSINESS TYPE<br>ACTIVITIES:<br>ENTERPRISE FUND | GOVERNMENTAL<br>ACTIVITIES:<br>INTERNAL SERVICE<br>FUND |
|---------------------------------------|---|---|
| Operating Revenues:                   |   |   |
| Local Sources                         | \$ 4,242,915                                    | \$ 1,752,031  |
| Federal Services                      | 904,452   | -   |
| Total Operating Revenues              | <u>5,147,367</u>                                | <u>1,752,031</u>  |
| Operating Expenses:                   |   |   |
| Salaries and Associated Payroll Costs | 1,490,224                                       | 770,470   |
| Professional and Contracted Services  | 854,888   | 715,568   |
| Supplies and Materials                | 866,746   | 268,048   |
| Interest Expense                      | 6,135   | -   |
| Depreciation                          | 94,384  | -   |
| Amortization                          | 49,713  | -   |
| Other Operating Expenses              | 46,431  | 412,825   |
| Total Operating Expenses              | <u>3,408,521</u>                                | <u>2,166,911</u>  |
| Operating Income, (Loss)              | 1,738,846                                       | (414,880)   |
| Other Financing Sources (Uses)        |   |   |
| Proceeds                              | -   | -   |
| Loss on Disposal of Assets            | (105,800)                                       | -   |
| Payments to Districts                 | (492,527)                                       | -   |
| Total Other Financing Sources (Uses)  | <u>(598,327)</u>                                | <u>-</u>  |
| Change in Net Position                | 1,140,519                                       | (414,880)   |
| Net Position, Beginning of Year       | <u>1,946,951</u>                                | <u>755,400</u>  |
| Net Position, End of Year             | <u>\$ 3,087,470</u>                             | <u>\$ 340,520</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, 2024

|  | BUSINESS TYPE<br>ACTIVITIES:<br>ENTERPRISE FUND | GOVERNMENTAL<br>ACTIVITIES:<br>INTERNAL SERVICE<br>FUND |
|--|---|---|
| <b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>   |   |   |
| Cash received from user charges  | \$ 212,197                                      | \$ 847,440  |
| Cash received from other governmental agencies   | 4,430,778                                       | 56,641  |
| Cash received from assessments made to other funds   | 22,188  | 847,950   |
| Cash payments to suppliers for goods and services  | (2,017,627)                                     | (781,676)   |
| Cash payments to employees for services  | (1,488,751)                                     | (770,470)   |
| Cash payments for other operating expenses   | (52,411)  | (412,825)   |
| Net Cash Provided (Used) by Operating Activities   | <u>1,106,374</u>                                | <u>(212,940)</u>  |
| <b>CASH FLOWS FROM NON-CAPITAL AND RELATED FINANCING ACTIVITIES</b>  |   |   |
| Debt Payments - Subscriptions  | (44,518)  | -   |
| Payments to districts  | (492,527)                                       | -   |
| Net Cash Provided (Used) for Non-Capital and Related Financing Activities                                      | <u>(537,045)</u>                                | <u>-</u>  |
| <b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>  |   |   |
| Acquisition of capital assets  | -   | -   |
| Net Cash Provided (Used) for Capital and Related Financing Activities  | <u>-</u>  | <u>-</u>  |
| Net Increase, (Decrease) in Cash and Cash Equivalents  | 569,329   | (212,940)   |
| Cash and Cash Equivalents - Beginning  | <u>2,418,231</u>                                | <u>916,714</u>  |
| Cash and Cash Equivalents - Ending   | <u>\$ 2,987,560</u>                             | <u>\$ 703,774</u>                                       |
| <b>Reconciliation of Operating Income, (Loss) to Net Cash Provided, (Used) by Operating Activities:</b>        |   |   |
| Operating income, (loss)   | 1,738,846                                       | (414,880)   |
| <b>Adjustments to Reconcile Operating Income, (Loss) to Net Cash Provided, (Used) by Operating Activities:</b> |   |   |
| Depreciation and Amortization  | 144,252   | -   |
| <b>Changes in assets and liabilities:</b>  |   |   |
| Receivables  | (482,204)                                       | -   |
| Payables   | (295,993)                                       | 201,940   |
| Unearned Revenue   | -   | -   |
| Net Change in Pension and OPEB   | 1,473   | -   |
| Net Cash Provided by Operating Activities  | <u>\$ 1,106,374</u>                             | <u>\$ (212,940)</u>                                     |
| Cash Paid for Interest   | <u>\$ 6,135</u>                                 | <u>\$ -</u>   |
| Cash Paid for Taxes  | <u>\$ -</u>                                     | <u>\$ -</u>   |

The accompanying notes are an integral part of this statement.

CLACKAMAS EDUCATION SERVICE DISTRICT  
CLACKAMAS COUNTY, OREGON

STATEMENT OF NET POSITION - FIDUCIARY FUNDS

June 30, 2024

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|                                     | GOVERNMENTAL<br>ACTIVITIES:<br>CUSTODIAL FUND |
|-------------------------------------|---|
| ASSETS:                             |   |
| Cash and Investments                | \$ 115,903                                    |
| Total Assets                        | \$ 115,903                                    |
| NET POSITION:                       |   |
| Restricted For Fiduciary Activities | \$ 115,903                                    |
| Total Net Position                  | \$ 115,903                                    |

The accompanying notes are an integral part of this statement.

CLACKAMAS EDUCATION SERVICE DISTRICT  
CLACKAMAS COUNTY, OREGON

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION - FIDUCIARY FUNDS  
For the Year Ended June 30, 2024

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|  | GOVERNMENTAL<br>ACTIVITIES:<br>CUSTODIAL FUND |
|--|---|
| ADDITIONS:   |   |
| Private Donations                                  | \$ 381  |
| Total Additions                                    | <u>381</u>                                    |
| DEDUCTIONS:  |   |
| Materials and Services                             | <u>46,671</u>                                 |
| Total Deductions                                   | <u>46,671</u>                                 |
| Net Increase, (Decrease) in Fiduciary Net Position | <u>(46,290)</u>                               |
| Net Position, Beginning                            | <u>162,193</u>                                |
| Net Position, Ending                               | <u><u>\$ 115,903</u></u>                      |

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, 2024

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**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

CLACKAMAS EDUCATION SERVICE DISTRICT  
CLACKAMAS COUNTY, OREGON

NOTES TO THE BASIC FINANCIAL STATEMENTS  
For the Year Ended June 30, 2024

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**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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

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.

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.

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

CLACKAMAS EDUCATION SERVICE DISTRICT  
CLACKAMAS COUNTY, OREGON

NOTES TO THE BASIC FINANCIAL STATEMENTS  
For the Year Ended June 30, 2024

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**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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

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

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

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

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

**D. Encumbrances**

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

CLACKAMAS EDUCATION SERVICE DISTRICT  
CLACKAMAS COUNTY, OREGON

NOTES TO THE BASIC FINANCIAL STATEMENTS  
For the Year Ended June 30, 2024

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**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**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.

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.

CLACKAMAS EDUCATION SERVICE DISTRICT  
CLACKAMAS COUNTY, OREGON

NOTES TO THE BASIC FINANCIAL STATEMENTS  
For the Year Ended June 30, 2024

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**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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. Subscription Assets and Subscriptions Payable**

Assets related to subscription-based information technology arrangements (SBITAS) are assets which the government leases for a term of more than one year. The value is determined by any initial down payments plus the net present value of the required future payments at the government’s incremental borrowing rate at the time of the agreement, amortized over the term of the agreement. In the governmental fund financial statements, debt proceeds revenue and capital outlay expenses are recorded for all SBITA agreements entered into during the year.

In the government-wide financial statements, leases payable and payables related to subscription based information technology arrangements (SBITAS) are reported as liabilities in the Statement of Net Position. In the governmental fund financial statements, annual payments related to leases and SBITAs are recorded as debt service expenditures.

**K. 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.

**L. 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.

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.



CLACKAMAS EDUCATION SERVICE DISTRICT  
CLACKAMAS COUNTY, OREGON

NOTES TO THE BASIC FINANCIAL STATEMENTS  
For the Year Ended June 30, 2024

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**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**M. 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.

**N. 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.

**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.

CLACKAMAS EDUCATION SERVICE DISTRICT  
CLACKAMAS COUNTY, OREGON

NOTES TO THE BASIC FINANCIAL STATEMENTS  
For the Year Ended June 30, 2024

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**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**N. Net Position (Continued)**

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.

**O. 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.

**P. 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.

**Q. 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.

**R. 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  
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NOTES TO THE BASIC FINANCIAL STATEMENTS  
For the Year Ended June 30, 2024

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**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**R. Retirement Plans (Continued)**

For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance 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.

**S. 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.

**T. 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.

CLACKAMAS EDUCATION SERVICE DISTRICT  
CLACKAMAS COUNTY, OREGON

NOTES TO THE BASIC FINANCIAL STATEMENTS  
For the Year Ended June 30, 2024

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**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**U. 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.

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.

**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, 2024 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, 2024

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**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, 2024 are shown on the basic financial statements as, and consist of, the following:

|                                      |    |                   |
|--------------------------------------|----|-------------------|
| Petty Cash                           | \$ | (63)              |
| Deposits with financial institutions |    | 4,606,658         |
| Investments                          |    | <u>16,824,645</u> |
| Total                                | \$ | <u>21,431,240</u> |

Cash and investments are reported on:

|  |    |                   |
|--|----|-------------------|
| Statement of Net Position - Governmental Activities  | \$ | 18,327,777        |
| Statement of Net Position - Business-Type Activities |    | 2,987,560         |
| Statement of Fiduciary Net Position                  |    | <u>115,903</u>    |
| Total  | \$ | <u>21,431,240</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 \$4,606,658 on June 30, 2024. The bank statement records reflect a balance of \$4,195,631 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**

Investments in the Local Government Investment Pool (LGIP) are included in the Oregon Short-Term Fund, which is an external investment pool that is not a 2a-7-like external investment pool, and is not registered with the U.S. Securities and Exchange Commission as an investment company. Fair value of the LGIP is calculated at the same value as the number of pool shares owned. The unit of account is each share held, and the value of the position would be the fair value of the pool’s share price multiplied by the number of shares held. Investments in the Short-Term Fund are governed by ORS 294.135, Oregon Investment Council, and portfolio guidelines issued by the Oregon Short-Term Fund Board, which establish diversification percentages and specify the types and maturities of investments. The portfolio guidelines

CLACKAMAS EDUCATION SERVICE DISTRICT  
CLACKAMAS COUNTY, OREGON

NOTES TO THE BASIC FINANCIAL STATEMENTS  
 For the Year Ended June 30, 2024

**NOTE 4 – DEPOSITS AND INVESTMENTS (Continued)**

permit securities lending transactions as well as investments in repurchase agreements and reverse repurchase agreements. The fund appears to be in compliance with all portfolio guidelines at June 30, 2024. The LGIP seeks to exchange shares at \$1.00 per share; an investment in the LGIP is neither insured nor guaranteed by the FDIC or any other government agency. Although the LGIP seeks to maintain the value of share investments at \$1.00 per share, it is possible to lose money by investing in the pool. We intend to measure these investments at book value since it materially approximates fair value.

The pool is comprised of a variety of investments. These investments are characterized as a level 2 fair value measurement in the Oregon Short Term Fund’s audited financial report. As of June 30, 2024, the fair value of the position in the LGIP is 100.39% of the value of the pool shares as reported in the Oregon Short Term Fund audited financial statements. Amounts in the State Treasurer’s Local Government Investment Pool are not required to be collateralized.

| <u>Investment Type</u>                             | <u>Fair Value</u>    | <u>Investment Maturity (in months)</u> |                    |
|--|----------------------|--|--------------------|
|  |                      | <u>Less Than 3</u>                     | <u>More than 3</u> |
| State Treasurer's Local Government Investment Pool | \$ 16,824,645        | \$ 16,824,645                          | \$ -               |
| Total  | <u>\$ 16,824,645</u> | <u>\$ 16,824,645</u>                   | <u>\$ -</u>        |

*Interest Rate Risk – Investments.* Oregon Revised Statutes require investments to not exceed maturity of 18 months, except when the local government has adopted a written investment policy that was submitted to and reviewed by the OSTFB. The District does not have any investments that have a maturity date.

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

*Concentration of Credit Risk – Investments.* As of June 30, 2024, the District had 100% of total investments in the State Treasurer’s Investment Pool. State statutes do not limit the percentage of investments in this instrument.

CLACKAMAS EDUCATION SERVICE DISTRICT  
CLACKAMAS COUNTY, OREGON

NOTES TO THE BASIC FINANCIAL STATEMENTS  
For the Year Ended June 30, 2024

**NOTE 5 – CAPITAL ASSETS AND DEPRECIATION**

A summary of changes in the governmental activities capital assets for the year ended June 30, 2024 follows:

|                                       | Balance<br>July 1, 2023 | Additions    | Deletions | Balance<br>June 30, 2024 |
|---------------------------------------|-------------------------|--------------|-----------|--------------------------|
| Capital Assets not being depreciated: |                         |              |           |                          |
| Land                                  | \$ 2,151,662            | \$ -         | \$ -      | \$ 2,151,662             |
| Construction in progress              | 917,754                 | 7,021,504    | -         | 7,939,258                |
| Total                                 | 3,069,416               | 7,021,504    | -         | 10,090,920               |
| Capital Assets being depreciated:     |                         |              |           |                          |
| Buildings and improvements            | 16,304,389              | -            | -         | 16,304,389               |
| Vehicles and equipment                | 1,456,828               | 59,559       | -         | 1,516,387                |
| Software                              | 1,378,171               | -            | -         | 1,378,171                |
| Total                                 | 19,139,388              | 59,559       | -         | 19,198,947               |
| Less accumulated depreciation for:    |                         |              |           |                          |
| Buildings and improvements            | (3,851,276)             | (336,154)    | -         | (4,187,430)              |
| Vehicles and equipment                | (1,390,283)             | (25,239)     | -         | (1,415,522)              |
| Software                              | (1,378,171)             | -            | -         | (1,378,171)              |
| Total                                 | (6,619,730)             | \$ (361,393) | \$ -      | (6,981,123)              |
| Capital assets being depreciated, net | 12,519,658              |              |           | 12,217,824               |
| Total capital assets, net             | \$ 15,589,074           |              |           | \$ 22,308,744            |

Depreciation was allocated to the functions as follows:

|                  |            |
|------------------|------------|
| Instruction      | \$ 252,975 |
| Support Services | 108,418    |
| Total            | \$ 361,393 |

A summary of changes in capital assets of the enterprise fund for the year ended June 30, 2024 follows:

|                                   | Balance<br>July 1, 2023 | Additions | Deletions | Balance<br>June 30, 2024 |
|-----------------------------------|-------------------------|-----------|-----------|--------------------------|
| Capital Assets being depreciated: |                         |           |           |                          |
| Equipment                         | \$ 5,386,085            | -         | (132,248) | \$ 5,253,837             |
| Accumulated Depreciation          | (5,029,586)             | (94,384)  | 26,448    | (5,097,522)              |
| Total capital assets, net         | \$ 356,499              |           |           | \$ 156,315               |

CLACKAMAS EDUCATION SERVICE DISTRICT  
CLACKAMAS COUNTY, OREGON

NOTES TO THE BASIC FINANCIAL STATEMENTS  
 For the Year Ended June 30, 2024

**NOTE 6 – INTERFUND BALANCES AND TRANSFERS**

Interfund balances are combined with pooled cash for financial reporting. 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. Transfers are clearly presented in the financial statements and are used to provide resources as necessary between funds.

**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, 2024. This benefit is paid primarily from the General Fund.

| July 1, 2023 | Additions  | Payments     | June 30, 2024 |
|--------------|------------|--------------|---------------|
| \$ 177,357   | \$ 174,109 | \$ (177,357) | \$ 174,109    |

**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, 2024 were as follows:

|                            | July 1, 2023        | Additions   | Deletions             | June 30, 2024       | One Year            |
|----------------------------|---------------------|-------------|-----------------------|---------------------|---------------------|
| PERS UAL Bond              | \$ 8,165,000        | \$ -        | \$ (1,540,000)        | \$ 6,625,000        | \$ 1,690,000        |
| Unamortized Premium (PERS) | 575,926             | -           | (43,206)              | 532,720             | 43,206              |
| <b>Total</b>               | <b>\$ 8,740,926</b> | <b>\$ -</b> | <b>\$ (1,583,206)</b> | <b>\$ 7,157,720</b> | <b>\$ 1,733,206</b> |

Future maturities of bonds are payable as follows:

| Payable in<br>Fiscal Year | Principal           | Interest          |
|---------------------------|---------------------|-------------------|
| 2025                      | 1,690,000           | 315,284           |
| 2026                      | 1,850,000           | 234,857           |
| 2027                      | 2,020,000           | 146,815           |
| 2028                      | 1,065,000           | 50,683            |
| <b>Total</b>              | <b>\$ 6,625,000</b> | <b>\$ 747,639</b> |



CLACKAMAS EDUCATION SERVICE DISTRICT  
CLACKAMAS COUNTY, OREGON

NOTES TO THE BASIC FINANCIAL STATEMENTS  
 For the Year Ended June 30, 2024

**NOTE 8 – LONG-TERM DEBT (Continued)**

**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.

Changes in other long-term debt outstanding for the year ended June 30, 2024 were as follows:

| <u>Direct Borrowing</u> | <u>Balance<br/>July 1, 2023</u> | <u>Additions</u> | <u>Payments and<br/>Deletions</u> | <u>Balance<br/>June 30, 2024</u> | <u>Due within<br/>One Year</u> |
|-------------------------|---------------------------------|------------------|-----------------------------------|----------------------------------|--------------------------------|
| 2016 COP Note           | \$ 5,720,000                    | \$ -             | \$ (355,000)                      | \$ 5,365,000                     | \$ 375,000                     |
| 2019 Capital Loan       | 317,925                         | -                | (210,126)                         | 107,799                          | 107,799                        |
| 2021 Building Note      | 4,252,341                       | -                | (231,377)                         | 4,020,964                        | 234,316                        |
| Total                   | <u>\$ 10,290,266</u>            | <u>\$ -</u>      | <u>\$ (796,503)</u>               | <u>\$ 9,493,763</u>              | <u>\$ 717,115</u>              |

**3. Full Faith and Credit Obligations**

The 2023 Full Faith and Credit Obligation was issued April 19, 2023 to finance capital costs for the District, and to pay the costs of issuance of the Obligation. The interest rate varies from 4.00% to 5.00% and it is scheduled to be paid off in June 2053.

|                                  | <u>July 1, 2023</u> | <u>Additions</u>    | <u>Deletions</u> | <u>June 30, 2024</u> | <u>One Year</u>  |
|----------------------------------|---------------------|---------------------|------------------|----------------------|------------------|
| 2023 Full Faith                  | \$ -                | \$ 8,945,000        | \$ -             | \$ 8,945,000         | \$ 50,000        |
| Unamortized Premium (Full Faith) | -                   | 211,848             | -                | 211,848              | 7,062            |
| Total                            | <u>\$ -</u>         | <u>\$ 9,156,848</u> | <u>\$ -</u>      | <u>\$ 9,156,848</u>  | <u>\$ 57,062</u> |

CLACKAMAS EDUCATION SERVICE DISTRICT  
CLACKAMAS COUNTY, OREGON

NOTES TO THE BASIC FINANCIAL STATEMENTS  
 For the Year Ended June 30, 2024

**NOTE 8 – LONG-TERM DEBT (Continued)**

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

| Year    | Bonds payabel            |                   | Full Faith and credit obligation |                     |                        |                     | Direct borrowing           |                 |                             |                   | Total                |                     |
|---------|--------------------------|-------------------|----------------------------------|---------------------|------------------------|---------------------|----------------------------|-----------------|-----------------------------|-------------------|----------------------|---------------------|
|         | 2005 PERS Bonds (WP 954) |                   | 2023 Full faith                  |                     | 2016 COP Note (WP 953) |                     | 2019 Capital Loan (WP 952) |                 | 2021 Building Note (WP 951) |                   | Principal            | Interest            |
|         | Principal                | Interest          | Principal                        | Interest            | Principal              | Interest            | Principal                  | Interest        | Principal                   | Interest          |                      |                     |
| 2024-25 | \$ 1,690,000             | \$ 315,284        | \$ 50,000                        | \$ 392,181          | \$ 375,000             | \$ 190,400          | \$ 107,799                 | \$ 1,867        | \$ 234,316                  | \$ 84,096         | \$ 2,457,115         | \$ 983,828          |
| 2025-26 | 1,850,000                | 234,857           | 160,000                          | 389,681             | 385,000                | 179,150             | -                          | -               | 237,666                     | 80,744            | 2,632,666            | 884,432             |
| 2026-27 | 2,020,000                | 146,815           | 170,000                          | 381,681             | 395,000                | 167,600             | -                          | -               | 241,374                     | 77,038            | 2,826,374            | 773,134             |
| 2027-28 | 1,065,000                | 50,683            | 175,000                          | 373,181             | 410,000                | 155,750             | -                          | -               | 245,429                     | 72,982            | 1,895,429            | 652,596             |
| 2028-29 | -                        | -                 | 185,000                          | 364,431             | 420,000                | 143,450             | -                          | -               | 249,847                     | 68,564            | 854,847              | 576,445             |
| 2029-34 | -                        | -                 | 1,075,000                        | 1,673,405           | 2,320,000              | 492,650             | -                          | -               | 1,328,237                   | 263,820           | 4,723,237            | 2,429,875           |
| 2034-39 | -                        | -                 | 1,370,000                        | 1,376,405           | 1,060,000              | 64,000              | -                          | -               | 1,484,095                   | 107,962           | 3,914,095            | 1,548,367           |
| 2039-44 | -                        | -                 | 1,700,000                        | 1,048,855           | -                      | -                   | -                          | -               | -                           | -                 | 1,700,000            | 1,048,855           |
| 2044-49 | -                        | -                 | 2,075,000                        | 673,200             | -                      | -                   | -                          | -               | -                           | -                 | 2,075,000            | 673,200             |
| 2049-54 | -                        | -                 | 1,985,000                        | 209,138             | -                      | -                   | -                          | -               | -                           | -                 | 1,985,000            | 209,138             |
|         | <u>\$ 6,625,000</u>      | <u>\$ 747,639</u> | <u>\$ 8,945,000</u>              | <u>\$ 6,882,158</u> | <u>\$ 5,365,000</u>    | <u>\$ 1,393,000</u> | <u>\$ 107,799</u>          | <u>\$ 1,867</u> | <u>\$ 4,020,964</u>         | <u>\$ 755,206</u> | <u>\$ 25,063,763</u> | <u>\$ 9,779,870</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.

2023 Full Faith and Credit Obligations

In the event of a default where, (a) failure by the district to pay the Financing Payments, when due, (b) Failure by the district to comply with any other covenant, condition or agreement of the District under the Agreements for the period of sixty (60) days after written notice from the Escrow Agent absent an extension of time by the Escrow Agent or (C) the commencement by the District of a voluntary case under any applicable bankruptcy, insolvency or other similar law now or hereafter in effect or an assignment by the District for the benefit of its creditors.

CLACKAMAS EDUCATION SERVICE DISTRICT  
CLACKAMAS COUNTY, OREGON

NOTES TO THE BASIC FINANCIAL STATEMENTS  
For the Year Ended June 30, 2024

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**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 Annual Comprehensive Financial Report which can be found at:

<https://www.oregon.gov/pers/Documents/Financials/ACFR/2023-ACFR.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 the 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.

CLACKAMAS EDUCATION SERVICE DISTRICT  
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NOTES TO THE BASIC FINANCIAL STATEMENTS  
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**NOTE 9 – DEFINED BENEFIT PENSION PLAN (Continued)**

- 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
  - v. ORS 238.360 monthly benefits are adjusted annually through cost-of-living changes (COLA). The COLA is capped at 2.0 percent.
- 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, 2022 actuarial valuation, which became effective July 1, 2023. 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, 2024 were \$4,057,354, excluding amounts to fund employer specific liabilities. At June 30, 2024, the ESD reported a net pension liability of \$27,402,492 for its proportionate share of the net pension liability.

CLACKAMAS EDUCATION SERVICE DISTRICT  
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NOTES TO THE BASIC FINANCIAL STATEMENTS  
For the Year Ended June 30, 2024

**NOTE 9 – DEFINED BENEFIT PENSION PLAN (Continued)**

The pension liability was measured as of June 30, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation dated December 31, 2021. The ESD’s proportion of the net pension liability was based on a projection of the ESD’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, 2023 and 2022, the ESD’s proportion was .15 percent and .15 percent, respectively. Pension expense for the year ended June 30, 2024 was (\$30,164).

The rates in effect for the year ended June 30, 2024 were:

- (1) Tier 1/Tier 2 – 16.38%
- (2) OPSRP general services – 13.54%

|  | Deferred Outflow<br>of Resources | Deferred Inflow<br>of Resources |
|--|----------------------------------|---------------------------------|
| Difference between expected and actual experience                                | \$ 1,340,065                     | \$ 108,653                      |
| Changes in assumptions   | 2,434,275                        | 18,150                          |
| Net difference between projected and actual earnings on pension plan investments | 492,535                          | -                               |
| Net changes in proportionate share   | 676,938                          | 104,868                         |
| Differences between contributions and proportionate share of contributions       | -                                | 2,336,373                       |
| Subtotal - Amortized Deferrals (below)   | 4,943,813                        | 2,568,044                       |
| Contributions subsequent to measuring date                                       | 4,057,354                        | -                               |
| Deferred outflow (inflow) of resources   | \$ 9,001,167                     | \$ 2,568,044                    |

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, 2025.

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

| Year ending June 30, | Amount       |
|----------------------|--------------|
| 2025                 | \$ 202,548   |
| 2026                 | (1,019,855)  |
| 2027                 | 2,410,022    |
| 2028                 | 723,649      |
| 2029                 | 59,405       |
| Thereafter           | -            |
| Total                | \$ 2,375,769 |

CLACKAMAS EDUCATION SERVICE DISTRICT  
CLACKAMAS COUNTY, OREGON

NOTES TO THE BASIC FINANCIAL STATEMENTS  
 For the Year Ended June 30, 2024

**NOTE 9 – DEFINED BENEFIT PENSION PLAN (Continued)**

All assumptions, methods and plan provisions used in these calculations are described in the Oregon PERS system-wide GASB 68 reporting summary dated February 1, 2024. Oregon PERS produces an independently audited ACFR which can be found at:

<https://www.oregon.gov/pers/Documents/Financials/ACFR/2023-ACFR.pdf>

**Actuarial Valuations** – The employer contribution rates effective July 1, 2023 through June 30, 2025, 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 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, 2021  |
| Experience Study Report   | 2020, Published July 20, 2021  |
| Actuarial cost method     | Entry Age Normal   |
| Amortization method       | Level percentage of payroll  |
| Asset valuation method    | Fair value   |
| Inflation rate            | 2.40 percent   |
| Investment rate of return | 6.90 percent   |
| Discount rate             | 6.90 percent   |
| Projected salary increase | 3.40 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                 | Healthy retirees and beneficiaries:<br>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. |

CLACKAMAS EDUCATION SERVICE DISTRICT  
CLACKAMAS COUNTY, OREGON

NOTES TO THE BASIC FINANCIAL STATEMENTS  
 For the Year Ended June 30, 2024

**NOTE 9 – DEFINED BENEFIT PENSION PLAN (Continued)**

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 2020 Experience Study which is reviewed for the four-year period ending December 31, 2020.

**Assumed Asset Allocation:**

| Asset Class/Strategy    | Low Range | High Range | OIC Target |
|-------------------------|-----------|------------|------------|
| Debt Securities         | 20.0%     | 30.0%      | 25.0%      |
| Public Equity           | 22.5%     | 32.5%      | 27.5%      |
| Real Estate             | 9.0%      | 16.5%      | 12.5%      |
| Private Equity          | 17.5%     | 27.5%      | 20.0%      |
| Real Assets             | 2.5%      | 10.0%      | 7.5%       |
| Diversifying Strategies | 2.5%      | 10.0%      | 7.5%       |
| Opportunity Portfolio   | 0.0%      | 5.0%       | 0.0%       |
| Total                   |           |            | 100.0%     |

*(Source: June 30, 2023 PERS ACFR; p. 125)*

**Long-Term Expected Rate of Return:**

To develop an analytical basis for the selection of the long-term expected rate of return assumption, in January 2023 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 |
|-------------------------------------|-------------------|------------------------------------|
| Global Equity                       | 27.50%            | 7.07%                              |
| Private Equity                      | 25.50%            | 8.83%                              |
| Core Fixed Income                   | 25.00%            | 4.50%                              |
| Real Estate                         | 12.25%            | 5.83%                              |
| Master Limited Partnerships         | 0.75%             | 6.02%                              |
| Infrastructure                      | 1.50%             | 6.51%                              |
| Hedge Fund of Funds - Multistrategy | 1.25%             | 6.27%                              |
| Hedge Fund Equity - Hedge           | 0.63%             | 6.48%                              |
| Hedge Fund - Macro                  | 5.62%             | 4.83%                              |
| <i>Assumed Inflation - Mean</i>     |                   | 2.35%                              |

*(Source: June 30, 2023 PERS ACFR; p. 92)*

CLACKAMAS EDUCATION SERVICE DISTRICT  
CLACKAMAS COUNTY, OREGON

NOTES TO THE BASIC FINANCIAL STATEMENTS  
 For the Year Ended June 30, 2024

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**NOTE 9 – DEFINED BENEFIT PENSION PLAN (Continued)**

**Discount Rate** – The discount rate used to measure the total pension liability was 6.90 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 EDS’s proportionate share of the net pension liability to changes in the discount rate – the following presents the EDS’s proportionate share of the net pension liability calculated using the discount rate of 6.90 percent, as well as what the EDS’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percent lower (5.90 percent) or one percent higher (7.90 percent) than the current rate.

|   | 1%<br>Decrease<br>(5.90%) | Discount<br>Rate<br>(6.90%) | 1%<br>Increase<br>(7.90%) |
|---|---------------------------|-----------------------------|---------------------------|
| Proportionate share of<br>the net pension liability | \$ 45,263,757             | \$ 27,402,492               | \$ 12,454,506             |

**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, 2023 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 ESD 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 ESD.



CLACKAMAS EDUCATION SERVICE DISTRICT  
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NOTES TO THE BASIC FINANCIAL STATEMENTS  
For the Year Ended June 30, 2024

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**NOTE 9 – DEFINED BENEFIT PENSION PLAN (Continued)**

**OPSRP Individual Account Program (OPSRP IAP)**

*Plan Description:*

Employees of the ESD 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 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 ESD pay six (6) percent of their covered payroll. Effective July 1, 2020, currently employed Tier 1/Tier 2 and OPSRP members earning \$2,500 or more per month (increased to \$3,333 per month in 2022) will have a portion of their 6 percent monthly IAP contributions redirected to an Employee Pension Stability Account. The Employee Pension Stability Account will be used to pay part of the member's future benefit. Of the 6 percent monthly IAP contribution, Tier 1/Tier 2 will have 2.5 percent redirected to the Employee Pension Stability Account and OPSRP will have 0.75 percent redirected to the Employee Pension Stability Account, with the remaining going to the member's existing IAP account. Members may voluntarily choose to make additional after-tax contributions into their IAP account to make a full 6 percent contribution to the IAP. 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>

CLACKAMAS EDUCATION SERVICE DISTRICT  
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NOTES TO THE BASIC FINANCIAL STATEMENTS  
For the Year Ended June 30, 2024

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**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 \$480,345 was measured as of June 30, 2024 and was determined by an actuarial valuation as of July 1, 2023.

**Actuarial Assumptions and Other Inputs** - The total stipend liability in the July 1, 2023 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

Changes in the Total Stipend Liability:

|  |    |                 |
|--|----|-----------------|
| Balance at June 30, 2023                           | \$ | 556,981         |
| Service Costs                                      |    | 34,594          |
| Interest   |    | 14,332          |
| Changes in benefit terms                           |    | -               |
| Differences between expected and actual experience |    | (35,338)        |
| Changes of assumptions or other input              |    | (53,599)        |
| Benefit payments                                   |    | <u>(36,625)</u> |
| Balance at June 30, 2024                           | \$ | <u>480,345</u>  |

CLACKAMAS EDUCATION SERVICE DISTRICT  
CLACKAMAS COUNTY, OREGON

NOTES TO THE BASIC FINANCIAL STATEMENTS  
 For the Year Ended June 30, 2024

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

For the year ended June 30, 2024 the District recognized a decrease in pension related costs of \$76,636. At June 30, 2024 the District reported the following deferred outflows and inflows of resources:

|  | Deferred Outflows<br>of Resources | Deferred Inflows<br>of Resources |
|--|-----------------------------------|----------------------------------|
| Differences between expected and actual experience | \$ -                              | \$ 50,102                        |
| Changes of assumptions                             | 1,939                             | 54,513                           |
| Net deferred outflow/inflow of resources           | \$ 1,939                          | \$ 104,615                       |

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<br>June 30 | Amount      |
|-----------------------|-------------|
| 2025                  | \$ (23,343) |
| 2026                  | (23,343)    |
| 2027                  | (15,291)    |
| 2028                  | (15,287)    |
| 2029                  | (12,705)    |
| Thereafter            | (12,707)    |

**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 (3.00 percent) or one percentage point higher (5.00 percent).

CLACKAMAS EDUCATION SERVICE DISTRICT  
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NOTES TO THE BASIC FINANCIAL STATEMENTS  
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**NOTE 11 – OPEB – IMPLICIT HEALTH SUBSIDY (GASB 75)**

|                                 | 1%<br>Decrease<br>(3.00%) | Current<br>Discount Rate<br>(4.00%) | 1%<br>Increase<br>(5.00%) |
|---------------------------------|---------------------------|-------------------------------------|---------------------------|
| Total stipend liability (asset) | \$ 497,445                | \$ 480,345                          | \$ 463,276                |

**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 \$2,719,042 was measured as of June 30, 2024 and was determined by an actuarial valuation as of July 1, 2023.

**Actuarial Assumptions and Other Inputs** - The total OPEB liability in the July 1, 2022 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, 2023  |
| Measurement date       | June 30, 2024, rolled forward   |
| Actuarial cost method  | Entry Age Normal, level percent of salary.                            |
| Actuarial assumptions: |   |
| Discount rate          | 4.00% per year, based on all years discounted at municipal bond rate. |

CLACKAMAS EDUCATION SERVICE DISTRICT  
CLACKAMAS COUNTY, OREGON

NOTES TO THE BASIC FINANCIAL STATEMENTS  
 For the Year Ended June 30, 2024

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

|                             |  |
|-----------------------------|--|
| Inflation rate              | 2.50% per year   |
| Salary increases            | 3.50% per year   |
| Healthcare cost trend rates | Increase from 3.5% in 2023-2024 depending on plan selected by employees to an ultimate rate range of 4.0% to 5.8%  |
| 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, 2023                           | \$        | 2,746,843        |
| Service Costs                                      |           | 231,299          |
| Interest   |           | 71,819           |
| Changes in benefit terms                           |           | -                |
| Differences between expected and actual experience |           | 467,876          |
| Changes of assumptions or other input              |           | (588,036)        |
| Benefit payments                                   |           | (210,759)        |
| Balance at June 30, 2024                           | <u>\$</u> | <u>2,719,042</u> |

At June 30, 2024 the District reported the following sources:

|  | <u>Deferred Outflows<br/>of Resources</u> | <u>Deferred Inflows<br/>of Resources</u> |
|--|---|--|
| Differences between expected and actual experience | \$ 534,288                                | \$ -                                     |
| Changes of assumptions                             | 104,644                                   | 624,494                                  |
| Net deferred outflow/inflow of resources           | <u>\$ 638,932</u>                         | <u>\$ 624,494</u>                        |

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:

CLACKAMAS EDUCATION SERVICE DISTRICT  
CLACKAMAS COUNTY, OREGON

NOTES TO THE BASIC FINANCIAL STATEMENTS  
 For the Year Ended June 30, 2024

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

| Year Ended<br>June 30 | Amount      |
|-----------------------|-------------|
| 2025                  | \$ 40,767   |
| 2026                  | 40,764      |
| 2027                  | (2,488)     |
| 2028                  | (30,275)    |
| 2029                  | (17,166)    |
| Thereafter            | \$ (17,164) |

*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 (1.50 percent) or one percentage point higher (3.50 percent) than the current rate:

|                              | 1%<br>Decrease<br>(3.00%) | Current<br>Discount Rate<br>(4.00%) | 1%<br>Increase<br>(5.00%) |
|------------------------------|---------------------------|-------------------------------------|---------------------------|
| Total OPEB liability (asset) | \$ 2,868,104              | \$ 2,719,042                        | \$ 2,576,590              |

*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%<br>Decrease<br>2.5% Graded Up<br>to 4.8%, then<br>Down to 3.5% | Current<br>Trend Rate<br>3.5% Graded Up<br>to 5.8%, then<br>Down to 4.5% | 1%<br>Increase<br>4.5% Graded Up<br>to 6.8%, then<br>Down to 5.5% |
|------------------------------|---|--|---|
| Total OPEB liability (asset) | \$ 2,482,541  | \$ 2,719,042   | \$ 2,993,952  |

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

**Plan Description:**

As a member of Oregon Public Employees Retirement System (OPERS) the ESD 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, 2024

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**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 esds are contractually required to contribute to RHIA at a rate assessed each year by OPERS, and the ESD currently contributes 0.53% of annual covered OPERF payroll and 0.45% of OPSRP payroll under a contractual requirement in effect until June 30, 2024. 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 ESD has not made significant contributions to RHIA in any of the three previous fiscal years.

At June 30, 2024, the ESD reported a net OPEB liability/(asset) of (\$674,574) for its proportionate share of the net OPEB liability/(asset). The OPEB liability/(asset) was measured as of June 30, 2023, and the total OPEB liability/(asset) used to calculate the net OPEB liability/(asset) was determined by an actuarial valuation as of December 31, 2021. Consistent with GASB Statement No. 75, paragraph 59(a), the ESD'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, 2023 and 2022, the ESD's proportion was .18 percent and .13 percent, respectively. OPEB expense for the year ended June 30, 2024 was \$108,599.

**Components of OPEB Expense/(Income):**

|   |                     |
|---|---------------------|
| Employer's proportionate share of collective system OPEB Expense/(Income)   | \$ (78,075)         |
| Net amortization of employer-specific deferred amounts from:  |                     |
| - Changes in proportionate share (per paragraph 64 of GASB 75)  | (30,524)            |
| - 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>\$ (108,599)</u> |

CLACKAMAS EDUCATION SERVICE DISTRICT  
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NOTES TO THE BASIC FINANCIAL STATEMENTS  
 For the Year Ended June 30, 2024

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

**Components of Deferred Outflows/Inflows of Resources:**

|  | Deferred Outflow<br>of Resources | Deferred Inflow<br>of Resources |
|--|----------------------------------|---------------------------------|
| Difference between expected and actual experience                                | \$ -                             | \$ 16,935                       |
| Changes in assumptions   | -                                | 7,273                           |
| Net difference between projected and actual earnings on pension plan investments | 1,913                            | -                               |
| Net changes in proportionate share   | 4,223                            | 97,752                          |
| Differences between contributions and proportionate share of contributions       | -                                | -                               |
| Deferred outflow (inflow) of resources   | \$ 6,136                         | \$ 121,960                      |

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, 2025.

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

| Year ending June 30, | Amount       |
|----------------------|--------------|
| 2025                 | \$ (101,769) |
| 2026                 | (47,926)     |
| 2027                 | 24,930       |
| 2028                 | 8,941        |
| 2029                 | -            |
| Thereafter           | -            |
| Total                | \$ (115,824) |

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, 2023. That independently audited report was dated February 1, 2024 and can be found at:

<https://www.oregon.gov/pers/emp/Documents/GASB/2023/Oregon%20Public%20Employees%20Retirement%20System%20-%20GASB%2075%20RHIA%20-%20YE%2006.30.2023%20-%20SECURED.pdf>



CLACKAMAS EDUCATION SERVICE DISTRICT  
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NOTES TO THE BASIC FINANCIAL STATEMENTS  
 For the Year Ended June 30, 2024

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

**Actuarial Methods and Assumptions:**

|                                  |  |
|----------------------------------|--|
| Valuation Date                   | December 31, 2021  |
| Experience Study Report          | 2020, Published July 20, 2021  |
| Actuarial cost method            | Entry Age Normal   |
| Inflation rate                   | 2.40 percent   |
| Investment rate of return        | 6.90 percent   |
| Discount rate                    | 6.90 percent   |
| Projected salary increase        | 3.40 percent   |
| Retiree healthcare participation | Healthy retirees: 27.5%; Disabled retirees: 15%  |
| Mortality                        | Healthy retirees and beneficiaries:<br>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 2020 Experience Study which is reviewed for the four-year period ending December 31, 2020.

**Discount Rate:**

The discount rate used to measure the total OPEB liability as of the measurement date of June 30, 2023 was 6.90 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 January 2023 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

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NOTES TO THE BASIC FINANCIAL STATEMENTS  
 For the Year Ended June 30, 2024

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

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 |
|-------------------------------------|-------------------|------------------------------------|
| Global Equity                       | 27.50%            | 7.07%                              |
| Private Equity                      | 25.50%            | 8.83%                              |
| Core Fixed Income                   | 25.00%            | 4.50%                              |
| Real Estate                         | 12.25%            | 5.83%                              |
| Master Limited Partnerships         | 0.75%             | 6.02%                              |
| Infrastructure                      | 1.50%             | 6.51%                              |
| Hedge Fund of Funds - Multistrategy | 1.25%             | 6.27%                              |
| Hedge Fund Equity - Hedge           | 0.63%             | 6.48%                              |
| Hedge Fund - Macro                  | 5.62%             | 4.83%                              |
| <i>Assumed Inflation - Mean</i>     |                   | 2.35%                              |

*(Source: June 30, 2023 PERS ACFR; p. 92)*

Sensitivity of the ESD’s proportionate share of the net OPEB liability/(asset) to changes in the discount rate – The following presents the ESD’s proportionate share of the net OPEB liability/(asset) calculated using the discount rate of 6.90 percent, as well as what the ESD’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percent lower (5.90 percent) or one percent higher (7.90 percent) than the current rate.

|  | 1%<br>Decrease<br>(5.90%) | Discount<br>Rate<br>(6.90%) | 1%<br>Increase<br>(7.90%) |
|--|---------------------------|-----------------------------|---------------------------|
| Proportionate share of<br>the net OPEB liability (asset) | \$ (613,189)              | \$ (674,574)                | \$ (727,241)              |

**Changes Subsequent to the Measurement Date**

There are no changes subsequent to the June 30, 2023 Measurement Date that meet this requirement and thus would require a brief description under the GASB standard.

CLACKAMAS EDUCATION SERVICE DISTRICT  
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NOTES TO THE BASIC FINANCIAL STATEMENTS  
For the Year Ended June 30, 2024

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**NOTE 13 – SUBSCRIPTIONS PAYABLE**

For the year ended 6/30/2024, the financial statements include the adoption of GASB Statement No. 96, Subscription-Based Information Technology Arrangements. The primary objective of this statement is to enhance the relevance and consistency of information about governments' subscription activities. This statement establishes a single model for subscription accounting based on the principle that subscriptions are financings of the right to use an underlying asset. Under this Statement, an organization is required to recognize a subscription liability and an intangible right-to-use subscription asset. For additional information, refer to the disclosures below.

On 07/01/2023, Clackamas Education Service District, OR entered into a 72 month subscription for the use of Premium & Premium Plus Hosting - Ed-Fi. An initial subscription liability was recorded in the amount of \$284,287.66. As of 06/30/2024, the value of the subscription liability is \$195,070. Clackamas Education Service District, OR is required to make annual fixed payments of \$46,875.00. The subscription has an interest rate of 2.5197%. The value of the right to use asset as of 06/30/2024 of \$284,287.66 with accumulated amortization of \$94,763 is included with Software on the Subscription Class activities table found below. Clackamas Education Service District, OR has 5 extension option(s), each for 12 months.

On 07/01/2023, Clackamas Education Service District, OR entered into a 31 month subscription for the use of Citrix. An initial subscription liability was recorded in the amount of \$34,139.26. As of 06/30/2024, the value of the subscription liability is \$0.00. Clackamas Education Service District, OR is required to make annual fixed payments of \$17,500.00. The subscription has an interest rate of 2.1840%. The value of the right to use asset as of 06/30/2024 of \$34,139.26 with accumulated amortization of \$25,739 is included with Software on the Subscription Class activities table found below.

On 08/30/2023, Clackamas Education Service District, OR entered into a 60 month subscription for the use of GoodSync Server. An initial subscription liability was recorded in the amount of \$6,650.43. As of 06/30/2024, the value of the subscription liability is \$3,989. Clackamas Education Service District, OR is required to make annual fixed payments of \$1,393.00. The subscription has an interest rate of 2.3657%. The value of the right to use asset as of 06/30/2024 of \$6,650.43 with accumulated amortization of \$2,442 is included with Software on the Subscription Class activities table found below.

On 12/01/2023, Clackamas Education Service District, OR entered into a 13 month subscription for the use of IssueTrak Software License. An initial subscription liability was recorded in the amount of \$1,843.47. As of 06/30/2024, the value of the subscription liability is \$0. Clackamas Education Service District, OR is required to make annual fixed payments of \$936.00. The subscription has an interest rate of 3.1440%. The value of the right to use asset as of 06/30/2024 of \$0 with accumulated amortization of \$0 is included with Software on the Subscription Class activities table found below.

On 07/11/2023, Clackamas Education Service District, OR entered into a 24 month subscription for the use of PremiumSSL Wildcard. An initial subscription liability was recorded in the amount of \$1,205.04. As of 06/30/2024, the value of the subscription liability is \$0.00. Clackamas Education Service District, OR is required to make annual fixed payments of \$1,205.04. The subscription has an interest rate of 2.0247%. The value of the right to use asset as of 06/30/2024 of \$1,205.04 with accumulated amortization of \$1,188 is included with Software on the Subscription Class activities table found below.

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NOTES TO THE BASIC FINANCIAL STATEMENTS  
 For the Year Ended June 30, 2024

**NOTE 13 – SUBSCRIPTIONS PAYABLE (Continued)**

Amount of Subscription Assets by Major Classes of Underlying Asset

| Asset Class         | As of Fiscal Year-end    |                          |
|---------------------|--------------------------|--------------------------|
|                     | Subscription Asset Value | Accumulated Amortization |
| Software            | \$ 326,282               | \$ 124,132               |
| Total Subscriptions | \$ 326,282               | \$ 124,132               |

Principal and Interest Requirements to Maturity

| Fiscal Year | Business-Type Activities |                   |                |
|-------------|--------------------------|-------------------|----------------|
|             | Principal Payments       | Interest Payments | Total Payments |
| 2025        | \$ 46,009                | \$ 5,009          | \$ 51,018      |
| 2026        | 48,741                   | 3,852             | 52,593         |
| 2027        | 51,417                   | 2,626             | 54,043         |
| 2028        | 52,892                   | 1,333             | 54,225         |
| Total       | \$ 199,058               | \$ 12,821         | \$ 211,879     |

**GOVERNMENTAL ACTIVITIES:**

|                                       | Balance as of<br>July 1, 2023 | Additions | Reductions | Balance as of<br>June 30, 2024 | Short-Term Balance as of<br>June 30, 2024 |
|---------------------------------------|-------------------------------|-----------|------------|--------------------------------|---|
| Subscription Liability                |                               |           |            |                                |   |
| Software                              |                               |           |            |                                |   |
| CVE Technologies                      | -                             | -         | -          | -                              | -   |
| Citrix                                | 17,126                        | -         | 17,126     | -                              | -   |
| PremiumSSL Wildcard                   | -                             | -         | -          | -                              | -   |
| Total Software Subscription Liability | 17,126                        | -         | 17,126     | -                              | -   |
| Total Subscription Liability          | 17,126                        | -         | 17,126     | -                              | -   |

CLACKAMAS EDUCATION SERVICE DISTRICT  
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NOTES TO THE BASIC FINANCIAL STATEMENTS  
For the Year Ended June 30, 2024

**NOTE 13 – SUBSCRIPTIONS PAYABLE (Continued)**

| <b>GOVERNMENTAL ACTIVITIES:</b>                             | Balance as of<br>July 1, 2023 | Additions       | Reductions | Balance as of<br>June 30, 2024 |
|---|-------------------------------|-----------------|------------|--------------------------------|
| Subscription Assets   |                               |                 |            |                                |
| Software  |                               |                 |            |                                |
| CVE Technologies  | -                             | -               | -          | -                              |
| Citrix  | 34,139                        | -               | -          | 34,139                         |
| PremiumSSL Wildcard   | 904                           | -               | -          | 904                            |
| <b>Total Software Subscription Assets</b>                   | <b>35,043</b>                 | <b>-</b>        | <b>-</b>   | <b>35,043</b>                  |
| <b>Total Subscription Assets</b>                            | <b>35,043</b>                 | <b>-</b>        | <b>-</b>   | <b>35,043</b>                  |
| Subscription Accumulated Amortization                       |                               |                 |            |                                |
| Software  |                               |                 |            |                                |
| CVE Technologies  | -                             | -               | -          | -                              |
| Citrix  | 12,869                        | 12,869          | -          | 25,739                         |
| PremiumSSL Wildcard   | 439                           | 452             | -          | 891                            |
| <b>Total Software Subscription Accumulated Amortization</b> | <b>13,308</b>                 | <b>13,321</b>   | <b>-</b>   | <b>26,630</b>                  |
| <b>Total Subscription Accumulated Amortization</b>          | <b>13,308</b>                 | <b>13,321</b>   | <b>-</b>   | <b>26,630</b>                  |
| <b>Total Governmental Subscription Assets, Net</b>          | <b>21,735</b>                 | <b>(13,321)</b> | <b>-</b>   | <b>8,413</b>                   |

| <b>BUSINESS-TYPE ACTIVITIES:</b>             | Balance as of<br>July 1, 2023 | Additions | Reductions    | Balance as of<br>June 30, 2024 | Short-Term Balance as of<br>June 30, 2024 |
|--|-------------------------------|-----------|---------------|--------------------------------|---|
| Subscription Liability                       |                               |           |               |                                |   |
| Software                                     |                               |           |               |                                |   |
| GoodSync Server                              | 5,257                         | -         | 1,269         | 3,989                          | 1,299                                     |
| Premium & Premium Plus Hosting - Ed-Fi       | 237,413                       | -         | 42,343        | 195,070                        | 44,710                                    |
| PremiumSSL Wildcard                          | -                             | -         | -             | -                              | -   |
| IssueTrak Software License                   | 907                           | -         | 907           | -                              | -   |
| <b>Total Software Subscription Liability</b> | <b>243,577</b>                | <b>-</b>  | <b>44,519</b> | <b>199,059</b>                 | <b>46,009</b>                             |
| <b>Total Subscription Liability</b>          | <b>243,577</b>                | <b>-</b>  | <b>44,519</b> | <b>199,059</b>                 | <b>46,009</b>                             |

| <b>BUSINESS-TYPE ACTIVITIES:</b>                            | Balance as of<br>July 1, 2023 | Additions       | Reductions   | Balance as of<br>June 30, 2024 |
|---|-------------------------------|-----------------|--------------|--------------------------------|
| Subscription Assets   |                               |                 |              |                                |
| Software  |                               |                 |              |                                |
| GoodSync Server   | 6,650                         | -               | -            | 6,650                          |
| Premium & Premium Plus Hosting - Ed-Fi                      | 284,288                       | -               | -            | 284,288                        |
| PremiumSSL Wildcard   | 301                           | -               | -            | 301                            |
| IssueTrak Software License                                  | 1,843                         | -               | 1,843        | -                              |
| <b>Total Software Subscription Assets</b>                   | <b>293,082</b>                | <b>-</b>        | <b>1,843</b> | <b>291,239</b>                 |
| <b>Total Subscription Assets</b>                            | <b>293,082</b>                | <b>-</b>        | <b>1,843</b> | <b>291,239</b>                 |
| Subscription Accumulated Amortization                       |                               |                 |              |                                |
| Software  |                               |                 |              |                                |
| GoodSync Server   | 1,112                         | 1,330           | -            | 2,442                          |
| Premium & Premium Plus Hosting - Ed-Fi                      | 47,381                        | 47,381          | -            | 94,763                         |
| PremiumSSL Wildcard   | 146                           | 151             | -            | 297                            |
| IssueTrak Software License                                  | 993                           | 851             | 1,843        | -                              |
| <b>Total Software Subscription Accumulated Amortization</b> | <b>49,632</b>                 | <b>49,713</b>   | <b>1,843</b> | <b>97,502</b>                  |
| <b>Total Subscription Accumulated Amortization</b>          | <b>49,632</b>                 | <b>49,713</b>   | <b>1,843</b> | <b>97,502</b>                  |
| <b>Total Business-Type Subscription Assets, Net</b>         | <b>243,450</b>                | <b>(49,713)</b> | <b>-</b>     | <b>193,737</b>                 |

CLACKAMAS EDUCATION SERVICE DISTRICT  
CLACKAMAS COUNTY, OREGON

NOTES TO THE BASIC FINANCIAL STATEMENTS  
For the Year Ended June 30, 2024

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**NOTE 14 – TAX ABATEMENTS**

For the year ended June 30, 2024, \$4,811,932 in tax abatements were issued at the County level for properties within the ESD's District boundaries. The majority of abatements, totaling \$3,075,384 were issued in reference to exemption code ORS 307.09 – Schools. The remaining \$1,736,548 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.

**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, 2024

SCHEDULE OF THE PROPORTIONATE SHARE OF THE NET PENSION LIABILITY

| Fiscal<br>Year Ended | (a)<br>District's<br>proportion of<br>the net pension<br>liability (NPL) | (b)<br>District's<br>proportionate share<br>of the net pension<br>liability (NPL) | (c)<br>District's<br>covered<br>payroll | (b/c)<br>NPL as a<br>percentage<br>of covered<br>payroll | Plan fiduciary<br>net position as<br>a percentage of<br>the total pension<br>liability |
|----------------------|--|---|---|--|--|
| 2024                 | 0.15 %   | \$ 27,402,492   | \$ 25,999,540                           | 105.4 %  | 81.3 %   |
| 2023                 | 0.15   | 22,419,981  | 22,149,600                              | 101.2  | 84.5   |
| 2022                 | 0.14   | 17,571,275  | 18,347,303                              | 95.8   | 87.6   |
| 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   |

SCHEDULE OF CONTRIBUTIONS

| Year<br>Ended<br>June 30, | Statutorily<br>required<br>contribution | Contributions in<br>relation to the<br>statutorily required<br>contribution | Contribution<br>deficiency<br>(excess) | District's<br>covered<br>payroll | Contributions<br>as a percent<br>of covered<br>payroll |
|---------------------------|---|---|--|----------------------------------|--|
| 2024                      | \$ 4,057,354                            | \$ 4,057,354  | -                                      | \$ 29,790,819                    | 13.62 %  |
| 2023                      | 3,449,195                               | 3,449,195   | -                                      | 25,999,540                       | 13.27  |
| 2022                      | 2,920,540                               | 2,920,540   | -                                      | 22,149,600                       | 13.19  |
| 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, 2024

SCHEDULE OF THE PROPORTIONATE SHARE OF THE NET OPEB LIABILITY - RHIA

| Fiscal<br>Year Ended | (a)<br>District's<br>proportion of<br>the net pension<br>asset (NPA) | (b)<br>District's<br>proportionate share<br>of the net pension<br>asset (NPA) | (c)<br>District's<br>covered<br>payroll | (b/c)<br>NPA as a<br>percentage<br>of covered<br>payroll | Plan fiduciary<br>net position as<br>a percentage of<br>the total pension<br>liability |
|----------------------|--|---|---|--|--|
| 2024                 | 0.18 %   | \$ (674,574)  | \$ 25,999,540                           | (2.6) %  | 201.6 %  |
| 2023                 | 0.13   | (456,092)   | 22,149,600                              | (2.1)  | 194.6  |
| 2022                 | 0.14   | (469,336)   | 18,347,303                              | (2.6)  | 183.9  |
| 2021                 | 0.21   | (424,658)   | 17,658,849                              | (2.4)  | 150.1  |
| 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  |

SCHEDULE OF CONTRIBUTIONS - RHIA

| Year<br>Ended<br>June 30, | Statutorily<br>required<br>contribution | Contributions in<br>relation to the<br>statutorily required<br>contribution | Contribution<br>deficiency<br>(excess) | District's<br>covered<br>payroll | Contributions<br>as a percent<br>of covered<br>payroll |
|---------------------------|---|---|--|----------------------------------|--|
| 2024                      | \$ -                                    | \$ -  | \$ -                                   | \$ 29,790,819                    | 0.00 %   |
| 2023                      | 3,630                                   | 3,630   | -                                      | 25,999,540                       | 0.01   |
| 2022                      | 3,164                                   | 3,164   | -                                      | 22,149,600                       | 0.01   |
| 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, 2024

| OPEB Liability - Medical Benefits                        |                  |                  |                  |                  |                  |                  |                  |
|--|------------------|------------------|------------------|------------------|------------------|------------------|------------------|
|  | June 30,<br>2024 | June 30,<br>2023 | June 30,<br>2022 | June 30,<br>2021 | June 30,<br>2020 | June 30,<br>2019 | June 30,<br>2018 |
| OPEB Liability - Medical Benefit                         |                  |                  |                  |                  |                  |                  |                  |
| Total OPEB Liability - Beginning                         | \$ 2,746,843     | \$ 2,629,537     | \$ 2,576,543     | \$ 2,367,423     | \$ 1,988,571     | \$ 1,527,844     | \$ 1,486,498     |
| Service Cost   | 231,299.00       | 224,562          | 231,552          | 223,722          | 147,472          | 142,485          | 116,326          |
| Interest   | 71,819.00        | 69,147           | 74,998           | 70,092           | 78,795           | 71,089           | 55,479           |
| Changes in Benefit Terms                                 | -                | -                | -                | -                | -                | -                | -                |
| Differences between expected and actual experience       | 467,876.00       | -                | 119,054          | -                | 173,921          | -                | -                |
| Changes in assumptions or other input                    | (588,036.00)     | -                | (210,811)        | -                | 48,346           | 346,061          | -                |
| Benefit Payments   | (210,759.00)     | (176,403)        | (161,799)        | (84,694)         | (69,682)         | (98,908)         | (130,459)        |
| Net Change in Total OPEB Liability                       | (27,801)         | 117,306          | 52,994           | 209,120          | 378,852          | 460,727          | 41,346           |
| Total OPEB Liability - End of Year                       | \$ 2,719,042     | \$ 2,746,843     | \$ 2,629,537     | \$ 2,576,543     | \$ 2,367,423     | \$ 1,988,571     | \$ 1,527,844     |
| Covered Payroll  | 25,239,736       | 21,788,776       | 21,154,151       | 18,761,036       | 18,126,605       | 17,511,063       | 16,918,901       |
| Total OPEB Liability as Percentage of Covered Payroll    | 10.77%           | 12.61%           | 12.43%           | 13.73%           | 13.06%           | 11.36%           | 9.03%            |
| Pension Liability - Stipend Benefit                      |                  |                  |                  |                  |                  |                  |                  |
|  | June 30,<br>2024 | June 30,<br>2023 | June 30,<br>2022 | June 30,<br>2021 | June 30,<br>2020 | June 30,<br>2019 | June 30,<br>2018 |
| Pension Liability - Stipend Benefit                      |                  |                  |                  |                  |                  |                  |                  |
| Total Pension Stipend Liability - Beginning              | \$ 556,981       | \$ 561,528       | \$ 572,604       | \$ 564,884       | \$ 619,035       | \$ 653,302       | \$ 722,364       |
| Service Cost   | 34,594           | 33,586           | 34,727           | 33,553           | 30,110           | -                | -                |
| Interest   | 14,332           | 14,223           | 16,099           | 15,883           | 23,382           | 29,092           | 29,092           |
| Changes in Benefit Terms                                 | -                | -                | -                | -                | -                | 23,417           | 25,319           |
| Differences between expected and actual experience       | (35,338)         | -                | 5,556            | -                | (63,153)         | -                | -                |
| Changes in assumptions or other input                    | (53,599)         | -                | (23,654)         | -                | 6,789            | -                | -                |
| Benefit Payments   | (36,625)         | (52,356)         | (43,804)         | (41,716)         | (51,279)         | (86,776)         | (123,473)        |
| Net Change in Total Pension Stipend Liability            | (76,636)         | (4,547)          | (11,076)         | 7,720            | (54,151)         | (34,267)         | (69,062)         |
| Total Pension Liability - End of Year                    | \$ 480,345       | \$ 556,981       | \$ 561,528       | \$ 572,604       | \$ 564,884       | \$ 619,035       | \$ 653,302       |
| Covered Payroll  | 8,181,567        | 7,889,663        | 7,659,867        | 6,978,256        | 6,742,276        | 7,084,150        | 6,844,589        |
| Total Pension Liability as Percentage of Covered Payroll | 5.87%            | 7.06%            | 7.33%            | 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, 2024

| <u>GENERAL FUND</u>  |                            |                         |                      |   |
|--|----------------------------|-------------------------|----------------------|---|
|  | <u>ORIGINAL<br/>BUDGET</u> | <u>FINAL<br/>BUDGET</u> | <u>ACTUAL</u>        | <u>VARIANCE<br/>TO FINAL<br/>BUDGET</u> |
| <b>REVENUES:</b>   |                            |                         |                      |   |
| Local sources  |                            |                         |                      |   |
| Taxes  | \$ 20,137,100              | \$ 20,137,100           | \$ 20,853,236        | \$ 716,136                              |
| Charges for Services   | 980,766                    | 980,766                 | 1,052,172            | 71,406                                  |
| Earnings from Investments  | 400,000                    | 400,000                 | 883,104              | 483,104                                 |
| Other  | 1,131,000                  | 1,131,000               | 1,360,312            | 229,312                                 |
| Total Local Sources  | <u>22,648,866</u>          | <u>22,648,866</u>       | <u>24,148,824</u>    | <u>1,499,958</u>                        |
| Intermediate Sources   | 10,000                     | 10,000                  | 20,690               | 10,690                                  |
| State Sources  | 11,472,388                 | 11,472,388              | 11,909,341           | 436,953                                 |
| Total Revenues   | <u>34,131,254</u>          | <u>34,131,254</u>       | <u>36,078,855</u>    | <u>1,947,601</u>                        |
| <b>EXPENDITURES:</b>   |                            |                         |                      |   |
| Instruction  | 10,693,066                 | 11,193,066 (1)          | 11,146,800           | 46,266                                  |
| Support Services   | 11,023,612                 | 10,523,612 (1)          | 9,162,337            | 1,361,275                               |
| Debt Service   | 1,547,246                  | 1,547,246 (1)           | 1,468,897            | 78,349                                  |
| Contingency  | 1,000,000                  | 1,000,000 (1)           | -                    | 1,000,000                               |
| Total Expenditures   | <u>24,263,924</u>          | <u>24,263,924</u>       | <u>21,778,034</u>    | <u>2,485,890</u>                        |
| Revenues Over, (under) Expenditures                                | <u>9,867,330</u>           | <u>9,867,330</u>        | <u>14,300,821</u>    | <u>4,433,491</u>                        |
| <b>Other Financing Sources, (Uses):</b>                            |                            |                         |                      |   |
| Transfers Out  | (1,300,000)                | (1,300,000) (1)         | -                    | 1,300,000                               |
| Sale of Assets   | 1,500,000                  | 1,500,000               | -                    | (1,500,000)                             |
| Payments to Districts  | (16,000,000)               | (16,000,000) (1)        | (14,812,698)         | 1,187,302                               |
| Total Other Financing Sources, (Uses)                              | <u>(15,800,000)</u>        | <u>(15,800,000)</u>     | <u>(14,812,698)</u>  | <u>987,302</u>                          |
| Revenues and Other Financing<br>Sources Over, (Under) Expenditures | (5,932,670)                | (5,932,670)             | (511,877)            | 5,420,793                               |
| Fund Balance, Beginning of Year                                    | 8,400,000                  | 8,400,000               | 16,626,887           | 8,226,887                               |
| Fund Balance, End of Year  | <u>\$ 2,467,330</u>        | <u>\$ 2,467,330</u>     | <u>\$ 16,115,010</u> | <u>\$ 13,647,680</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, 2024

| <u>SPECIAL REVENUE FUND</u>  |                            |                         |                     |   |
|--|----------------------------|-------------------------|---------------------|---|
|  | <u>ORIGINAL<br/>BUDGET</u> | <u>FINAL<br/>BUDGET</u> | <u>ACTUAL</u>       | <u>VARIANCE<br/>TO FINAL<br/>BUDGET</u> |
| <b>REVENUES:</b>   |                            |                         |                     |   |
| Local sources  | \$ 11,798,703              | \$ 11,798,703           | \$ 9,872,817        | \$ (1,925,886)                          |
| Intermediate Sources   | 2,900                      | 2,900                   | -                   | (2,900)                                 |
| State Sources  | 28,767,855                 | 28,767,855              | 25,529,862          | (3,237,993)                             |
| Federal Sources  | 9,049,902                  | 9,049,902               | 6,692,753           | (2,357,149)                             |
| <b>Total Revenues</b>  | <u>49,619,360</u>          | <u>49,619,360</u>       | <u>42,095,432</u>   | <u>(7,523,928)</u>                      |
| <b>EXPENDITURES:</b>   |                            |                         |                     |   |
| Instruction  | 35,965,090                 | 35,965,090 (1)          | 31,745,283          | 4,219,807                               |
| Support Services   | 11,353,928                 | 11,353,928 (1)          | 7,151,548           | 4,202,380                               |
| Enterprise and Community Services  | 1,841,334                  | 1,841,334 (1)           | 1,190,895           | 650,439                                 |
| Facilities Acquisition and Construction                                    | 150,000                    | 150,000 (1)             | -                   | 150,000                                 |
| <b>Total Expenditures</b>  | <u>49,310,352</u>          | <u>49,310,352</u>       | <u>40,087,726</u>   | <u>9,222,626</u>                        |
| <b>Revenues Over, (under) Expenditures</b>                                 | <u>309,008</u>             | <u>309,008</u>          | <u>2,007,706</u>    | <u>1,698,698</u>                        |
| <b>Other Financing Sources, (Uses):</b>                                    |                            |                         |                     |   |
| Payments to Districts  | (2,470,992)                | (2,470,992) (1)         | (1,457,284)         | 1,013,708                               |
| <b>Total Other Financing Sources, (Uses)</b>                               | <u>(2,470,992)</u>         | <u>(2,470,992)</u>      | <u>(1,457,284)</u>  | <u>1,013,708</u>                        |
| <b>Revenues and Other Financing<br/>Sources Over, (Under) Expenditures</b> | <u>(2,161,984)</u>         | <u>(2,161,984)</u>      | <u>550,422</u>      | <u>2,712,406</u>                        |
| <b>Fund Balance, Beginning of Year</b>                                     | <u>2,161,984</u>           | <u>2,161,984</u>        | <u>2,023,057</u>    | <u>(138,927)</u>                        |
| <b>Fund Balance, End of Year</b>   | <u>\$ -</u>                | <u>\$ -</u>             | <u>\$ 2,573,479</u> | <u>\$ 2,573,479</u>                     |

(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, 2024

| <u>DEBT SERVICE FUND</u>            |                            |                          |                            |   |
|-------------------------------------|----------------------------|--------------------------|----------------------------|---|
|                                     | <u>ORIGINAL<br/>BUDGET</u> | <u>FINAL<br/>BUDGET</u>  | <u>ACTUAL</u>              | <u>VARIANCE<br/>TO FINAL<br/>BUDGET</u> |
| <b>REVENUES:</b>                    |                            |                          |                            |   |
| Local Sources:                      |                            |                          |                            |   |
| Earnings from investments           | \$ -                       | \$ -                     | \$ 55,466                  | \$ 55,466                               |
| Services provided other funds       | <u>1,928,572</u>           | <u>1,928,572</u>         | <u>2,168,601</u>           | <u>240,029</u>                          |
| Total Revenues                      | <u>1,928,572</u>           | <u>1,928,572</u>         | <u>2,224,067</u>           | <u>295,495</u>                          |
| <b>EXPENDITURES:</b>                |                            |                          |                            |   |
| Debt Service:                       |                            |                          |                            |   |
| Redemption of principal             | 1,540,000                  | 1,540,000                | 1,540,000                  | -                                       |
| Interest                            | <u>388,572</u>             | <u>388,572</u>           | <u>388,572</u>             | <u>-</u>                                |
| Total Expenditures                  | <u>1,928,572</u>           | <u>1,928,572 (1)</u>     | <u>1,928,572</u>           | <u>-</u>                                |
| Revenues Over, (Under) Expenditures | -                          | -                        | 295,495                    | 295,495                                 |
| Fund Balance, Beginning of Year     | <u>800,000</u>             | <u>800,000</u>           | <u>1,518,972</u>           | <u>718,972</u>                          |
| Fund Balance, End of Year           | <u><u>\$ 800,000</u></u>   | <u><u>\$ 800,000</u></u> | <u><u>\$ 1,814,467</u></u> | <u><u>\$ 1,014,467</u></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, 2024

| <u>CAPITAL PROJECTS FUND</u>  |                            |                         |               | VARIANCE<br>TO FINAL<br>BUDGET |
|---|----------------------------|-------------------------|---------------|--------------------------------|
|   | <u>ORIGINAL<br/>BUDGET</u> | <u>FINAL<br/>BUDGET</u> | <u>ACTUAL</u> | <u>BUDGET</u>                  |
| <b>REVENUES:</b>  |                            |                         |               |                                |
| Local Sources:  |                            |                         |               |                                |
| Miscellaneous   | \$ -                       | \$ -                    | \$ 278,348    | \$ 278,348                     |
| Total Revenues  | -                          | -                       | 278,348       | 278,348                        |
| <b>EXPENDITURES:</b>  |                            |                         |               |                                |
| Facility Acquisition  | 11,815,000                 | 11,815,000 (1)          | 7,021,504     | 4,793,496                      |
| Total Expenditures  | 11,815,000                 | 11,815,000              | 7,021,504     | 4,793,496                      |
| Revenues Over, (Under) Expenditures                                       | (11,815,000)               | (11,815,000)            | (6,743,156)   | 5,071,844                      |
| <b>Other Financing Sources, (Uses):</b>                                   |                            |                         |               |                                |
| Loan Proceeds   | 9,015,000                  | 9,015,000               | 9,022,576     | 7,576                          |
| Interfund Transfers   | 1,300,000                  | 1,300,000               | -             | (1,300,000)                    |
| Total Other Financing Sources, (Uses)                                     | 10,315,000                 | 10,315,000              | 9,022,576     | (1,292,424)                    |
| Revenues and Other Financing<br>Sources (Uses) Over, (Under) Expenditures | (1,500,000)                | (1,500,000)             | 2,279,420     | 3,779,420                      |
| Fund Balance, Beginning of Year   | 1,500,000                  | 1,500,000               | 516,157       | (983,843)                      |
| Fund Balance, End of Year   | \$ -                       | \$ -                    | \$ 2,795,577  | \$ 2,795,577                   |

(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, 2024

|   | <u>ENTERPRISE FUND</u> |                 |              | VARIANCE<br>TO FINAL<br>BUDGET |
|---|------------------------|-----------------|--------------|--------------------------------|
|   | ORIGINAL<br>BUDGET     | FINAL<br>BUDGET | ACTUAL       |                                |
| <b>REVENUES:</b>  |                        |                 |              |                                |
| Local Sources:  |                        |                 |              |                                |
| Supplies and services provided other LEAs                                 | \$ 3,916,065           | \$ 3,916,065    | \$ 4,008,530 | \$ 92,465                      |
| Supplies and services provided other funds                                | 5,000                  | 5,000           | 22,188       | 17,188                         |
| Other local revenues  | 155,059                | 155,059         | 212,197      | 57,138                         |
| Total local sources   | 4,076,124              | 4,076,124       | 4,242,915    | 166,791                        |
| Federal Services:   | 618,575                | 618,575         | 904,452      | 285,877                        |
| Total Revenues  | 4,694,699              | 4,694,699       | 5,147,367    | 452,668                        |
| <b>EXPENDITURES:</b>  |                        |                 |              |                                |
| Instruction   | 127,487                | 127,487 (1)     | 376          | 127,111                        |
| Support Services  | 5,066,060              | 4,766,060 (1)   | 3,306,938    | 1,459,122                      |
| Total Expenditures  | 5,193,547              | 4,893,547       | 3,307,314    | 1,586,233                      |
| Revenues Over, (Under) Expenditures                                       | (498,848)              | (498,848)       | 1,840,053    | 2,038,901                      |
| <b>Other Financing Sources, (Uses):</b>                                   |                        |                 |              |                                |
| Payments to districts   | (500,000)              | (800,000) (1)   | (492,527)    | 307,473                        |
| Total Other Financing Sources, (Uses)                                     | (500,000)              | (800,000)       | (492,527)    | 307,473                        |
| Revenues and Other Financing<br>Sources (Uses) Over, (Under) Expenditures | (998,848)              | (998,848)       | 1,347,526    | 2,346,374                      |
| Fund Balance, Beginning of Year   | 1,156,848              | 1,156,848       | 2,359,198    | 1,202,350                      |
| Fund Balance, End of Year   | \$ 158,000             | \$ 158,000      | \$ 3,706,724 | \$ 3,548,724                   |
| Adjustment to generally accepted accounting principles (GAAP) basis:      |                        |                 |              |                                |
| Equipment, net  |                        |                 | 156,315      |                                |
| Net RHIA Asset  |                        |                 | 27,009       |                                |
| Subscription Assets, net  |                        |                 | 193,737      |                                |
| Deferred Outflows   |                        |                 | 309,667      |                                |
| Subscriptions Payable   |                        |                 | (199,059)    |                                |
| Net OPEB Liabilities  |                        |                 | (108,761)    |                                |
| Net Pension Liability   |                        |                 | (863,938)    |                                |
| Stipend Plan Liability  |                        |                 | (19,213)     |                                |
| Deferred Inflows  |                        |                 | (115,011)    |                                |
| Net Position - GAAP basis   |                        |                 | \$ 3,087,470 |                                |

(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, 2024

| <u>INTERNAL SERVICE FUND</u>  |                    |                  |                   |                                |
|---|--------------------|------------------|-------------------|--------------------------------|
|   | ORIGINAL<br>BUDGET | FINAL<br>BUDGET  | ACTUAL            | VARIANCE<br>TO FINAL<br>BUDGET |
| <b>REVENUES:</b>  |                    |                  |                   |                                |
| Local Sources:  |                    |                  |                   |                                |
| Rentals   | \$ 725,473         | \$ 725,473       | \$ 847,440        | \$ 121,967                     |
| Supplies and services provided other funds                                | 1,190,106          | 1,190,106        | 847,950           | (342,156)                      |
| Miscellaneous revenue   | 114,893            | 114,893          | 56,641            | (58,252)                       |
| <b>Total Revenues</b>   | <b>2,030,472</b>   | <b>2,030,472</b> | <b>1,752,031</b>  | <b>(278,441)</b>               |
| <b>EXPENDITURES:</b>  |                    |                  |                   |                                |
| Support Services  | 2,771,744          | 2,771,744 (1)    | 2,166,911         | 604,833                        |
| <b>Total Expenditures</b>   | <b>2,771,744</b>   | <b>2,771,744</b> | <b>2,166,911</b>  | <b>604,833</b>                 |
| Revenues and Other Financing<br>Sources (Uses) Over, (Under) Expenditures | (741,272)          | (741,272)        | (414,880)         | 326,392                        |
| Fund Balance, Beginning of Year   | 800,076            | 800,076          | 755,400           | (44,676)                       |
| Fund Balance, End of Year   | <u>\$ 58,804</u>   | <u>\$ 58,804</u> | <u>\$ 340,520</u> | <u>\$ 281,716</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, 2024

|   | <u>FIDUCIARY FUND</u>      |                         |                   | VARIANCE<br>TO FINAL<br>BUDGET |
|---|----------------------------|-------------------------|-------------------|--------------------------------|
|   | <u>ORIGINAL<br/>BUDGET</u> | <u>FINAL<br/>BUDGET</u> | <u>ACTUAL</u>     |                                |
| REVENUES:   |                            |                         |                   |                                |
| Private Donations   | \$ 26,597                  | \$ 26,597               | \$ 381            | \$ (26,216)                    |
| Miscellaneous   | 10,000                     | 10,000                  | -                 | (10,000)                       |
| Total Revenues  | <u>36,597</u>              | <u>36,597</u>           | <u>381</u>        | <u>(36,216)</u>                |
| EXPENDITURES:   |                            |                         |                   |                                |
| Support Services  | 200,973                    | 200,973 (1)             | 46,671            | 154,302                        |
| Total Expenditures  | <u>200,973</u>             | <u>200,973</u>          | <u>46,671</u>     | <u>154,302</u>                 |
| Revenues Over, (Under) Expenditures                                       | <u>(164,376)</u>           | <u>(164,376)</u>        | <u>(46,290)</u>   | <u>118,086</u>                 |
| Revenues and Other Financing<br>Sources (Uses) Over, (Under) Expenditures | (164,376)                  | (164,376)               | (46,290)          | 118,086                        |
| Fund Balance, Beginning of Year   | <u>164,376</u>             | <u>164,376</u>          | <u>162,193</u>    | <u>(2,183)</u>                 |
| Fund Balance, End of Year   | <u>\$ -</u>                | <u>\$ -</u>             | <u>\$ 115,903</u> | <u>\$ 115,903</u>              |

(1) Legally adopted appropriation level

**CLACKAMAS EDUCATION SERVICE DISTRICT**  
**CLACKAMAS COUNTY, OREGON**

**INDEPENDENT AUDITORS' REPORT REQUIRED BY OREGON STATE REGULATIONS**



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### **Independent Auditors' Report Required by Oregon State Regulations**

We have audited the basic financial statements of the Clackamas Education Service District as of and for the year ended June 30, 2024, and have issued our report thereon dated December 18, 2024. 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 black ink, appearing to read "Ken Allen". The signature is fluid and cursive, with a large initial "K" and "A".

Kenneth Allen, CPA

**PAULY, ROGERS AND CO., P.C.**

## **GRANT COMPLIANCE REVIEW**

CLACKAMAS EDUCATION SERVICE DISTRICT  
Clackamas County, Oregon

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
As required by the Oregon Department of Education  
For the Year Ended June 30, 2024

| Pass Through Organization                                     | Period                              |           | Federal CFDA Number | Pass Through Entity Number | Sub Grant Amount | Current Year |              | Passed-Through to Subrecipients |         |
|---|-------------------------------------|-----------|---------------------|----------------------------|------------------|--------------|--------------|---------------------------------|---------|
|   | Start                               | End       |                     |                            |                  | Revenues     | Expenditures |                                 |         |
| <b>U.S. DEPARTMENT OF EDUCATION</b>                           |                                     |           |                     |                            |                  |              |              |                                 |         |
| Migrant Education State Grant Program                         |                                     |           |                     |                            |                  |              |              |                                 |         |
| Migrant Ed, 20-21 Summer                                      | Oregon Department of Education      | 7/1/2021  | 9/30/2023           | 84.011                     | 66104            | \$ 355,965   | \$ -         | \$ -                            | \$ -    |
| Migrant Ed, 21-22 Summer                                      | Oregon Department of Education      | 7/1/2022  | 9/30/2023           | 84.011                     | 70934            | 355,965      | -            | -                               | -       |
| Migrant Ed, 23-24 Summer                                      | Oregon Department of Education      | 7/1/2022  | 9/30/2023           | 84.011                     | 80379            | 149,871      | -            | -                               | -       |
| Title I-C Summer 2023   | Oregon Department of Education      | 7/1/2022  | 9/30/2023           | 84.011                     | 75608            | 310,922      | 211,467      | 211,467                         | 169,419 |
| Title I-C Summer 23-24  | Oregon Department of Education      | 7/1/2023  | 9/30/2024           | 84.011                     | 80379            | 149,871      | -            | -                               | -       |
| Migrant Ed, 21-22 Preschool                                   | Oregon Department of Education      | 7/1/2020  | 9/30/2024           | 84.011                     | 68130            | 94,502       | 3,006        | 3,006                           | -       |
| Migrant Ed, 22-23 Preschool                                   | Oregon Department of Education      | 7/1/2021  | 9/30/2023           | 84.011                     | 73253            | 45,712       | 41,494       | 41,494                          | -       |
| Title I-C Regular School Program 24-25                        | Oregon Department of Education      | 1/0/1900  | 9/30/2023           | 84.011                     | 58912            | 50,475       | 755          | 755                             | -       |
| Title I-C Regular School Program 24-25                        | Oregon Department of Education      | 7/1/2020  | 9/30/2023           | 84.011                     | 58912            | 50,475       | 40,708       | 40,708                          | -       |
| Migrant Ed, 21-22 Regular                                     | Oregon Department of Education      | 7/1/2020  | 9/30/2023           | 84.011                     | 68119            | 2,107,758    | 729          | 729                             | 239,797 |
| Migrant Ed, 21-22 Regular                                     | Oregon Department of Education      | 7/1/2020  | 9/30/2023           | 84.011                     | 68119            | 2,107,758    | 540,441      | 540,441                         | 239,797 |
| Migrant Ed, 22-23 Regular                                     | Oregon Department of Education      | 7/1/2021  | 9/30/2022           | 84.011                     | 73271            | 1,012,866    | 140,380      | 140,380                         | -       |
|   |                                     |           |                     |                            |                  |              |              |                                 | -       |
| Total Migrant Education State Grant Program                   |                                     |           |                     |                            |                  | 6,792,140    | 978,980      | 978,980                         | 649,013 |
| Career and Technical Education - Basic Grants to States       |                                     |           |                     |                            |                  |              |              |                                 |         |
| Vocational Education, 21-22 Basic                             | Oregon Department of Education      | 7/1/2021  | 9/30/2022           | 84.048                     | 66135            | 686,180      | -            | -                               | -       |
| Vocational Education, 21-22 Reserve                           | Oregon Department of Education      | 7/1/2021  | 9/30/2022           | 84.048                     | 66181            | 133,564      | -            | -                               | -       |
| Vocational Education, 22-23 Perkins Basic                     | Oregon Department of Education      | 7/1/2022  | 9/30/2023           | 84.048                     | 72324            | 1,321,971    | 103,547      | 103,547                         | -       |
| Vocational Education, 22-23 Perkins Reserve                   | Oregon Department of Education      | 7/1/2022  | 9/30/2023           | 84.048                     | 75126            | 306,411      | 64,542       | 64,542                          | -       |
| Vocational Education, 23-24 Perkins Basic                     | Oregon Department of Education      | 7/1/2023  | 9/30/2024           | 84.048                     | 76407            | 872,093      | 659,041      | 659,041                         | 573,760 |
| Vocational Education, 23-24 Perkins Reserve                   | Oregon Department of Education      | 7/1/2023  | 9/30/2024           | 84.048                     | 79246            | 146,528      | 46,227       | 46,227                          | 11,462  |
|   |                                     |           |                     |                            |                  |              |              |                                 | -       |
| Total Career and Technical Education - Basic Grants to States |                                     |           |                     |                            |                  | 3,466,747    | 873,357      | 873,357                         | 585,221 |
| Special Education Cluster                                     |                                     |           |                     |                            |                  |              |              |                                 |         |
| IDEA Part B, Section 619 2021-23                              | Oregon Department of Education      | 7/1/2021  | 6/30/2023           | 84.173                     | 61166            | -            | -            | -                               | -       |
| IDEA Part B, Section 619 2020-21                              | Oregon Department of Education      | 9/1/2020  | 8/30/2022           | 84.173                     | 61162            | -            | -            | -                               | -       |
| IDEA Part B, Section 619 2020-21                              | Oregon Department of Education      | 9/1/2020  | 8/31/2022           | 84.173                     | 11118            | 362,951      | 190,972      | 190,972                         | -       |
| 84.173 IDEA PART B 619 ARP                                    | Oregon Department of Education      | 9/1/2022  | 6/30/2023           | 84.173                     | EI/ECSE ARP      | 138,615      | -            | -                               | -       |
| IDEA Part B, Section 611 2020-21                              | Oregon Department of Education      | 7/1/2021  | 6/30/2023           | 84.027                     | 11118            | 1,195,809    | 933,312      | 933,312                         | -       |
| IDEA Part B, Section 611 2020-21                              | Oregon Department of Education      | 7/1/2023  | 6/30/2024           | 84.027                     | RTAP             | 62,000       | 19,132       | 19,132                          | -       |
|   |                                     |           |                     |                            |                  |              |              |                                 | -       |
| Total Special Education Cluster                               |                                     |           |                     |                            |                  | 1,759,374    | 1,143,416    | 1,143,416                       | -       |
| Special Education - Grants for Infants and Families           |                                     |           |                     |                            |                  |              |              |                                 |         |
| IDEA Part C FFY 21  | Oregon Department of Education      | 7/1/2022  | 6/30/2023           | 84.181                     | 11118            | 727,522      | 495,753      | 495,753                         | -       |
| IDEA ARP Part C   | Oregon Department of Education      | 7/1/2022  | 6/30/2023           | 84.181                     | IDEA ARP         | 220,842      | -            | -                               | -       |
|   |                                     |           |                     |                            |                  |              |              |                                 | -       |
| Total Special Education - Grants for Infants and Families     |                                     |           |                     |                            |                  | 727,522      | 495,753      | 495,753                         | -       |
| CCDF Cluster  |                                     |           |                     |                            |                  |              |              |                                 |         |
| Child Care Mandatory/Matching FF                              | Oregon Department of Education      | 7/1/2021  | 6/30/2023           | 93.575                     | 68047            | 620,761      | -            | -                               | -       |
| Child Care Mandatory/Matching FF                              | Oregon Department of Education      | 9/23/2021 | 6/30/2023           | 93.575                     | 18530            | 335,465      | -            | -                               | -       |
| Child Care Mandatory/Matching FF (Displaced Workers)          | Oregon Department of Education      | 10/1/2021 | 6/30/2023           | 93.596                     | 70194            | 433,387      | -            | -                               | -       |
| CCR&R Main Grant FFY23 Discretionary                          | Department of Early Learning & Care | 7/1/2023  | 6/30/2024           | 93.575                     | 54011            | -            | 130,000      | 130,000                         | -       |
| CCR&R Main Grant FFY23 Discretionary                          | Department of Early Learning & Care | 7/1/2023  | 6/30/2024           | 93.575                     | 54009            | -            | 130,000      | 130,000                         | -       |
| CCR&R Main Grant FFY23 Matching                               | Department of Early Learning & Care | 7/1/2023  | 6/30/2024           | 93.575                     | 54017            | -            | 40,000       | 40,000                          | -       |
| CCR&R Main Grant FFY23 Matching                               | Department of Early Learning & Care | 7/1/2023  | 6/30/2024           | 93.575                     | 54015            | -            | 40,000       | 40,000                          | -       |
| CCR&R Main Grant FFY24 Matching                               | Department of Early Learning & Care | 7/1/2023  | 6/30/2024           | 93.575                     | 54044            | -            | 131,340      | 131,340                         | -       |
| CCR&R Main Grant FFY24 Matching                               | Department of Early Learning & Care | 7/1/2023  | 6/30/2024           | 93.575                     | 54043            | -            | 131,340      | 131,340                         | -       |
|   |                                     |           |                     |                            |                  |              |              |                                 | -       |
| Total CCDF Cluster  |                                     |           |                     |                            |                  | 1,389,614    | 602,680      | 602,680                         | -       |

|   |  |           |           |         |         |                              |                     |                     |                     |   |
|---|--|-----------|-----------|---------|---------|------------------------------|---------------------|---------------------|---------------------|---|
| Education Stabilization Fund (Covid-19)                                   |  |           |           |         |         |                              |                     |                     |                     |   |
| Elementary and Secondary School Emergency Relief Fund I                   | Oregon Department of Education                                   | 3/13/2020 | 9/30/2022 | 84.425  | 58419   | 357,867                      | -                   | -                   | -                   | - |
| Elementary and Secondary School Emergency Relief Fund II                  | Oregon Department of Education                                   | 3/13/2020 | 9/30/2023 | 84.425  | 65019   | 3,020,801                    | 1,154,233           | 1,154,233           | -                   | - |
| ESD Technical Assistance Federal GEER I                                   | Oregon Department of Education                                   | 7/1/2021  | 9/30/2022 | 84.425  | GEER    | 28,500                       | 5,250               | 5,250               | -                   | - |
| School Safety & Prevention Sys SSA - OF                                   | Oregon Department of Education                                   | 7/1/2022  | 6/30/2023 | 84.425  | 75252   | 50,079                       | 107,046             | 107,046             | -                   | - |
| Elementary and Secondary School Emergency Relief Fund II - EIECSE         | Oregon Department of Education                                   | 7/1/2021  | 9/30/2024 | 84.425  | 75570   | 610,977                      | 546,777             | 546,777             | -                   | - |
| Total Education Stabilization Fund (Covid-19)                             |  |           |           |         |         | <u>4,068,224</u>             | <u>1,813,306</u>    | <u>1,813,306</u>    | -                   | - |
| School Safety National Activities   | Direct Award   | 9/1/2019  | 9/30/2023 | 84.184Q | 12552-4 | <u>453,560</u>               | <u>80,716</u>       | <u>80,716</u>       | -                   | - |
| <b>TOTAL U.S. DEPARTMENT OF EDUCATION</b>                                 |  |           |           |         |         | <u>\$ 18,657,180</u>         | <u>\$ 5,988,208</u> | <u>\$ 5,988,208</u> | <u>\$ 1,234,235</u> |   |
| <b>U.S. DEPARTMENT OF LABOR, EMPLOYMENT &amp; TRAINING ADMINISTRATION</b> |  |           |           |         |         |                              |                     |                     |                     |   |
| WIOA Youth Activities   |  |           |           |         |         |                              |                     |                     |                     |   |
| Workforce Investment Act Youth Services Formula                           | Oregon Departmen of Community Colleges and Workforce Development | 7/1/2021  | 6/30/2022 | 17.259  | 23-24   | -                            | 444,876             | 444,876             | -                   | - |
| CCRR CWP NDWG FY2223 Q5 09/30/2022  | Oregon Departmen of Community Colleges and Workforce Development | 7/1/2023  | 6/30/2024 | 17.259  | CCRR    | -                            | 21,556              | 21,556              | -                   | - |
| Total WIOA Youth Activities   |  |           |           |         |         | <u>-</u>                     | <u>466,431</u>      | <u>466,431</u>      | -                   | - |
| <b>U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</b>                   |  |           |           |         |         |                              |                     |                     |                     |   |
| Youth Homelessness Demonstraton Program                                   | Clackamas County   | 10/1/2022 | 9/30/2023 | 14.276  | 23-24   | <u>50,713</u>                | <u>26,724</u>       | <u>26,724</u>       | -                   | - |
| <b>TOTAL FEDERAL EXPENDITURES</b>   |  |           |           |         |         | <u>18,707,893</u>            | <u>6,481,363</u>    | <u>6,481,363</u>    | <u>1,234,235</u>    |   |
| Reconciliation to Federal Revenue:  |  |           |           |         |         |                              |                     |                     |                     |   |
|   |  |           |           |         |         |                              | 34,370              |                     |                     |   |
|   |  |           |           |         |         |                              | 177,021             |                     |                     |   |
|   |  |           |           |         |         |                              | 904,451             |                     |                     |   |
|   |  |           |           |         |         |                              | <u>1,115,842</u>    |                     |                     |   |
|   |  |           |           |         |         | <b>TOTAL FEDERAL REVENUE</b> | <u>7,597,205</u>    |                     |                     |   |





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December 18, 2024

To the Board of Directors  
Clackamas Education Service District  
Clackamas County, Oregon

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, the 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, 2024, and the related notes to the financial statements, which collectively comprise the basic financial statements, and have issued our report thereon dated December 18, 2024.

**Report on 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) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of 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.

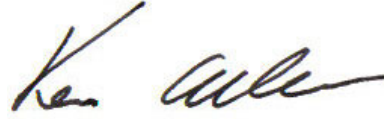
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not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

**Report on 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 financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

**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 "Kenny Allen". The signature is fluid and cursive, with a large initial "K" and "A".

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



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December 18, 2024

To the Board of Directors  
Clackamas Education Service District  
Clackamas County, Oregon

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

**Report on Compliance for Each Major Federal Program**

***Opinion on Each Major Federal Program***

We have audited Clackamas Education Service District's compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on each of the major federal programs for the year ended June 30, 2024. The major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

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, 2024.

***Basis for Opinion on Each Major Federal Program***

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; 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). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditors' Responsibilities for the Audit of Compliance section of our report.

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

***Responsibilities of Management for Compliance***

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

### ***Auditors' Responsibilities for the Audit of Compliance***

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

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

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

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

### **Report on 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 Auditors' Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

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

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 black ink, appearing to read "Kenny Allen". The signature is fluid and cursive, with a large initial "K" and "A".

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

CLACKAMAS EDUCATION SERVICE DISTRICT  
CLACKAMAS COUNT, OREGON

SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
 For the Year Ended June 30, 2024

**SECTION I – SUMMARY OF AUDITORS’ RESULTS**

**FINANCIAL STATEMENTS**

|   |  |
|---|--|
| Type of auditors' report issued:  | Unmodified   |
| Internal control over financial reporting:  |  |
| Material weakness(es) identified?   | <input type="checkbox"/> yes <input checked="" type="checkbox"/> no            |
| Significant deficiency(s) identified that are not considered to be material weaknesses?   | <input type="checkbox"/> yes <input checked="" type="checkbox"/> none reported |
| Noncompliance material to financial statements noted?   | <input type="checkbox"/> yes <input checked="" type="checkbox"/> no            |
| Any GAGAS audit findings disclosed that are required to be reported in accordance with section 515(d)(2) of the Uniform Guidance? | <input type="checkbox"/> yes <input checked="" type="checkbox"/> no            |

**FEDERAL AWARDS**

|  |  |
|--|--|
| Internal control over major programs:  |  |
| Material weakness(es) identified?  | <input type="checkbox"/> yes <input checked="" type="checkbox"/> no            |
| Significant deficiency(s) identified that are not considered to be material weaknesses?                                      | <input type="checkbox"/> yes <input checked="" type="checkbox"/> 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 section 200.516(a) of the Uniform Guidance? | <input type="checkbox"/> yes <input checked="" type="checkbox"/> no            |

**IDENTIFICATION OF MAJOR PROGRAMS**

| <b><u>AL NUMBER</u></b> | <b><u>NAME OF FEDERAL PROGRAM CLUSTER</u></b>           |
|-------------------------|---|
| 84.425                  | Education Stabilization Fund                            |
| 84.181                  | Migrant Education State Grant Program                   |
| 84.048                  | Career and Technical Education - Basic Grants to States |

|  |   |
|--|---|
| Dollar threshold used to distinguish between type A and B programs | \$750,000   |
| Auditee qualified as low-risk auditee?                             | <input checked="" type="checkbox"/> yes <input type="checkbox"/> no |

CLACKAMAS EDUCATION SERVICE DISTRICT  
CLACKAMAS COUNTY, OREGON

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the Year Ended June 30, 2024

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**SECTION II – FINANCIAL STATEMENT FINDINGS**

None noted

**SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS**

None noted

**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL EXPENDITURES**

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 minimus indirect cost rate as allowed under Uniform Guidance, due to the fact that they already have a negotiated indirect cost rate with Oregon Department of Education, and thus is not allowed to use the de minimus rate.