

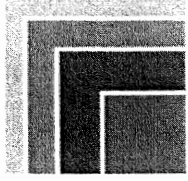


Northwest Regional
Education Service District

Annual Comprehensive Financial Report

For the Fiscal Year Ended June 30, 2023

Dan Goldman, Superintendent • Jordan Ely, Chief Financial Officer
5825 NE Ray Circle Hillsboro, OR 97124



Northwest Regional Education Service District

Annual Comprehensive Financial Report

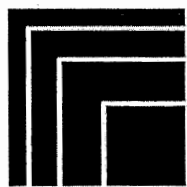
For the Fiscal Year Ended June 30, 2023

Dan Goldman, Superintendent

Jordan Ely, Chief Financial Officer

Prepared by: Fiscal Services Department

Hillsboro, Oregon



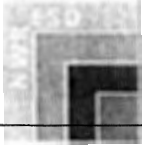
Northwest Regional
Education Service District



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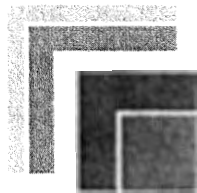
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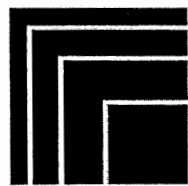
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Annual Comprehensive Financial Report
For the Fiscal Year Ended June 30, 2023

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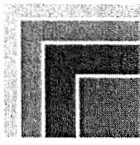
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Introductory Section



Northwest Regional
Education Service District



Northwest Regional Education Service District

Letter of Transmittal

December 29, 2023

**To the Board of Directors of
Northwest Regional Education Service District
Hillsboro, Oregon**

Oregon Municipal Audit Law requires that an independent audit be made of all district funds within six months following the close of the fiscal year. Pursuant to this requirement, hereby submitted is the Annual Comprehensive Financial Report of Northwest Regional Education Service District (District; ESD, NWRES D) for the fiscal year ended June 30, 2023.

The district's Fiscal Services Department prepared this report. The responsibility rests with the District for the completeness, fairness, and accuracy of the data presented and all accompanying disclosures. To provide a reasonable basis for making these representations, the District's management has established a comprehensive internal control framework designed to both protect assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the district's financial statements in conformity with accounting principles generally accepted in the United States of America (GAAP). Because the cost of internal controls should not outweigh their benefits, the district's comprehensive framework of internal controls has been designed to provide reasonable- rather than absolute- assurance that the financial statements will be free from material misstatement. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

Financial Statement Presentation

Designed to meet the needs of a broad spectrum of financial statement readers, this Annual Comprehensive Financial Report (ACFR) is divided into six major sections:

1. The *Introductory Section* includes this transmittal letter, the District's organizational chart, the Certificate of Achievement awarded for the District's 2022 ACFR and the District's Board of Directors.
2. The *Financial Section* includes the Independent Auditor's Report, Management's Discussion and Analysis (MD&A), the basic financial statements including notes to the basic financial statements, required supplementary information, and other supplementary information including the combining and individual fund financial statements.

3. The *Other Financial Schedules Section* includes financial schedules for the Oregon Department of Education.
4. The *Statistical Section* includes selected financial and demographic information, generally presented on a multi-year basis.
5. The *Single Audit Section* includes reports from the independent auditor regarding compliance requirements of the U.S. Office of Management and Budget (OMB) Uniform Guidance Compliance Supplement for major federal programs.
6. The *Compliance Section* contains the independent auditor's report required by the Minimum Standards for Audits of Oregon Municipal Corporations.

GAAP requires that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement, and should be read in conjunction with, the MD&A. The district's MD&A can be found immediately following the report of the independent auditors, beginning on page 7.

Profile of the District

The Northwest Regional ESD is the largest and most diverse education service district in the state. Two of Oregon's largest school districts - Beaverton and Hillsboro - reside in the urban parts of Washington County while many smaller, more rural districts reside along the Columbia River, Coast Range Mountains and Pacific Ocean. The district's service area includes 20 component school districts and more than 180 public schools in Clatsop, Columbia, Tillamook, and Washington counties - spanning approximately 3,500 square miles across the northwest corner of Oregon. The regional office is located in Hillsboro, with additional service centers located in Seaside, St. Helens, and Tillamook.

Education service districts (ESDs) originated in Oregon's first laws establishing a system of public schools, and throughout the history of the state, governance and statutes concerning the mission of ESDs has remained constant: "Education Service Districts assist school districts and the State of Oregon achieving Oregon's education goals by providing excellent and equitable educational opportunities for all Oregon public school students." Today, there are 19 ESDs serving Oregon's 36 counties.

The ESD is governed by a nine-member board consisting of five elected directors, each representing a specific geographic zone in the region, and four appointed directors from each of the following regional groups: higher education, social services, the business community, and one at-large member. Together, these volunteer community members work closely with the ESD's superintendent to determine district policies and ensure the highest quality programs and services are being delivered to schools in the region.

The Board of Directors has legal authority transacting all business coming within the jurisdiction of the education service district within the framework set by the State Legislature and State Board of Education. The Board also acts to provide a Local Service Plan of programs and services that are identified to meet the needs of the component school districts. The daily functioning of the

ESD is under the supervision of the Superintendent. The Board is responsible for employing the Superintendent to administer the ESD.

Local Service Plan

Every Oregon ESD, working with its component school districts, must annually develop a Local Service Plan (LSP) which determines how the State School Funds (SSF) will be used. Ninety percent of the SSF revenue received by an ESD is subject to this process. The Local Service Plan determines programs and services that the ESD will offer its component districts for the following fiscal year.

The LSP must include services from at least the following categories: special education, technology, school improvement and administration. The LSP must also include any "entrepreneurial services" that the ESD intends to offer to any entity either outside of the ESD boundary or inside the ESD boundary but not a component school district.

Under the Resolution Process, at least two-thirds of the school districts in an ESD, representing more than one-half of the student population, must approve the Local Service Plan. Northwest Regional ESD uses the following methodology to distribute SSF revenues to component school districts (other Oregon ESDs may use different models):

- 10% of the ESD's state support goes to operating the agency, and the remaining 90% is reserved for programs and services provided to our component school districts.
- 25% of the 90% goes to Core Services - those services agreed upon by the districts that are offered by the ESD. In 2022-23 Core Services included:
 - Professional Development
 - Specific Technology Services
 - Home School Registration
 - Emergency Closure Network
- The remaining 75% of the 90% is allocated in Service Credits based on each component school district's enrollment. The ESD offers a menu of services that districts may purchase using their Service Credits. In 2022-2023, the Local Service Plan Menu included:

Instruction and School Services

- Cascade Education Corps
- Diverse Educator Pathway Program
- Equity Professional Development
- NW Promise
- Outdoor School
- Attendance Services
- Willamette Promise

Special Student Services

- Deaf and Hard of Hearing Classroom
- Social and Emotional Learning Schools
- EI/ECSE Evaluations

- Translators
- Youth Transition Program (Clatsop County)
- School Age ASD Evaluations

Staffing Services

- Contracts for Classified Personnel
 - ASL
 - Certified Occupational Therapists
 - Educational Assistants
 - Licensed Physical Therapy Assistants
 - Nursing Services
 - Speech Language Pathologist Assistant
- Contracts for Licensed Personnel
 - Audiologist
 - Brailist
 - Occupational Therapist
 - Physical Therapist
 - Registered Nurse
 - Aug Comm/Assistive Technology Specialist
 - Autism Spectrum Disorder Teacher
 - Special Education Teacher
 - School Psychologist
 - Speech Language Pathologist
 - Vision Teacher

Technology Support Services (not Core)

- Application Development Services
- District Level Technology Support
- Infinite Visions
- Learn 360
- TEC Membership

Miscellaneous Services

- Business/Payroll Services
- Human Resources Consultation
- Medicaid Reimbursement Support
- Spanish Language Interpretation & Translation
- Substitute Services

State, Federal, Private Contracts and Grants

While the majority of funding for ESD services comes through the State School Fund via the Local Service Plan, the ESD also procures funding from other sources to support the mission of the agency.

State, federal, and private contracts and grants for services listed below were a major source of funding in 2022–2023.

Early Intervention/Early Childhood Special Education Services (EI/ECSE) — State Contract

Our Early Intervention/Early Childhood Special Education program (EI/ECSE) offers special services and support to families with children who have developmental delays or disabilities. All children ages birth to five can be referred for a free screening or evaluation. Once a child is referred, our EI/ECSE evaluation team conducts an evaluation to determine whether the child qualifies for services.

Every year, the Oregon Department of Education determines eligibility requirements. Our EI/ECSE evaluation team includes early childhood education specialists, speech-language pathologists, occupational therapists, physical therapists and school psychologists. The team reviews the child’s medical history and assesses development, speech, language and behavior. They also conduct a psychological assessment if needed. Three types of evaluations are conducted. The first is a review of existing records only (File Review), the second assesses one developmental area (Partial Review) and the third assesses two or more developmental areas (Full Review). We provide interpreters for families who are not fluent in English.

During 2022–2023, the EI/ECSE team provided the following services:

- 2,644 children received evaluations
- Average number of children served each month:
 - Astoria: 42
 - Banks: 12
 - Beaverton: 824
 - Clatskanie: 29
 - Forest Grove: 166
 - Gaston: 12
 - Hillsboro: 523
 - Knappa: 14
 - Neah-Kah-Nie: 19
 - Nestucca Valley: 6
 - Rainier: 23
 - Scappoose: 63
 - Seaside: 30
 - Sherwood: 58
 - St. Helens: 100
 - Tigard-Tualatin: 249
 - Tillamook: 36
 - Vernonia: 7
 - Warrenton-Hammond: 34

Regional Inclusive Services — State Contract

Regional services serving students with high intensity, low-incidence disabilities are provided as part of Oregon’s Regional Inclusive Services contract. Low-Incidence Disabilities represent less than 1% of the population. Regionally eligible disabilities include:

- Autism Spectrum Disorders (ASD)
- Blind / Vision Impairment (BVI)
- Deaf / Hard of Hearing (D/HH)
- Deaf-Blind
- Orthopedic Impairment (OI)
- Traumatic Brain Injury (TBI)

Because schools encounter these students infrequently, it may be challenging to offer the highly specialized training and support needed. The Regional Inclusive Services model offers high quality services to every part of the state, no matter how big, small, or remote the district. NWRESA is the contractor for Region 8, which includes Washington, Columbia, Clatsop, and Tillamook Counties. We partner with our 20 component districts to provide specialists, training, and resources to students, educators, and families.

In 2022–2023, Regional Inclusive Services reached the following number of students:

- 2,427 students received autism services
- 246 students received hearing services
- 176 students received services for severe orthopedic impairment
- 133 students received vision services
- 14 students received deafblind services
- 17 students received traumatic brain injury services
- 9 students were served through the Groner Deaf and Hard of Hearing Program

Migrant Education & English Language Learners (ELL) — Federal Title Grants

Our Migrant and English Language Learners (ELL) team supports and collaborates with school districts to develop and implement ELL and migrant education plans that are compliant with state and federal guidelines. Our team also makes sure every student has equitable access to education.

Our English Language Learner program is the hub for a network of districts that work collaboratively in order to strengthen core instructional programs for English Learners. With a heavy emphasis on training teachers in research-based teaching strategies, the consortium also supports efforts aimed at parent engagement.

Major areas of focus for the Migrant Education program include parent engagement, student empowerment and graduation, and partnering with families to prepare children for kindergarten. We are proud to collaborate with partner districts in serving children and families throughout our region.

Children whose parents work in agriculture, fishing and timber industries may be eligible for the Migrant Education program. Recruiters work directly with families to determine eligibility and to

explain program benefits such as parent training, youth leadership development, access to no cost meals and free accident insurance.

Northwest Early Learning Hub — State Contract

Our Northwest Early Learning Hub collaborates with community-based partners to support child care that is child-centered, family-friendly and culturally and linguistically appropriate. This program supports child care providers, families and children in Clatsop, Columbia, and Tillamook counties.

Northwest Parenting — Private Grant

Northwest Parenting is a regional collaborative that delivers parenting education programs, educational workshops, family engagement opportunities and support for school success to families in Clatsop, Columbia, and Tillamook counties.

Northwest Regional Child Care Resource and Referral — State Grant

Our Northwest Regional Child Care Resource and Referral program exists to support child care and education providers in Clatsop, Columbia, and Tillamook counties. We help child care providers to access training opportunities and advance their careers. We also assist with licensing and help providers who want to improve the quality of their services through the Spark program.

Northwest STEM Hub — State and Private Grants

Our Northwest STEM Hub works in Clatsop, Columbia, and Tillamook counties to create and elevate science, technology, engineering and math (STEM) opportunities throughout the region. The hub partners with K–12 and higher educators, staff from community-based organizations, families and industry collaborators to promote authentic in-school and out-of-school STEM experiences.

Professional Learning Network — LSP and Private Grants

Using the strengths of our team and educators in our region, we facilitate deep and culturally sustaining learning through a collective process that supports transformative teaching in the service of equitable outcomes for each student. This year, we are supporting cohorts of educators on three topics. These include 9th grade success, early learning, and school culture and climate.

Regional Educator Network — State Grant

The Oregon legislature created the Educator Advancement Council (EAC) in 2017 to provide support to Oregon's educator workforce. The council launched 10 Regional Educator Networks (RENs) across Oregon, including the Northwest Regional Educator Network (NREN). NREN focuses support for NWRESD districts through facilitating processes that center voices of educators to operationalize meaningful, systematic changes to improve recruitment, retention, and professional learning through networked continuous improvement. Improvement teams throughout the region receive coaching from the NREN to create change ideas that are approved for funding through the NREN's coordinating body and BIPoC partner committee. NWRESD receives \$2.5 million per year to fund engagement in improvement teams and participation in

the coordinating body and BIPOC partner committee, as well as fund change ideas from district improvement teams.

Vision for the Future: The 2020–25 Strategic Plan

After hundreds of conversations with community members, staff, school district partners and our students, our agency has developed a 2020–25 strategic plan. A 28-member strategic plan work group outlined a vision and the six collective commitments for our staff to collaborate on to achieve that vision. These include:

1. Cultivate anti-racism, multiculturalism, and diverse racial perspectives in program design, continuous improvement, and decision-making;
2. Create culturally sustaining learning environments that ensure each student is safe, known, and connected;
3. Establish high expectations for achievement and personal growth for each student;
4. Utilize culturally sustaining, research-based practices for designing and delivering instruction;
5. Develop authentic, reciprocal, and inclusive partnerships with our diverse students, families, and community partners;
6. Seek, organize, and allocate resources towards achieving these commitments.

The plan also defines the strategies and metrics that we believe will help us track our progress and accomplish success. In the months and years ahead, we will define specific activities and projects, create a metrics dashboard, and communicate about our agency’s strategic plan work.

Mission, Vision, and Values

- *Mission.* In partnership with the communities we serve, Northwest Regional Education Service District improves student learning by providing equitable access to high-quality services and support.
- *Vision.* Every student educated, equipped, and inspired to achieve their full potential and enrich their communities.
- *Values.* Student Success, Partnership, Equity, Innovative Service

Collective Commitments

Every student will be educated, equipped, and inspired to achieve their full potential and enrich their communities, when all NWRESD staff work in collaborative teams to:

1. Cultivate anti-racism, multiculturalism, and diverse racial perspectives in program design, continuous improvement, and decision-making;
2. Create culturally sustaining learning environments that ensure each student is safe, known, and connected;
3. Establish high expectations for achievement and personal growth for each student;
4. Use culturally sustaining, research-based practices for designing and delivering instruction;
5. Develop authentic, reciprocal, and inclusive partnerships with our diverse students, families, and community partners;
6. Seek, organize, and allocate resources toward achieving these commitments.

Key Accomplishments from 2022–23

Strategic Plan Milestones Reached

Collective Commitment 1: Cultivate anti-racism, multiculturalism, and diverse racial perspectives in program design, continuous improvement, and decision-making:

- National Equity Project completed a ten-workshop series for 15 NWRES D Equity Learning Teams (ELTs)
- The Board Equity Policy Committee was created during the 22-23 school year and reviewed policies and procedures; as well as developed a common process for looking at policies using the NWRES D Equity Lens. The group will have new members during the 22-23 school year; and the processes in place have supported a positive transition as the team moves forward. Nearly 30 proposed policies were released in August 2023 that are in process to be reviewed by this racially, regionally, and linguistically diverse advisory committee in advance of the fall legislative session.
- Grew the diverse educator’s pathways program through enrollment of over 300% more potential educators this year, with the addition of district connectors and through funding from the Educator Advancement Council’s Grow Your Own Fund and the Meyer Memorial Trust
- Began implementing best practices for recruiting and retaining a diverse workforce by partnering with Workplace Change to roll out an anti-bias training module for interview teams and development of an exit interview process to learn how to improve working conditions and retain staff
- Began work on building a partnership with Western Oregon University to support staff who already hold Bachelor’s degrees.
- Created and launched a comprehensive equity onboarding workshop. The workshops are held monthly and are required for all new hires.

Collective Commitment 2: Create culturally sustaining learning environments that ensure each student is safe, known, and connected:

- Increased family coaching provided to families to support their children’s learning needs to all enrolled families.
- The Speech Language Pathology, Autism Spectrum Disorder and School Psychology Teams administered over 1,400 virtual sub-tests to diagnose students’ needs while in comprehensive distance learning.
- Strengthened positive behavior and intervention supports as evidenced by all NWRES D schools surpassing minimum standards on the School-wide Evaluation Tool (SET).
- EI/ECSE connected 100% of their families to comprehensive distance learning through utilization of 364 iPads and 139 Wi-Fi hotspots
- Initial average rating on the current EI/ECSE parent survey is 4.2 (1 to 5 scale) in response to a question asking parents if they can identify one or more EI/ECSE educators who know their children’s strengths and needs.

Collective Commitment 3: Establish high expectations for achievement and personal growth for each student:

- Sustained a regional network for graduation by supporting 35 high schools teams in the adoption of a more equitable and motivating grading policy.
- Increased MTSS software access from 20% of districts to 55% of districts in the region. MTSS software allows for the development of individual student plans and the frequent monitoring of student progress.

Collective Commitment 4: Use culturally sustaining, research-based practices for designing and delivering instruction:

- Collaborated in professional learning communities: Teacher teams worked together in professional learning communities to refine practice and support students in the areas of math, language arts, social emotional learning and equity. A new team was formed in 21-22 to focus on Multi-Tiered Systems of Support (MTSS), using data collected throughout the year and School-Wide Assessment Tools to create an implementation plan for 22-23. The MTSS implementation plan expands on tiered interventions for academic and behavioral instruction. Schools have adopted MTSS as the umbrella framework that includes Response to Intervention and Positive Behavioral Support.
- Equity Learning Teams: With support from the Equity and Family Partnerships department and the National Equity Project, Educators collaborated within site-based Equity Learning Teams to consider strategies to bring culturally sustaining instructional practices to their classrooms.

Collective Commitment 5: Develop authentic, reciprocal, and inclusive partnerships with our diverse students, families, and community partners:

- Launched a new multi-lingual website
- Implemented a mail SMS/Email bulletin tool for communication.
- Expanded parenting education: NWRES D is the facilitator of Northwest Parenting with funding from Oregon Community Foundation. NW Parenting delivers education and family support across Clatsop, Columbia, and Tillamook counties.
- Created a Community Partners Database and a corresponding Community Based Organizations roundtable that meets bi-monthly to support engagement of culturally-specific organizations.

Collective Commitment 6: Seek, organize, and allocate resources toward achieving these commitments:

- Fund balance was increased to 10.26% through cost reductions and planning efforts.

Support through the COVID-19 Pandemic

NWRES D continued its role as an intergovernmental regional coordinator as COVID-19 continued to impact our communities. NWRES D leadership has played a central role in connecting our region's leaders in public education, public health, parks & recreation, early learning and regional and local governing bodies as public policy vacillated in response to the impacts of the virus. The superintendent's office facilitated weekly meetings between school district superintendents and public health leaders, with the aim of protecting students and staff while increasing face-to-face

learning time for students and teachers. These meetings focused on coordinating decision-making, communications, government affairs, legal advising, and more. NWRESD continued to serve on Governor Brown's education task force to coordinate policy responses for Oregon's students.

In the prior school year, the NWRESD coordinated vaccinations for over 70,000 educators in the Portland Metro area in conjunction with major hospital entities. In 2022-23, the NWRESD continued to assist county public health agencies in localized vaccination efforts, policy development and communication, as well as coordinating efforts with school districts within each of its four counties to connect families to health services.

Educationally, the NWRESD expanded its staffing to support school districts in best practice in re-engaging students, increasing data-based decision making in identifying and intervening with students who had been most impacted throughout the pandemic, and in increasing access points for early learning services (from home-visiting services from licensed professionals, to connecting families to day care, to accessing preschool in one's community).

Economic Condition and Outlook

The headquarters of Northwest Regional ESD is located in Washington County on the western edge of the City of Portland. Washington County is the second largest and fastest growing urban county in Oregon, with approximately 600,000 citizens. The community is Oregon's most ethnically diverse, drawing immigrants from Europe, Central and South America, Asia, Indo-China, the Pacific nations, and Africa. The result of that diversity is that residents and institutions alike reflect a global perspective.

The County is 727 square miles and includes a portion of the City of Portland and fifteen other incorporated cities including Hillsboro, Beaverton, Tigard, and Tualatin.

The County is part of the Portland-Vancouver Metropolitan Statistical Area (Portland PMSA), which includes Clackamas, Columbia, Multnomah, Washington, and Yamhill Counties in Oregon and Clark and Skamania Counties in Washington. The economy of the Portland metropolitan area is broad and widely diversified. The Portland PMSA includes the State's largest employers, including Intel, Providence Health System, Oregon Health & Sciences University, Legacy Health System, Fred Meyer, Kaiser Foundation Health Plan, and Nike.

The area's current economic base includes electronics, manufacturing, construction, food processing, agriculture, and timber. Washington County accounts for approximately 75 percent of the high-tech industry jobs in Oregon. These employers include Intel, Tektronix, and Genentech. Intel is currently the largest employer in the Portland PMSA with over 22,000 employees.

Two decades of explosive population and employment growth prompted various sectors to focus much of their energy and resources on meeting physical infrastructure needs. New and expanded roads, bridges, rails, schools, churches, high-tech manufacturing facilities, hospitals, and other "brick-and-mortar" projects continue to help define this increasingly urban community.

During fiscal year 2022–23, we continued to face unprecedented public health, economic, and educational challenges at the local, national, and global levels. The economic impacts of the

pandemic are only just beginning to be seen; the short- and long-term effects remain a mystery. According to the Bureau of Labor Statistics, at the end of June 2023, the Portland-Vancouver-Hillsboro unemployment rate was 3.5%, which was the same as the Oregon unemployment rate. The nation's unemployment rate for that same time period was 3.6%. By comparison, the June 2021 Portland-Vancouver-Hillsboro Unemployment Rate was 5.6%.

Even with improving unemployment rates, with a public education system funded primarily through income tax revenue, education funding is beholden to appropriations decisions made by the Oregon legislature. For the past two biennia, the growth of income tax revenue has not resulted in commensurate growth of education funding. Economic forecasts remain uncertain, and this added layer of variability renders education funding forecasts even more unreliable.

Long-term Financial Planning

General operations of Northwest Regional Education Service District are funded primarily through local property taxes and by the State of Oregon based on the State School Fund formula. State funding is heavily dependent on personal income tax collections, and is subject to fluctuation based on the overall economic status of the state. To help the ESD weather these fluctuations, Board policy requires an unrestricted ending fund balance in the General Fund that is equal to at least 8 percent of total adopted expenditures, less the amount allocated for transfer to component school districts.

The ESD also receives significant funding through a large number of grants. In the 2022–2023 school year, the ESD received nearly \$50 million in revenue from a variety of grant funding sources — the most significant being over \$30 million in state funding for the Early Intervention/Early Childhood Special Education (EI/ECSE) programs.

The ESD will continue to communicate with its districts and other state agencies in preparation for the 2023 Legislative Session. The budget process for the 2023–24 fiscal year will begin in January 2023.

Awards

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to Northwest Regional Education Service District for its comprehensive annual financial report for the year ended June 30, 2021. This was the fifteenth consecutive year that the ESD has received this prestigious award. In order to be awarded a Certificate of Achievement, the ESD must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current annual comprehensive financial report continues to meet the Certificate of Achievement Program's requirements, and we are submitting it to GFOA to determine its eligibility for another certificate.

Acknowledgements

We would like to express our appreciation to all ESD staff that assisted and contributed to this report. In particular, to our Fiscal Services Department, Communications Team, Executive Leadership, and our Board Members for their unfailing support for maintaining the highest standards of professionalism in the management of the Northwest Regional Education Service District.

Respectfully submitted,



Dan Goldman
Superintendent



Jordan Ely
Chief Financial Officer

Certificate of Achievement



Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

Presented to

**Northwest Regional Education Service District
Oregon**

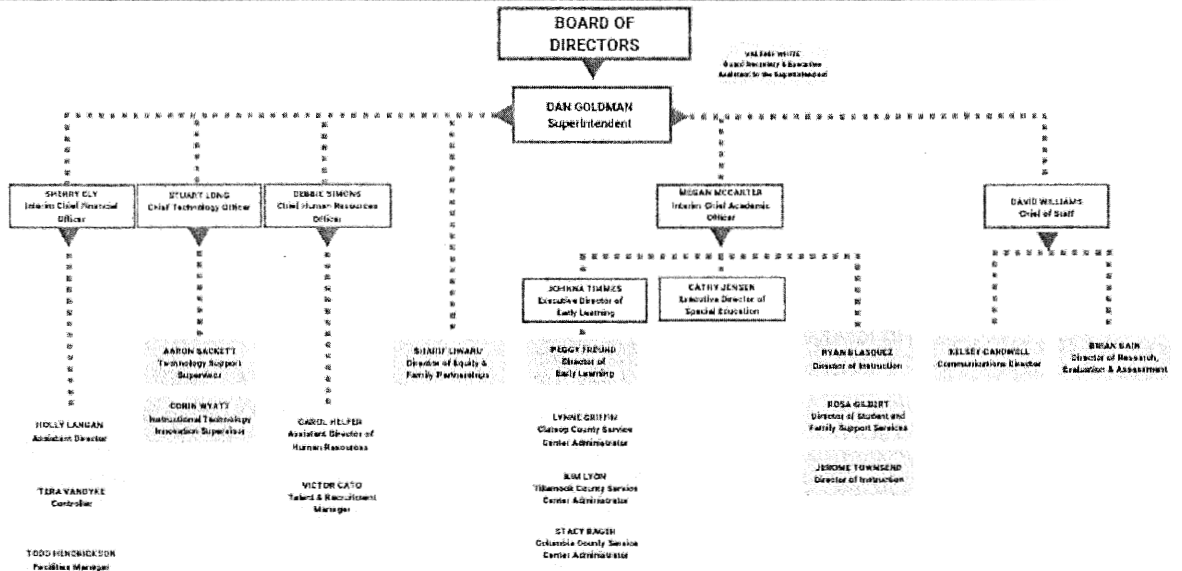
For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

June 30, 2022

Christopher P. Morill

Executive Director/CEO

Organizational Chart 2022–2023



2022-23 ORGANIZATIONAL CHART

Northwest Regional Education Service District
5825 NE Ray Circle Hillsboro, OR 97124

Board of Directors as of June 30, 2023

Chair

Ross Tomlin - Higher Ed
Term expires: June 30, 2025

Christine Riley - Zone 1
Gaston, OR 97119
Term expires: June 30, 2024

Doug Dougherty - Zone 2
Tillamook, OR 97141
Term expires: June 30, 2027

Ernest Stephens - Business
Term expires: June 30, 2027

Diane Wilkinson - Social Service
Term expires: June 30, 2023

Vice Chair

Tony Erickson - Zone 4
Term expires: June 30, 2025

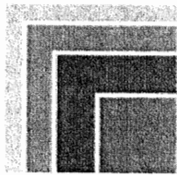
Yadira Martinez - Zone 3
Sherwood, OR 97140
Term expires: June 30, 2024

Karen Cunningham - Zone 5
Portland, OR 97225
Term expires: June 30, 2023

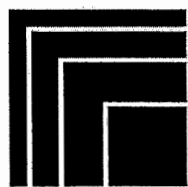
Maureen Wolf - At-Large
Hillsboro, OR 97124
Term expires: June 30, 2026

Executive Leadership as of June 30, 2023

- Dan Goldman, Superintendent
- David Williams, Chief of Staff
- Sherry Ely, Chief Financial Officer
- Debbie Simons, Chief Human Resource Officer
- Stuart Long, Chief Information Officer
- Megan McCarter, Chief Academic Officer

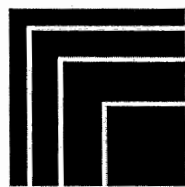


Financial Section

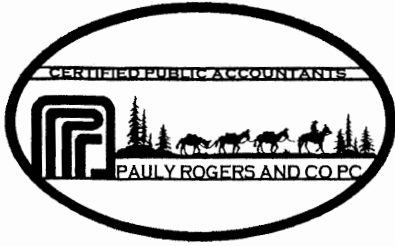


Northwest Regional
Education Service District

Independent Auditor's Report



Northwest Regional
Education Service District



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

December 19, 2023

INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Northwest Regional Education Service District
Washington County, Oregon

Opinion

We have audited the accompanying basic financial statements of the governmental activities, the business-type activities, each major fund, the aggregate remaining fund information and, where applicable, cash flows thereof for Northwest Regional Education Service District (the District) as of and for the year ended June 30, 2023 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 basic financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the District, as of June 30, 2023, and the respective changes in financial position and the respective budgetary comparisons for the general fund and major special revenue funds 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 Northwest Regional 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 basic 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 basic financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the basic financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Districts' 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 basic 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 basic 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 basic 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 basic 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 basic 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 required supplementary information, as listed in the table of contents 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.

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

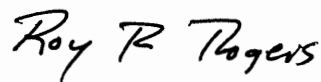
Management is responsible for the other information included in the annual report. The other information comprises the other information, as listed in the table of contents, and the introductory, statistical, and the compliance and other reports sections, as listed in the table of contents, but does 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.

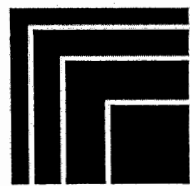
Report on Other Legal and Regulatory Requirements

In accordance with *Government Auditing Standards*, we have also issued our report dated December 19, 2023 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 19, 2023 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.

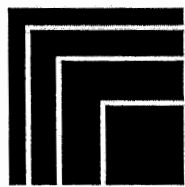


ROY R. ROGERS, CPA
PAULY, ROGERS AND CO., P.C.



Northwest Regional
Education Service District

Management's Discussion and Analysis



Northwest Regional
Education Service District

Management's Discussion and Analysis For the Year Ended June 30, 2023

The Management's Discussion and Analysis (MD&A) section of this Annual Comprehensive Financial Report provides to readers a narrative overview and analysis of Northwest Regional Education Service District (ESD) financial activities for the fiscal year ended June 30, 2023. The MD&A intends to serve as an introduction to the ESD's basic financial statements by providing an overview of the ESD's financial activities and identifying any material changes from the prior year or original budget. While this provides a highly summarized presentation, a thorough understanding may be gained by reviewing the report in its entirety, including the financial statements, notes, and required supplemental information—along with the transmittal letter beginning on page 3 of this report.

FINANCIAL HIGHLIGHTS

In the government-wide statements, the assets and deferred outflows of resources of the ESD exceeded its liabilities and deferred inflows of resources at June 30, 2023 by \$.638 million. Of this amount, \$4.33 million represents the ESD's investment in capital assets net of related debt; \$32.04 million is restricted for grants, contracts, capital projects, component school district activities, and OPEB Asset (RHIA); and the deficit of \$35.74 million is unrestricted.

The ESD's total net position increased by \$15.3 million for the fiscal year, a 92.35% increase in the ESD's financial position as compared to the prior year, mainly due to increased grant funding received to cover costs related to the COVID-19 pandemic.

The ESD's governmental funds report combined ending fund balance of \$40.3 million, an increase of \$18.1 million in comparison with the prior year. Approximately 17.9% of the \$40.3 million, \$7.2 million, constitutes unassigned ending fund balance, which is available for spending at the ESD's discretion.

At the end of the current fiscal year, the unrestricted fund balance for the General Fund was \$7.2 million, or about 12.9% of total General Fund expenditures.

OVERVIEW OF THE FINANCIAL STATEMENTS

The Financial Section of this annual report contains the basic financial statements, notes to the basic financial statements, required supplementary information, and other supplementary information. Supporting the financial section are the Other Financial Schedules Section and Statistical Section.

Basic Financial Statements

The basic financial statements consist of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the basic financial statements.

Government-wide Financial Statements

Government-wide financial statements are designed to provide readers with a broad overview of the ESD's finances, in a manner similar to a private-sector business. These statements include:

- a. **Statement of Net Position.** The *Statement of Net Position* presents information on all ESD 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 the ESD is improving or deteriorating.

- b. **Statement of Activities.** The *Statement of Activities* presents information showing how the ESD's net position changed over the year by tracking revenues, expenses, and other transactions that increase or reduce net position. 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).

In the government-wide financial statements, the ESD's activities are shown in two categories, governmental and business-type.

- a. **Governmental Activities.** Most of the ESD's basic functions are shown here, such as regular and special education, administration, and facilities acquisition and construction. These activities are primarily financed through property taxes, Oregon's State School Fund, and other intergovernmental revenues.
- b. **Business-type Activities.** These are functions that intend to recover all or a significant portion of their costs through user fees and charges. The primary business-type activity is technology services.

The government-wide financial statements begin on page 38 of this report.

Fund Financial Statements

The *fund financial statements* provide more detailed information about the ESD's funds, focusing on its most significant or "major" funds – not the ESD as a whole. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. Northwest Regional ESD, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

All ESD funds can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

- a. **Governmental Funds (*General, Special Revenue, and Capital Projects Funds*)**
Governmental funds are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements. The minimum number of funds is maintained consistent with legal and managerial requirements.

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

Balance Sheet and Statement of Revenues, Expenditures and Changes in Fund Balances both are reconciled to the government-wide *Statements of Net Position and Activities*.

The ESD maintains three individual governmental funds (*General, Special Revenue, and Capital Projects Funds*), all of which are considered to be major funds. Information is presented separately for each in the governmental fund *Balance Sheet* and the *Statement of Revenues, Expenditures, and Changes in Fund Balances*

The basic governmental fund financial statements begin on page 40 of this report.

b. Proprietary Funds

Entrepreneurial services for which the ESD charges customers a fee, similar to a business operation, are generally reported in proprietary funds. Entrepreneurial activities primarily consist of contracted technology services. These funds are combined into a single, aggregated presentation in the basic financial statements.

The ESD maintains one proprietary fund type (enterprise fund).

The basic proprietary fund financial statements begin on page 46 of this report.

c. Fiduciary Fund

The fiduciary fund is used to account for resources held for the benefit of parties outside of the ESD. These funds are mostly held for the ESD's component school districts. Fiduciary funds been excluded from the ESD's government-wide financial statements because the ESD cannot use these assets to finance its operations.

The basic fiduciary fund financial statement begin on page 49 of this report.

Notes to the Basic Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

The notes to the basic financial statements begin on page 51 of this report.

Required Supplementary Information

In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information (RSI)* including the PERS and Other Post Employment Benefit (OPEB) schedules detailing ten years of (assets) liabilities and contributions.

Required Supplementary information begin on page 81 of this report.

Other Supplementary Information

Other supplementary information includes budgetary comparison for non-major and other funds, and begins on page 86 of this report.

Other Financial Schedules Section

The Other Financial Schedules Section provides additional details to better understand the financial statements, including summaries for all revenue and all expenditures, property tax transactions, and supplemental information required by the State of Oregon Department of Education.

The Other Financial Schedules Section begins on page 93 of this report.

Statistical Section

The statistical section presents detailed information as a context for understanding the information in the financial statements, note disclosures, and required supplementary information about the overall financial health.

The Statistical Section begins on page 105 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted previously, net position may serve over time as a useful indicator of a government's financial position. In the case of the ESD, liabilities and deferred inflows of resources exceeded assets and deferred outflows of resources by \$1.3 million at June 30, 2023.

The table below provides key changes in the ESD's net position for the year ended June 30, 2023.

Northwest Regional ESD's Statement of Net Position

| | Statement of Net Position | | | |
|--|----------------------------|-----------------------------|----------------------------|-----------------------------|
| | June 30, 2023 | | June 30, 2022 | |
| | Governmental Activities | Business-type Activities | Governmental Activities | Business-type Activities |
| Current and other assets | \$ 48,015,963 | \$ 1,797,890 | \$ 29,768,389 | \$ 1,845,905 |
| Capital assets | 21,033,968 | - | 12,821,881 | - |
| Total Assets | 69,049,931 | 1,797,890 | 42,590,270 | 1,845,905 |
| Deferred outflows of resources | 22,204,138 | 1,488,400 | 25,424,152 | 2,139,659 |
| Total assets and deferred outflows of resources | 91,254,069 | 3,286,290 | 68,014,422 | 3,985,564 |
| Other liabilities | 6,563,450 | 488,813 | 7,048,403 | 459,485 |
| Long-term liabilities | 66,968,373 | 3,470,295 | 44,881,866 | 3,028,497 |
| Total Liabilities | 73,531,823 | 3,959,108 | 51,930,269 | 3,487,982 |
| Deferred inflows of resources | 15,195,425 | 1,021,729 | 30,832,511 | 2,334,302 |
| Total liabilities and deferred inflows of resources | 88,727,248 | 4,980,837 | 82,762,780 | 5,822,284 |
| Net position | | | | |
| Net investment in capital assets | 4,332,764 | - | 8,573,189 | - |
| Restricted | 34,101,207 | - | 16,348,770 | - |
| Unrestricted | (35,907,150) | (1,694,547) | (39,670,317) | (1,836,720) |
| Total Net Position | \$ 2,526,821 | \$(1,694,547) | \$(14,748,358) | \$(1,836,720) |

Capital assets, which consist of the ESD's land, buildings, and building improvements, construction in progress, vehicles, and equipment, represent about 30.6% of total assets. The remaining assets consist mainly of cash and grants and accounts receivable.

The ESD's long-term liability for the repayment of full faith and credit obligations due in more than one year, other post-employment pension obligation, and PERS net pension obligation represents 90.9% of total liabilities. Current liabilities, representing the remaining 9.1% of the ESD's total liabilities, consist almost entirely of payables on accounts, salaries and benefits, and debt obligations due within one year.

The ESD's overall financial position, including both governmental and business activities, increased by \$15.3 million in net position. Unrestricted net position decreased by \$3.8 million due mainly to increased grant funding related to the COVID-19 pandemic.

- *Governmental Activities.* The ESD's net position increased about \$15.3 million as a result of governmental activities. Program revenues increased by \$5.2 million, mainly due to

increased operating grants and operations revenue. Overall expenses increase by \$20.6 million due to increases in contractual services provided.

- *Business-type activities.* The ESD's net position decreased by \$.07 million as a result of business-type activities, due to a reduction of technology and human resource services expenses.

The table below provides key changes in the ESD's net position for the year ended June 30, 2023.

Northwest Regional ESD's Statement of Activities

| | Statement of Activities | | | |
|--------------------------------------|------------------------------------|-------------------------------------|------------------------------------|-------------------------------------|
| | June 30, 2023 | | June 30, 2022 | |
| | Governmental Activities | Business-type Activities | Governmental Activities | Business-type Activities |
| Revenues | | | | |
| Program revenues: | | | | |
| Charges for services | \$ 39,418,211 | \$ 8,964,003 | \$ 34,133,347 | \$ 8,907,121 |
| Operating grants and operations | 66,970,180 | - | 48,286,564 | - |
| General revenue: | | | | |
| Property taxes | 14,406,476 | - | 13,705,399 | - |
| Timber revenue | 518,676 | - | 474,680 | - |
| State school fund - general support | 39,237,698 | - | 37,490,661 | - |
| Earnings on investments | 805,514 | - | 165,377 | - |
| Proceeds from sale of capital assets | - | - | - | - |
| Total Revenues | <u>\$ 161,356,755</u> | <u>\$ 8,964,003</u> | <u>\$ 134,256,028</u> | <u>\$ 8,907,121</u> |
| Expenses | | | | |
| Instruction | 54,785,840 | - | 43,323,492 | - |
| Support services | 87,856,710 | - | 80,322,533 | - |
| Enterprise and community services | 2,421,128 | - | 1,422,535 | - |
| Interest on long-term debt | 93,608 | - | 229,236 | - |
| Facility services | 45,799 | - | - | - |
| Fiscal services | - | 765,005 | - | 554,216 |
| Staff services | - | 576,644 | - | 369,403 |
| Technology services | - | 7,480,183 | - | 7,993,754 |
| Total Expenses | <u>145,203,085</u> | <u>8,821,832</u> | <u>125,297,796</u> | <u>8,917,373</u> |
| Change in net position | 16,153,670 | 142,171 | 8,958,232 | (10,252) |
| Net Position, Beginning | <u>(14,748,358)</u> | <u>(1,836,720)</u> | <u>(23,706,590)</u> | <u>(1,826,468)</u> |
| Net Position, Ending | <u>\$ 1,405,312</u> | <u>\$ (1,694,549)</u> | <u>\$ (14,748,358)</u> | <u>\$ (1,836,720)</u> |

FINANCIAL ANALYSIS OF THE ESD'S FUNDS

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

Governmental Funds. The focus of the ESD's governmental funds is to provide information on relatively short-term cash flow and funding for future basic services. Such information is useful

in assessing the ESD’s financing requirements. In particular, *unassigned fund balance* may serve as a useful measure of a government’s net resources available at the end of a fiscal year.

At the end of the fiscal year 2023, the ESD’s governmental funds reported combined ending fund balances of \$40.3 million, an increase of \$18.1 million in comparison with the prior year. Of the ending fund balance, \$33.0 million (about 82.0%) of the ending fund balances constitutes restricted ending fund balance, amounts that are legally restricted by outside parties for a specific purpose (such as grants). The remaining 17.9% of the ending fund balances, \$7.2 million, is unassigned and available for spending at the ESD’s discretion.

General Fund. The ESD’s chief operating fund, the General Fund, ended at June 30, 2023 with an unassigned fund balance of \$7.2 million. As a measure of fund liquidity, it may be useful to compare total fund balance to total fund expenditures. Unassigned fund balance represents 12.9% of total General Fund expenditures. The total fund balance increased by \$.93 million from the prior year, primarily due to support services and debt service reductions.

Special Revenue Fund. The Special Revenue Fund has a total fund balance of \$21.3 million. This is an increase of \$7.6 million over the prior year, primarily due to increased federal grant funding.

Capital Projects. The Capital Projects Fund changes reflect technology replacement needs, with an ending fund balance of \$11.8 million, an increase of \$9.5 million from the prior year.

GENERAL FUND BUDGETARY HIGHLIGHTS

Original budget compared to final budget. During the year, there were two amendments to the original general fund adopted expenditure appropriations for 2022–23.

Final budget compared to actual results. Actual revenues exceeded budget by about \$2.2 million as a result of higher than anticipated property tax collections and charges for services, and increased investment earnings. Actual expenditures were about \$.96 million less than estimated.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets. The ESD’s investment in capital assets includes land, buildings and improvements, and vehicles and equipment. As of June 30, 2023, the ESD’s investment in capital assets net of depreciation and debt was approximately \$21 million, an increase of \$8.2 million, primarily due to the purchase of a new building currently being renovated.

Northwest Regional ESD’s Capital Assets, Net of Depreciation

| | June 30, 2023 | June 30, 2022 |
|-------------------------------|---------------|---------------|
| Land | \$ 467,500 | \$ 467,500 |
| Construction in progress | 8,003,295 | - |
| Buildings and Improvements | 8,522,487 | 8,156,205 |
| Leasehold improvements | 136,783 | 156,822 |
| Vehicles and equipment | 1,522,048 | 1,140,628 |
| Leased Buildings right to use | 2,381,855 | 2,862,216 |
| Leased Equipment right to use | - | 38,510 |
| | \$ 21,033,968 | \$ 12,821,881 |

Additional information about the ESD’s capital assets can be found in Note 4 on page 59.

Long-Term Obligations. At the end of the fiscal year 2023, the ESD had bonds payable debt outstanding of \$14.4 million, consisting of full faith and credit obligations net of unamortized discount. This is a increase of about \$13.1 million, due to additional debt.

Additional information on the ESD’s long-term obligations can be found in Note 6 on page 60.

ECONOMIC FACTORS AND NEXT YEAR’S BUDGET

During the fiscal year ended June 30, 2023, the ESD continued to be faced with unprecedented public health, economic, social and educational challenges due to the COVID-19 pandemic. There were significant needs across the state in all facets of social service and state government that simply could not be addressed in full by the state budget. The economy, instructional strategies, curricula, family connection, and collegial relations in a virtual environment required educators to adapt, reinvent and grow in substantial ways.

In relation to the state’s economic challenges, the most significant economic factor for the ESD is the financial condition of Oregon’s State School Fund (SSF). For the year ended June 30, 2023, the State School Fund-General Support provided about 70% of the ESD’s General Fund resources with property tax receipts providing about 24%. The Oregon Legislature passed a statewide education budget of \$9.3 billion for the 2021–23 biennium. SSF support payments are made to ESDs based on that budget. However, the budget is contingent upon a forecast of Oregon’s continued economic recovery and the projected tax receipts associated with that forecast.

Employer rates for the Public Employees Retirement System (PERS) declined for the 2021–23 biennium (26.78% for Tier 1 and Tier 2 employees and 23.72% for OPSRP employees) and then increased in the 2023–25 biennium. Market performance through the end of 2019 was used to set the 2021–23 rates and therefore does not include the financial impact of the COVID-19 pandemic. The contribution rates for the 2023–2025 biennium show that Tier I/Tier II rates will be increasing by 3.88% to 27.87%; OPSRP rates will be increasing by 5.52% to 25.03%.

Budget development for the 2022–23 fiscal year continued to focus on financial recovery and sustainability resulting from the COVID-19 pandemic, and alignment of the budget with the collaboratively developed five-year Strategic Plan. This visioning process, formally adopted by the Board of Directors on August 12, 2020, resulted in the Mission, Vision, Values, and Collective Commitments to which budget requests and resource allocations were aligned.

The ESD’s Budget Committee and Board of Directors have considered all these factors while preparing the 2023–24 budget.

Requests for Information

This financial report is designed to present the user (citizens, taxpayers, investors, and creditors) with a general overview of the ESD’s finances and to demonstrate the ESD’s accountability. Questions or requests for additional information may be submitted to:

Northwest Regional ESD
Jordan Ely, Chief Financial Officer
5825 NE Ray Circle, Hillsboro, Oregon 97124

Basic Financial Statements

**NORTHWEST REGIONAL EDUCATION SERVICE DISTRICT
Hillsboro, Oregon**

**Government-wide Financial Statement
Statement of Net Position
June 30, 2023**

| | Governmental Activities | Business-type Activities | Total |
|--|----------------------------|-----------------------------|-------------------|
| ASSETS | | | |
| Cash and cash equivalents | \$ 21,365,252 | \$ 1,411,755 | \$ 22,777,007 |
| Receivables | 25,605,793 | 386,135 | 25,991,928 |
| Total OPEB asset (RHIA) | 1,044,918 | - | 1,044,918 |
| Tangible, Right-to-use Capital assets: | | | |
| Not being depreciated | 8,470,795 | - | 8,470,795 |
| Being depreciated, net of accumulated depreciation | 12,563,173 | - | 12,563,173 |
| TOTAL ASSETS | 69,049,931 | 1,797,890 | 70,847,821 |
| Deferred Outflows of Resources | | | |
| Pension Related Deferred Outflows (PERS) | 21,885,756 | 1,488,400 | 23,374,156 |
| OPEB Related Deferred Outflows (PHIS) | 180,868 | - | 180,868 |
| OPEB Related Deferred Outflows (RHIA) | 108,330 | - | 108,330 |
| Deferred amount on refunding | 29,184 | - | 29,184 |
| TOTAL DEFERRED OUTFLOWS OF RESOURCES | 22,204,138 | 1,488,400 | 23,692,538 |
| TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES | 91,254,069 | 3,286,290 | 94,540,359 |
| LIABILITIES | | | |
| Accounts payable | 1,267,088 | 488,813 | 1,755,901 |
| Accrued payroll and related liabilities | 5,120,969 | - | 5,120,969 |
| Accrued interest payable | 1,537 | - | 1,537 |
| Accrued compensated absences payable | 117,856 | - | 117,856 |
| Unearned revenue | 56,000 | - | 56,000 |
| Long-term debt obligations: | | | |
| Bonds | | | |
| Within one year | 1,198,432 | - | 1,198,432 |
| In more than one year | 13,268,338 | - | 13,268,338 |
| Leases | | | |
| Within one year | 557,225 | - | 557,225 |
| In more than one year | 1,706,393 | - | 1,706,393 |
| Total OPEB liability (PHIS) | 1,265,369 | - | 1,265,369 |
| Net pension liability (PERS) | 48,972,616 | 3,470,295 | 52,442,911 |
| TOTAL LIABILITIES | 73,531,823 | 3,959,108 | 77,490,931 |
| Deferred Inflows of Resources | | | |
| Pension Related Deferred Inflows (PERS) | 14,418,585 | 1,021,729 | 15,440,314 |
| OPEB Related Deferred Inflows (PHIS) | 417,063 | - | 417,063 |
| OPEB Related Deferred Inflows (RHIA) | 359,777 | - | 359,777 |
| TOTAL DEFERRED INFLOWS OF RESOURCES | 15,195,425 | 1,021,729 | 16,217,154 |
| TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES | 88,727,248 | 4,980,837 | 93,708,085 |
| NET POSITION | | | |
| Net investment in Capital Assets | 4,332,764 | - | 4,332,764 |
| Restricted | | | |
| Grants, contracts and projects | 21,262,452 | - | 21,262,452 |
| Capital projects | 11,793,837 | - | 11,793,837 |
| OPEB Asset - RHIA | 1,044,918 | - | 1,044,918 |
| Unrestricted | (35,907,150) | (1,694,547) | (37,601,697) |
| TOTAL NET POSITION | \$ 2,526,821 | \$ (1,694,547) | \$ 832,274 |

**NORTHWEST REGIONAL EDUCATION SERVICE DISTRICT
Hillsboro, Oregon**

**Government-wide Financial Statement
Statement of Activities
For the Year Ended June 30, 2023**

| | Program Revenues | | | Net (Expense) Revenue and Change in Net Position | | |
|--|-----------------------|-------------------------|--|---|---------------------------------|---------------------|
| | Expenses | Charges for Services | Operating Grants and Contributions | Governmental Activities | Business- type Activities | Total |
| Functions/Programs | | | | | | |
| Governmental activities: | | | | | | |
| Instruction: | | | | | | |
| Regular programs | \$ 5,043,985 | \$ 6,685,621 | \$ 907,771 | \$ 2,549,407 | \$ - | \$ 2,549,407 |
| Special programs | 49,741,855 | 27,217,197 | 59,126,989 | 36,602,331 | - | 36,602,331 |
| Support services: | | | | | | |
| Students services | 23,198,292 | - | 4,903,330 | (18,294,962) | - | (18,294,962) |
| Instructional staff services | 49,859,152 | - | 1,897,234 | (47,961,919) | - | (47,961,919) |
| General administration | 1,548,826 | - | - | (1,548,826) | - | (1,548,826) |
| School administration | 142,601 | - | - | (142,601) | - | (142,601) |
| Business services | 4,495,421 | 5,512,027 | 13,279 | 1,029,885 | - | 1,029,885 |
| Central activities | 8,612,418 | 3,366 | - | (8,609,052) | - | (8,609,052) |
| Enterprise and community services | 2,421,128 | - | 121,577 | (2,299,551) | - | (2,299,551) |
| Facility acquisition & construction | 45,799 | - | - | (45,799) | - | (45,799) |
| Interest on long-term debt | 93,608 | - | - | (93,608) | - | (93,608) |
| Total governmental activities | 145,203,085 | 39,418,211 | 66,970,180 | (38,814,695) | - | (38,814,695) |
| Business-type activities: | | | | | | |
| Fiscal services | 765,005 | 602,878 | - | - | (162,127) | (162,127) |
| Staff services | 576,644 | 400,255 | - | - | (176,389) | (176,389) |
| Technology services | 7,480,183 | 7,960,870 | - | - | 480,689 | 480,689 |
| Total business-type activities | 8,821,832 | 8,964,003 | - | - | 142,173 | 142,173 |
| Total governmental and business-type activities | \$ 154,024,917 | \$ 48,382,214 | \$ 66,970,180 | (38,814,695) | 142,173 | (38,672,522) |
| GENERAL REVENUES: | | | | | | |
| Property taxes levied for general purposes | | | | 14,406,476 | - | 14,406,476 |
| Timber revenue | | | | 518,676 | - | 518,676 |
| State school fund - general support | | | | 39,237,698 | - | 39,237,698 |
| Earning on investments | | | | 805,514 | - | 805,514 |
| Total general revenues | | | | 54,968,364 | - | 54,968,364 |
| CHANGE IN NET POSITION | | | | 16,153,669 | 142,173 | 16,295,842 |
| NET POSITION - Beginning | | | | (13,626,848) | (1,836,720) | (15,463,568) |
| NET POSITION - Ending | | | | \$ 2,526,821 | \$ (1,694,547) | \$ 832,274 |

**NORTHWEST REGIONAL EDUCATION SERVICE DISTRICT
Hillsboro, Oregon**

**Fund Financial Statements
Governmental Funds
Statement of Revenues, Expenditures, and Changes in Fund Balances
For the Year Ended June 30, 2023**

| REVENUES | General Fund | Special Revenue Fund | Capital Projects Fund | Total |
|--|---------------------|---------------------------------|----------------------------------|----------------------|
| Local sources: | | | | |
| Property taxes | \$ 14,387,382 | \$ - | \$ - | \$ 14,387,382 |
| Charges for services | 4,134,395 | 37,116,896 | - | 41,251,291 |
| Earnings on investments | 805,514 | - | - | 805,514 |
| Loan Receipts | - | - | - | - |
| Intermediate sources | 13,279 | - | - | 13,279 |
| State sources | 39,756,374 | 48,125,612 | 1,867,563 | 89,749,549 |
| Federal sources | - | 14,401,985 | 728,662 | 15,130,647 |
| Total revenues | 59,096,944 | 99,644,493 | 2,596,225 | 161,337,662 |
| EXPENDITURES | | | | |
| Current: | | | | |
| Instruction | - | 56,103,450 | - | 56,103,450 |
| Support services | 54,967,343 | 32,697,077 | 268,852 | 87,933,269 |
| Enterprises and community services | - | 2,404,958 | - | 2,404,958 |
| Apportionment of funds | - | 1,525,787 | - | 1,525,787 |
| Facilities acquisition and construction | - | - | 77,109 | 77,109 |
| Capital outlay | - | 1,491,998 | 8,003,454 | 9,495,452 |
| Debt service: | | | | |
| Principal | 583,738 | - | - | 583,738 |
| Interest | 52,814 | - | - | 52,814 |
| Total expenditures | 55,603,895 | 94,223,270 | 8,349,415 | 158,176,577 |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | 3,493,049 | 5,421,223 | (5,753,190) | 3,161,085 |
| OTHER FINANCING SOURCES (USES): | | | | |
| Sale of Capital Assets | - | - | - | - |
| Issuance of bonds | - | - | 15,037,739 | 15,037,739 |
| Transfers in | 275,000 | 2,529,416 | 300,000 | 3,104,416 |
| Transfers out | (2,797,511) | (306,905) | - | (3,104,416) |
| Total other financing sources (uses) | (2,522,511) | 2,222,511 | 15,337,739 | 15,037,739 |
| Net Change in Fund Balances | 970,538 | 7,643,734 | 9,584,549 | 18,198,824 |
| Beginning Fund Balance | 6,291,285 | 13,618,716 | 2,209,287 | 22,119,288 |
| Ending Fund Balance | \$ 7,261,823 | \$ 21,262,450 | \$ 11,793,836 | \$ 40,318,112 |

**NORTHWEST REGIONAL EDUCATION SERVICE DISTRICT
RECONCILIATION OF
GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
TO STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2023**

| | | |
|---|--------------------|-----------------------------|
| NET CHANGE IN FUND BALANCES | | \$ 18,198,824 |
| Governmental funds report capital outlays as expenditures while government-wide statements report depreciation expense to allocate those expenditures over the life of the assets. The difference between these two amounts is: | | |
| Net additions to capital assets | \$ 9,743,346 | |
| Less current year depreciation expense | <u>(1,226,374)</u> | 8,516,972 |
| Repayment of long term & short term obligations is an expenditure in the governmental funds, but the repayment reduces debt obligations in the government-wide statements. | | |
| Debt issued | | (13,670,000) |
| Debt principal repaid Leases | | 695,192 |
| Debt principal repaid Bonds | | 583,738 |
| Expenditures for Capital Assets | | (1,435,166) |
| Premium amortization | | (21,181) |
| In refunding bonds, the amount of new bonds in excess of the refunded bonds is a deferred outflow of resources for the Statement of Activities, whereas it is recorded as an interest expense in the year of refunding. | | |
| | | (20,794) |
| In the Statement of Activities interest is accrued on long-term debt whereas in the governmental funds it is recorded as an expenditure when paid. | | |
| | | 1,181 |
| Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds as follows: | | |
| Property taxes | | 19,094 |
| Some expenses reported in the statements do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds. | | |
| Change in the accumulated unpaid vacation | | (10,682) |
| In the Statement of Activities, other postemployment benefits expense is adjusted based on the actuarially determined contribution changes: | | |
| Net change in total OPEB liability / asset | \$ 575,681 | |
| Net change in deferred outflows of resources | (167,013) | |
| Net change in deferred inflows of resources | <u>(209,965)</u> | 198,703 |
| The Pension Expense represents the changes in Net Pension Asset (Liability) from year to year due to changes in total pension liability and the fair value of pension plan net position available to pay pension benefits. | | |
| | | <u>3,097,788</u> |
| CHANGE IN NET POSITION - GOVERNMENTAL ACTIVITIES | | <u>\$ 16,153,669</u> |

**NORTHWEST REGIONAL EDUCATION SERVICE DISTRICT
Hillsboro, Oregon**

**Fund Financial Statements
General Fund**

**Statement of Revenues, Expenditures, and Changes in Fund Balance—Budget and Actual
For the Year Ended June 30, 2023**

| | Budget | | Actual | Variance to Final Budget Positive (Negative) |
|---|---------------------|---------------------|---------------------|---|
| | Original | Final | | |
| REVENUES | | | | |
| Local sources: | | | | |
| Property taxes | \$ 13,606,000 | \$ 13,606,000 | \$ 14,387,382 | \$ 781,382 |
| Charges for services | 3,405,904 | 3,405,904 | 4,134,395 | 728,491 |
| Earnings on investments | 300,000 | 300,000 | 805,514 | 505,514 |
| Intermediate sources | - | - | 13,279 | 13,279 |
| State sources | 39,532,745 | 39,532,745 | 39,756,374 | 223,629 |
| Total revenues | 56,844,649 | 56,844,649 | 59,096,944 | 2,252,295 |
| EXPENDITURES | | | | |
| Current: | | | | |
| Support services | 8,845,340 | 8,895,340 (1) | 8,790,002 | 105,338 |
| Debt service * | 638,000 | 638,000 (1) | 636,552 | 1,448 |
| Contingency | 720,000 | 24,961 (1) | - | 24,961 |
| Total expenditures | 10,203,340 | 9,558,301 | 9,426,554 | 131,747 |
| EXCESS OF REVENUES OVER EXPENDITURES | 46,641,309 | 47,286,348 | 49,670,390 | 2,384,042 |
| OTHER FINANCING SOURCES (USES): | | | | |
| Transfers in | 425,000 | 425,000 | 275,000 | (150,000) |
| Transfers out * | (2,168,847) | (2,168,847) (1) | (2,797,511) | (628,664) |
| Transfers to enterprise funds * | 3,314,803 | 3,959,842 (1) | \$3,087,052 | 872,790 |
| Transfers to fiduciary funds * | 43,090,289 | 43,090,289 (1) | 43,090,289 | - |
| Total other financing uses | (48,148,939) | (48,793,978) | (48,699,852) | 94,126 |
| NET CHANGE IN FUND BALANCE | (1,507,630) | (1,507,630) | 970,538 | 2,478,168 |
| BEGINNING FUND BALANCE | 5,850,000 | 5,850,000 | 6,291,285 | 441,285 |
| ENDING FUND BALANCE | \$ 4,342,370 | \$ 4,342,370 | \$ 7,261,823 | \$ 2,919,453 |

* Appropriated as other uses.

(1) Appropriation level

**NORTHWEST REGIONAL EDUCATION SERVICE DISTRICT
Hillsboro, Oregon**

**Fund Financial Statements
Special Revenue Fund
Statement of Revenues, Expenditures, and Changes in Fund Balance—Budget and Actual
For the Year Ended June 30, 2023**

| | Budget | | Actual | Variance to |
|--|--------------------|--------------------|----------------------|--|
| | Original | Final | | Final Budget Positive (Negative) |
| REVENUES | | | | |
| Local sources: | | | | |
| Charges for services | \$ 35,322,515 | \$ 35,322,515 | \$ 36,087,794 | \$ 765,279 |
| Intermediate sources | 62,727 | 62,727 | - | (62,727) |
| State sources | 51,266,624 | 51,266,624 | 48,125,612 | (3,141,012) |
| Federal sources | 19,130,196 | 19,130,196 | 14,401,985 | (4,728,211) |
| Total revenues | 105,782,062 | 105,782,062 | 98,615,391 | (7,166,671) |
| EXPENDITURES | | | | |
| Current: | | | | |
| Instruction | 63,392,589 | 60,892,589 (1) | 56,432,490 | 4,460,099 |
| Support services | 41,722,465 | 41,722,465 (1) | 33,703,035 | 8,019,430 |
| Enterprise and community services | 2,433,047 | 2,433,047 (1) | 2,404,958 | 28,089 |
| Facilities acquisition and construction | - | 2,500,000 (1) | - | 2,500,000 |
| Total expenditures | 107,548,101 | 107,548,101 | 92,540,483 | 15,007,618 |
| EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES | (1,766,039) | (1,766,039) | 6,074,908 | 7,840,947 |
| OTHER FINANCING SOURCES (USES): | | | | |
| Transfers in | 3,608,519 | 3,608,519 | 3,558,518 | (50,001) |
| Transfers out * | (514,905) | (514,905) (1) | (306,905) | 208,000 |
| Transfers to enterprise funds | - | - | (107,000) | (107,000) |
| Transfers to fiduciary funds | - | - | (50,000) | (50,000) |
| Transits to other agencies * | (6,215,603) | (6,215,603) (1) | (1,525,787) | 4,689,816 |
| Total other financing sources (uses) | (3,121,989) | (3,121,989) | 1,568,826 | 4,690,815 |
| NET CHANGE IN FUND BALANCE | (4,888,028) | (4,888,028) | 7,643,734 | 12,531,762 |
| BEGINNING FUND BALANCE | 4,888,028 | 4,888,028 | 13,618,716 | 8,730,688 |
| ENDING FUND BALANCE | \$ - | \$ - | \$ 21,262,450 | \$ 21,262,450 |

* Appropriated as other uses.

(1) Appropriation level

**NORTHWEST REGIONAL EDUCATION SERVICE DISTRICT
Hillsboro, Oregon**

**Fund Financial Statements
Governmental Funds
Balance Sheet
June 30, 2023**

| | General Fund | Special Revenue Fund | Capital Projects Fund | Total |
|---|----------------------|----------------------------|-----------------------------|----------------------|
| ASSETS | | | | |
| Cash and investments | 12,136,631 | - | 9,228,621 | 21,365,252 |
| Receivables: | | | | |
| Taxes | 272,526 | - | - | 272,526 |
| Accounts | 1,400,556 | - | 2,596,226 | 3,996,782 |
| Grants | - | 21,336,526 | - | 21,336,526 |
| Due from other funds | - | 1,187,590 | - | 1,187,590 |
| TOTAL ASSETS | \$ 13,809,713 | \$ 22,524,116 | \$ 11,824,847 | \$ 48,158,676 |
| LIABILITIES | | | | |
| Accounts payable | \$ 30,414 | \$ 1,205,664 | \$ 31,010 | \$ 1,267,088 |
| Due to other funds | 1,187,590 | - | - | 1,187,590 |
| Payroll liabilities | 5,120,969 | - | - | 5,120,969 |
| Unearned revenue | - | 56,000 | - | 56,000 |
| TOTAL LIABILITIES | 6,338,973 | 1,261,664 | 31,010 | 7,631,647 |
| DEFERRED INFLOWS OF RESOURCES | | | | |
| Unavailable revenue - property taxes | 208,917 | - | - | 208,917 |
| FUND BALANCES | | | | |
| Restricted: | | | | |
| Grants, contracts and projects | - | 21,262,452 | - | 21,262,452 |
| Capital Projects | - | - | 11,793,837 | 11,793,837 |
| Unassigned: | | | | |
| General Fund | 7,261,823 | - | - | 7,261,823 |
| TOTAL FUND BALANCES | 7,261,823 | 21,262,452 | 11,793,837 | 40,318,112 |
| TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES | \$ 13,809,713 | \$ 22,524,116 | \$ 11,824,847 | \$ 48,158,676 |

**NORTHWEST REGIONAL EDUCATION SERVICE DISTRICT
Hillsboro, Oregon**

**Fund Financial Statements
Governmental Funds**

**Reconciliation of Governmental Funds Balance Sheet to Statement of Net Position
June 30, 2023**

| | | |
|---|---------------------|---------------------|
| TOTAL FUND BALANCES | | \$ 40,318,112 |
| Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds: | | |
| Right to use asset | | |
| Cost | \$ 33,244,981 | |
| Accumulated depreciation | <u>(12,211,008)</u> | 21,033,973 |
| A portion of the District's property taxes are collected after year-end but are not available soon enough to pay for the current year's operations, and therefore are not reported as revenue in the governmental funds. | | |
| Unavailable revenue - property taxes | | 208,917 |
| Short term and 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. | | |
| Short term and long term obligations | | |
| Accrued interest payable | \$ (1,537) | |
| Compensated absences | (117,856) | |
| Other post employment pension liability (PHIS) | (1,265,369) | |
| Other post employment pension asset (RHIA) | 1,044,918 | |
| Leased Buildings | (2,263,621) | |
| Leased Equipment | - | |
| Bonds payable | (14,508,042) | |
| Bond discount/premiums, net of amortization | <u>41,230</u> | (17,070,277) |
| In 2016-17 bond refunding, a larger amount paid to the escrow agent than the premiums of the bonds being refunded that was recorded as interest expenses. This deferred outflow of resources is recognized based on the schedule of maturities of the refunded bonds. | | 29,183 |
| The Net Pension Asset (Liability) is the difference between the total PERS pension liability and the assets set aside to pay benefits earned to past and current employees and beneficiaries. | | (48,972,616) |
| Deferred Inflows and Outflows of resources related to the pension plan and OPEB include differences between expected and actual experience, changes of assumptions, differences between projected and actual earnings, and contributions subsequent to the measurement date. | | |
| Deferred Outflows - Pension (PERS) | \$ 21,885,757 | |
| Deferred Outflows - OPEB (PHIS) | 180,868 | |
| Deferred Outflows - OPEB (RHIA) | 108,330 | |
| Deferred Inflows - Pension (PERS) | (14,418,585) | |
| Deferred Inflows - OPEB (PHIS) | (417,063) | |
| Deferred Inflows - OPEB (RHIA) | <u>(359,777)</u> | <u>6,979,530</u> |
| NET POSITION - GOVERNMENTAL ACTIVITIES | | <u>\$ 2,526,821</u> |

**NORTHWEST REGIONAL EDUCATION SERVICE DISTRICT
Hillsboro, Oregon**

**Fund Financial Statements
Enterprise Fund
Statement of Net Position
June 30, 2023**

| | |
|---------------------------------------|-----------------------|
| ASSETS | |
| Current: | |
| Cash and cash equivalents | \$ 1,411,755 |
| Receivables | 386,135 |
| Total Assets | <u>1,797,890</u> |
| Deferred outflows of resources | |
| Net pension related deferred outflows | 1,488,400 |
| LIABILITIES | |
| Current: | |
| Accounts payable | 488,813 |
| Non-current: | |
| Net pension liability | 3,470,295 |
| Total Liabilities | <u>3,959,108</u> |
| Deferred inflows of resources | |
| Net pension related deferred inflows | 1,021,729 |
| NET POSITION | |
| Unrestricted | <u>\$ (1,694,547)</u> |

**NORTHWEST REGIONAL EDUCATION SERVICE DISTRICT
Hillsboro, Oregon**

**Fund Financial Statements
Enterprise Fund
Statement of Revenues, Expenditures, and Changes in Net Position
For the Year Ended June 30, 2023**

| | |
|--|-----------------------|
| REVENUE | |
| Charges for services | \$ 5,682,482 |
| Charges from interfund services | 3,194,052 |
| State sources | 87,471 |
| Total Revenue | <u>8,964,005</u> |
| EXPENSES | |
| Salaries | 3,339,405 |
| Employee benefits | 1,674,091 |
| Pension expense (see pension footnote) | (219,515) |
| Purchases | 802,116 |
| Supplies | 3,166,345 |
| Miscellaneous | 59,390 |
| Total Expenses | <u>8,821,832</u> |
| Operating Income | 142,173 |
| CHANGE IN NET POSITION | 142,173 |
| NET POSITION - Beginning | <u>(1,836,720)</u> |
| NET POSITION - Ending | <u>\$ (1,694,547)</u> |

**NORTHWEST REGIONAL EDUCATION SERVICE DISTRICT
Hillsboro, Oregon**

**Fund Financial Statements
Enterprise Fund
Statement of Cash Flows
For the Year Ended June 30, 2023**

| | |
|---|----------------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | |
| Cash received for services | \$ 5,760,335 |
| Cash received from interfund services provided | 3,194,052 |
| Cash received from state sources | 87,471 |
| Cash paid to suppliers for goods and services | (3,998,522) |
| Cash paid to employees for services | (5,013,496) |
| NET CASH USED BY OPERATING ACTIVITIES | <u>29,840</u> |
| | |
| Net Change In Cash and Cash Equivalents | 29,840 |
| | |
| BEGINNING CASH AND CASH EQUIVALENTS | <u>1,381,917</u> |
| | |
| ENDING CASH AND CASH EQUIVALENTS | <u><u>\$ 1,411,757</u></u> |
| | |
| RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES | |
| Operating income | \$ 142,173 |
| Adjustments to reconcile operating income to net cash provided by operating activities: | |
| Changes in assets and liabilities: | |
| Accounts receivable | 77,854 |
| Accounts payable | 29,328 |
| Net pension related items | (219,515) |
| Net Cash from Operating Activities | <u><u>\$ 29,840</u></u> |

**NORTHWEST REGIONAL EDUCATION SERVICE DISTRICT
Hillsboro, Oregon**

**Fund Financial Statements
Fiduciary Fund
Statement of Net Position
June 30, 2023**

| | |
|---------------------------------|----------------------------|
| ASSETS | |
| Cash and cash equivalents | \$ 8,408,285 |
| Accounts Receivable | - |
| Total Assets | <u>8,408,285</u> |
| LIABILITIES | |
| Accounts payable | - |
| Due to school districts | <u>8,408,285</u> |
| Total Liabilities | <u>8,408,285</u> |
| NET POSITION | |
| Restricted for school districts | <u><u>\$ 8,408,285</u></u> |

**NORTHWEST REGIONAL EDUCATION SERVICE DISTRICT
Hillsboro, Oregon**

**Fund Financial Statements
Fiduciary Fund
Statement of Additions, Deductions, and Changes in Net Position
For the Year Ended June 30, 2023**

| | |
|--|---------------------|
| ADDITIONS | |
| State sources | \$ 500 |
| Miscellaneous | 18,040 |
| Transfers in | <u>43,140,293</u> |
| Total Additions | <u>43,158,833</u> |
| DEDUCTIONS | |
| Purchased services | 23,682,258 |
| Supplies | 129,793 |
| Miscellaneous | - |
| Service credits transfers | 1,029,102 |
| Transits | <u>22,196,370</u> |
| Total Deductions | <u>47,037,523</u> |
| Net increase (decrease) in fiduciary net position | (3,878,690) |
| Net Position—beginning | <u>12,286,975</u> |
| Net Position—ending | <u>\$ 8,408,285</u> |

**NORTHWEST REGIONAL EDUCATION SERVICE DISTRICT
Hillsboro, Oregon**

**Notes to Basic Financial Statements
For the Year Ended June 30, 2023**

1. Summary of Significant Accounting Policies

A. Reporting Entity

In 1996, Clatsop, Columbia, Tillamook, and Washington Educational Service Districts (ESDs) officially consolidated to become the Northwest Regional Education Service District (ESD). The ESD was formed in accordance with ORS 334.020 and Section 25, Chapter 784 Oregon Laws 1993. It provides educational services to school districts in Clatsop, Columbia, Tillamook, and Washington Counties. The ESD is a municipal corporation governed by a nine-member Board of Directors consisting of five elected and four appointed members. Administrative officials are approved by the Board. The daily functioning of the ESD is under the supervision of the Superintendent-Clerk. As required by accounting principles generally accepted in the United States of America, all activities of the ESD have been included in these basic financial statements.

The ESD qualifies as a primary government since it has a separately elected governing body, is a legally separate entity, and is fiscally independent. Various governmental agencies, school districts, and special service districts provide services within the ESD's boundaries. However, the ESD is not financially accountable for any of these entities, therefore none are considered component units or included in these basic financial statements.

B. Basis of Presentation

1) Government-wide Financial Statements

The *Statement of Net Position* and the *Statement of Activities* display information about the ESD. These statements include the governmental financial activities of the ESD overall, except fiduciary activities. Eliminations have been made to minimize the double counting of internal activities, except that interfund services provided and used are not eliminated in the process of consolidation. Governmental activities are financed through property taxes, intergovernmental revenues, and other non-exchange transactions.

The *Statement of Activities* presents a comparison between direct expenses and program revenues for each of its functions or programs. Direct expenses are those that are specifically associated with a function. Program revenues include operating grants and contributions, as well as charges for tuition, fees, rentals, materials, supplies, or services provided. Revenues not classified as program revenues, including property taxes, are presented as general revenues.

Separate financial statements are provided for governmental, proprietary, and fiduciary funds, even though the latter is excluded from the government-wide financial statements.

2) Fund Financial Statements

The fund financial statements provide information about the ESD's funds including those of a fiduciary nature. Separate statements for each fund category—governmental, business-type, and fiduciary—are presented. The emphasis of fund financial statements is on major governmental funds,

each displayed in a separate column. The minimum numbers of funds are maintained consistent with legal and managerial requirements.

The ESD reports the following major governmental funds:

- **General Fund.** Provides for those programs and services authorized by local school districts through the resolution process or by service agreements. Major sources of revenue are property taxes, state reimbursements, and charges to other agencies.
- **Special Revenue Fund.** Accounts for revenues and expenditures that are restricted and committed for specific projects, such as instructional and support services to local school districts through contracts and reimbursements. Major revenue sources are charges to other education districts and federal and state grants.
- **Capital Projects Fund.** Accounts for resources to replace or acquire new facilities and capital equipment. The principal resources are transfers from the General Fund and interest earnings.

Additionally, the ESD reports the following fund types:

- **Proprietary Fund.** Accounts for services, primarily technology, provided to other governmental agencies. The principal revenue sources are charges for services and supplies.
- **Fiduciary Fund.** Comprises custodial funds and account for pass through money received from local and county sources to be distributed to school districts; accounted for using the full accrual basis of accounting

C. *Measurement Focus and Basis of Accounting*

Government-wide and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when liabilities are incurred, regardless of when related cash flows occur. Non-exchange transactions, in which the ESD receives value without giving equal value in exchange, include property taxes, grants, entitlements, and donations. Property tax revenue is recognized in the fiscal year for which the taxes are levied. Grant, entitlement, and donation revenue is recognized in the fiscal year in which all eligibility requirements have been satisfied. ESD programs may be funded by a combination of cost-reimbursement grants and general revenues. It is the ESD's policy to apply cost-reimbursement grant resources to such programs, then general revenues.

Governmental fund financial statements are reported using the current financial resources measurement focus and modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. Revenue reported in governmental funds are considered to be available if collected within sixty days after fiscal year-end. Property taxes and interest are considered to be susceptible to accrual if received in cash by the ESD or a county collecting such taxes within 60 days after year-end. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on long-term debt and claims and judgments, which are recognized as expenditures to the extent they have matured. Capital asset acquisitions are reported as expenditures in the governmental funds and proceeds from long-term debt and acquisitions under leases are reported as other financing sources.

Proprietary fund type revenues and expenses generally result from providing goods and services in connection with ongoing operations. Revenue is primarily charges for goods and services, and expenses generally reflect the cost of sales and service, and administrative expenses. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

D. Use of Estimates

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

E. Cash and Cash Equivalents

The cash and cash equivalents consist of cash on hand, demand deposits, and short-term investments with original maturities of three months or less. Short-term investments are stated at cost, which approximates fair value. Investments in the State of Oregon Treasurer's Local Government Investment Pool (LGIP) are stated at cost, which approximates fair value. Fair value in the LGIP is the same as the value of its pool shares.

F. Fair Value Inputs and Methodologies 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 upon the activity level in the market for the security type and the inputs used to determine fair value. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; and Level 3 inputs are significant unobservable inputs. 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.

G. Property Taxes

Property taxes are levied and become a lien on all taxable property as of July 1. Property taxes are payable on November 15, February 15, and May 15, with allowed discount if received by November 15 or February 15. Taxes outstanding on May 16 are considered delinquent. Uncollected taxes are deemed to be substantially collectible by management decision; therefore, no allowance for uncollectible taxes has been established. All property taxes receivable are due from property owners within the ESD.

H. Receivables

Receivables represent amounts due from the sale of services or materials to local education agencies and un-reimbursed expenditures due from grantor agencies. Grant revenues are recorded at the time eligible expenditures are incurred. Grant revenues received prior to the occurrence of qualifying expenditures are recorded as unavailable revenue.

I. Grants

Unreimbursed expenditures due from grantor agencies are recorded in the financial statements as receivables and revenues. Cash received from grantor agencies prior to the occurrence of qualifying expenditures are recorded as unearned revenue on the Statement of Net Position and Balance Sheet.

J. Capital Assets

Capital assets are recorded at historical cost if purchased or constructed, or estimated historical cost when original cost is not available. Donated capital assets are recorded at the estimated acquisition value at the date of donation. Capital assets are defined as assets with an initial cost of more than \$5,000 and an estimated life in excess of three years. Upon disposal of capital assets, the accounts are relieved of the related amounts, and any proceeds accounted for as revenue. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Capital assets are depreciated using the straight-line method over the following useful lives:

| | | |
|---|--------------------------------------|--------------------------------------|
| Buildings and improvements 40–50 years | Leasehold improvements 5–15 years | Vehicles and equipment 5–15 years |
|---|--------------------------------------|--------------------------------------|

K. Lease Assets

Lease assets are property, equipment, and vehicles leased by the ESD for a term of more than one year but are not owned at the end of the lease period. The value of leased assets is determined by the net present value of leases at the incremental borrowing rate at the time of the lease agreement, amortized over the term of the agreement. Financed lease assets (those owned at the end of the lease term) are treated as capital assets.

L. Deferred Outflows/Inflows of Resources

In addition to assets, the basic financial statements will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net assets that applies to future periods and so will not be recognized as an outflow of resources (expense/expenditure) until that time. The ESD has three items that arise only under a full accrual basis of accounting that qualify for reporting in this category. The statement of net position reports outflows related to the net PERS and RHIA pension liability, deferred charge on refunding bonds, and the ESD’s Other Post-Employment Benefits (OPEBs). These amounts are deferred and recognized as an outflow of resources in the period that the amounts become available.

In addition to liabilities, the basic financial statements will report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net assets that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time. The government has two items that arise for reporting in this category. The balance sheet reports unavailable revenues from one source: property taxes. The statement of net position reports inflows related to the net PERS and RHIA pension liability and the ESD’s OPEB plans. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

M. Risk Management

The ESD is exposed to various loss risks related to torts; theft of, damage to or destruction of assets; errors and omissions; injuries to employees; and natural disasters. The ESD purchases commercial insurance for claims in excess of self-insured retention limits. Limits are \$25,000 for property per occurrence and \$50,000 for general liability. There have been no significant reductions in insurance coverage from the prior year. Losses have not exceeded insurance coverage for the past three years.

N. Retirement Plans

Substantially all of the ESD’s employees are participants in the State of Oregon Public Employees Retirement System (PERS). For the purpose of measuring the net pension liability, deferred outflows of

resources and deferred inflows of resources related to pensions, and pension expense, information about fiduciary net position of PERS and additions to/deductions from PERS's fiduciary net position have been determined on the same basis as they are reported by PERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

O. *Compensated Absences*

It is the ESD's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. There is no liability for unpaid accumulated sick leave since there is no policy to pay any amounts when employees separate from service with the ESD. All unused vacation pay and related payroll taxes are accrued when earned in the government-wide financial statements. Accrued vacation balances must be used by the end of the calendar year for those employees who have a carryover balance at the end of the fiscal year. A liability for these amounts is reported in the governmental funds only if they have matured, for example, as a result of employee resignation and retirements.

P. *Long-term Debt*

In the government-wide financial statements long-term debt is reported as a liability in the *Statement of Net Position*. Bond discounts are deferred and amortized over the life of the certificates of participation using the straight-line method, which approximates the effective interest method. Savings realized from advance refunding of debt are recorded as deferred outflows of resources and amortized over the remaining life of the related defeased debt.

In the fund financial statements, discounts as well as issuance costs are recognized when incurred and not deferred. The face amount of the debt issued and discounts on debt issuances are reported as other financing sources and uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Q. *Fund Equity*

The difference between assets, deferred outflows, liabilities, and deferred inflows of resources is labeled "Net Position" on the government-wide, proprietary fund, and fiduciary fund financial statements and "Fund Balance" on the governmental fund financial statements.

1) Net Position

Net position comprises 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 reduced by the outstanding balances of any bonds or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- Restricted – consists of external constraints placed on asset use by creditors, grantors, contributors, or laws or regulations of other governments or constraints imposed by law through constitutional provisions or enabling legislation. The ESD has net positions restricted for debt service.
- Unrestricted net position – consists of all other assets that are not included in the other categories previously mentioned.

2) Fund Balance

Governmental fund balances are reported in hierarchical classifications based on the extent to which the ESD is required to honor spending restrictions, as listed below from most to least restrictive:

1. *Non-spendable*. Non-spendable fund balance represents amounts that are not in a spendable form. The non-spendable fund balance represents inventories and prepaid items.
2. *Restricted*. 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).
3. *Committed*. Committed fund balance represents funds formally set aside by the governing body for a particular purpose. The Board may commit fund balance by resolution. The Board may also modify or rescind commitments by resolution.
4. *Assigned*. 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. Both the Superintendent and the Chief Financial Officer have been given this authority by the Board.
5. *Unassigned*. 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.

There were no non-spendable, committed, or assigned fund balances at June 30, 2023.

The Board of Directors approved the following order of spending regarding fund balance categories: Restricted resources are spent first when both restricted and unrestricted (committed, assigned, or unassigned) resources are available. When unrestricted resources are spent, the order of spending is committed (if applicable), assigned (if applicable), and lastly, unassigned fund balance.

To preserve a sound financial system and to provide a stable financial base, the governing body has adopted a minimum ending fund balance policy to be an unrestricted ending fund balance of at least 8% of total general fund adopted revenues, less the amount allocated for transfer to component school districts.

R. Appropriations and Budget

In accordance with Local Budget Law, a budget is prepared and legally adopted for all funds on the modified accrual basis of accounting. The budgetary basis of accounting for governmental fund types is the same basis as accounting principles generally accepted in the United States of America except capital outlay expenditures are budgeted by function. Proprietary fund type budgetary basis is the same as the accounting principles generally accepted in the United States of America basis except that service charges to other funds are budgeted as operating transfers in.

The budgeting process begins by appointing budget committee members in early fall of each year. Budget recommendations are developed through early spring and both the Budget Committee and Board of Directors approve the budget in late spring. Public notices of the budget hearing are generally published in early June and the public hearing is held in late June. The budget is adopted, appropriations are made, and the tax levy is declared not later than June 30.

Expenditure budgets are appropriated for each fund at the major function level (instruction, support services, enterprise and community services, facility acquisition, construction, and contingency).

With the exception for grant receipts which may be unable to be reasonably estimated at the time of budget adoption, appropriations may not be over expended legally. Management must obtain

Board of Directors authorization for all appropriation transfers and supplemental budgets. Supplemental budgets less than 10% of the fund's original budget may be adopted by the Board of Directors at a regular Board meeting. A supplemental budget greater than 10% of the fund's original budget requires public hearings, publication in newspapers, and approval by the Board of Directors.

A supplemental budget and appropriation transfer with additional appropriations was adopted for 2022-23. Expenditures of the various funds were within authorized appropriations except for in the Fiduciary Fund that was over-expended by \$454,608. Appropriations lapse at the end of each fiscal year.

5. New Accounting Standards Implemented

The ESD implemented GASB Statement No. 96, which requires recognition of certain subscription-based information technology arrangements (SBITAs) as capital assets and liabilities. The requirement is based on the length of the contract and certain termination rights. It is based on the foundational principle that certain subscription contracts are financings of the right to use an underlying asset. The ESD currently has minimal contracts that qualify.

2. Deposits and Investments

The ESD maintains a cash and investment pool that is available for use by all funds. Each fund type's portion of this pool is displayed on the balance sheet as "Cash and cash equivalents."

Cash and investments comprised the following at June 30, 2023:

| | |
|---|----------------------|
| Oregon Local Government Investment Pool | \$ 31,510,375 |
| Demand Deposits | (323,614) |
| | <u>\$ 31,186,660</u> |

Cash and cash equivalents are shown on the basic financial statements as:

| | |
|--------------------|----------------------|
| Governmental funds | \$ 21,365,252 |
| Proprietary funds | 1,411,754 |
| Fiduciary funds | 8,409,654 |
| | <u>\$ 31,186,660</u> |

A. Deposits with Financial Institutions

Deposits with financial institutions consist of bank demand deposits and time deposits. The ESD's deposits with financial institutions are fully insured up to \$250,000 by the Federal Depository Insurance Corporation (FDIC).

To provide additional security required and authorized by Oregon Revised Statutes, Chapter 295, deposits above insurance limits are covered by collateral held in a multiple financial institution collateral pool administered by the State of Oregon Treasury Collateral Pool. The ESD has no exposure to custodial credit risk for deposits with financial institutions.

Public funds are collateralized in the Oregon Public Funds Collateralization Program (PFCP). Oregon Revised Statutes and District policy require depository institutions to maintain on deposit, with the collateral pool manager, securities having a value not less than 10% of their quarter-end public fund deposits if they are well capitalized, 25% of their quarter-end public fund deposits if they are adequately capitalized, or 110% of their quarter-end public fund deposits if they are undercapitalized or assigned to pledge 110% by the Office of the State Treasurer.

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 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, 2023.

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 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, 2023, the fair value of the position in the LGIP is 99.63% 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.

C. Interest Rate Risk

The ESD has a formal investment policy that limits investment maturities to 18 months or less as a means of managing its exposure to fair value losses arising from increasing interest rates.

D. Custodial Credit Risk

Custodial risk is the risk that, in the event of failure of counterparty, the ESD will not be able to recover the value of its investments that are in the possession of an outside party. At June 30, 2023, the ESD does not have investments exposed to custodial credit risk.

E. Concentration of Credit Risk

At June 30, 2023, 100% was invested in the Local Government Investment Pool. State statutes do not limit the percentage of investments in this instrument.

3. Receivables

Accounts and other receivables consist primarily of claims for reimbursements of costs under various federal and state grant programs and services provided to local component school districts. All receivables are considered current and deemed collectable by management.

Receivables comprise as follows:

| | |
|-----------------|---------------------|
| Property taxes | \$ 272,526 |
| Grants | 21,336,526 |
| Trade and other | 4,382,917 |
| | <u>\$25,991,969</u> |

Receivables are reported as follows:

| | |
|--------------------|----------------------|
| Governmental funds | \$ 25,605,834 |
| Proprietary funds | 386,135 |
| | <u>\$ 25,991,969</u> |

4. Capital Assets

A. Capital asset activity

Capital assets activity for the year was as follows:

| | Beginning Balance | Additions | Deletions | Ending Balance |
|---|----------------------|---------------------|------------------|---------------------|
| Capital assets not being depreciated: | | | | |
| Land | \$ 467,500 | - | \$ - | \$ 467,500 |
| Construction in progress | - | 8,003,295 | - | 8,003,295 |
| Total capital assets not being depreciated | <u>467,500</u> | <u>8,003,295</u> | <u>-</u> | <u>8,470,795</u> |
| Capital assets being depreciated: | | | | |
| Buildings and Improvements | 14,722,120 | 825,413 | - | 15,547,533 |
| Leasehold improvements | 355,251 | - | - | 355,251 |
| Vehicles and equipment | 4,245,240 | 606,132 | - | 4,851,372 |
| Leased Buildings right to use | 4,019,437 | 588 | - | 4,020,025 |
| Leased Equipment right to use | 112,727 | 3,033 | (115,760) | - |
| Total capital assets being depreciated | <u>23,454,775</u> | <u>1,435,166</u> | <u>(115,760)</u> | <u>24,774,181</u> |
| Less accumulated depreciation for: | | | | |
| Buildings and Improvements | (6,565,915) | (459,131) | - | (7,025,046) |
| Leasehold improvements | (198,429) | (20,039) | - | (218,468) |
| Vehicles and equipment | (3,104,612) | (224,712) | - | (3,329,324) |
| Leased Buildings right to use | (1,157,221) | (480,949) | - | (1,638,170) |
| Leased Equipment right to use | (74,217) | (41,543) | 115,760 | - |
| Total accumulated depreciation | <u>(11,100,394)</u> | <u>(1,226,374)</u> | <u>115,760</u> | <u>(12,211,008)</u> |
| Total capital assets being depreciated, net | <u>12,354,381</u> | <u>208,792</u> | <u>-</u> | <u>12,563,173</u> |
| Total capital assets, net | <u>\$ 12,821,881</u> | <u>\$ 8,212,087</u> | <u>\$ -</u> | <u>\$21,033,968</u> |

B. Depreciation expense

Depreciation expense for the year was charged to the following functions/programs:

| | |
|------------------------------------|---------------------|
| Instruction: | |
| Regular programs | \$ 58,616 |
| Special programs | 646,995 |
| Support services: | |
| Student Services | 241,288 |
| Instructional staff services | 69,427 |
| General administration | 20,807 |
| Business services | 41,228 |
| Central activities | 128,963 |
| Enterprise and community services: | |
| Community services | 19,050 |
| | <u>\$ 1,226,374</u> |

5. Compensated Absences

The ESD does not liquidate liability for compensated absences until leave is actually taken by the employee in the governmental funds. Accrued vacation leave is considered a compensated absence. The fund used to liquidate the liability is the fund where the employee's salary was charged. The liability is considered a current liability as vacation is given at the beginning of the fiscal year and must either be taken within the fiscal year or up to 80 hours can be used by the end of the calendar year. The liability balance reflects the maximum carryover up to the 80-hour limitation. Of the balance, 40% reflects vacation salary charged to the General Fund, 25% to Special Revenue Funds and 35% to the Enterprise Funds.

Compensated absences activity for the year ended June 30, 2023, considered due within one year:

| | <u>Beginning Balance</u> | <u>Additions</u> | <u>Reductions</u> | <u>Ending Balance</u> |
|----------------------|--------------------------|------------------|-------------------|-----------------------|
| Compensated Absences | \$ 107,174 | \$ 117,856 | \$ (107,174) | \$ 117,856 |

6. Long-Term Obligations

A. Bonds payable

Full Faith and Credit Obligation Bonds

On June 27, 2005 the ESD issued \$4,175,000 full faith and credit refunding obligation bonds, Series 2005B to refund the Series 1999 and obtain a savings in total debt service requirement. Interest rates on the bonds range from 3.5% to 4.15% and the final maturity date is June 15, 2024.

On October 13, 2016, the ESD issued \$2,354,000 full faith and credit obligation bonds, Series 2016 to refund the Series 2005, partially fund the Washington Service Center roofing project, and obtain savings of \$122,642 in total debt service requirement. Interest rates on the bonds range from 2.1% to 2.43% and the final maturity date is June 15, 2025. In the Event of Default occurring for the Determination of Taxability, interest on this financing agreement shall accrue at the rate of 3.66%, effective as of the effective date of the applicable Determination of Taxability. Upon the occurrence and continuance of an Event of Default other than Determination of Taxability, the Lender may, in addition to pursuing other remedies, increase the Interest Rate by 3.00 percentage points. All rights, powers, and remedies of the Lender may be exercised at any time after the occurrence of an Event of Default, are cumulative and shall not be exclusive, and shall be in addition to any other rights

powers or remedies provided by law or equity. The Lender may waive any Event of Default, but no such waiver shall extend to a subsequent Event of Default.

On May 16, 2023 the ESD issued \$13,670,000 full faith and credit obligations bonds, series 2023. The final maturity date is June 1, 2038. The interest rate range, terms of default, rights, powers, and remedies of the lender are all the same as described above.

B. Debt Activity

Payments on the full faith and credit obligation bonds are made by the General Fund. Pension and other postemployment liabilities for governmental activities are incurred in the fund in which the related salary are expensed, and are liquidated through the general fund.

Debt activity for the year ended June 30, 2023 is as follows:

| Governmental activities | Beginning | | | Ending Balance | Due Within One Year |
|--------------------------------------|---------------------|----------------------|---------------------|----------------------|---------------------|
| | Balance | Additions | Reductions | | |
| Bonds payable | | | | | |
| Full Faith & Credit obligation bonds | \$ 1,400,556 | \$ 13,670,000 | \$ 583,736 | \$ 14,486,819 | \$ 1,218,481 |
| Unamortized discount | (41,230) | - | (21,181) | (20,049) | (20,049) |
| Total bonds payable, net | 1,359,326 | 13,670,000 | 562,555 | 14,466,770 | 1,198,432 |
| Other Debt | | | | | |
| Leased Buildings | \$ 2,900,239 | \$ 58,571 | \$ 695,192 | \$ 2,263,618 | \$ 557,225 |
| Leased Equipment | 39,105 | - | 39,105 | - | - |
| Total Other Debt | 2,939,344 | 58,571 | 734,297 | 2,263,618 | 557,225 |
| Total Long Term Debt | \$ 4,298,670 | \$ 13,728,571 | \$ 1,296,852 | \$ 16,730,388 | \$ 1,755,657 |

The following is a summary of long-term debt transactions of governmental activities for the year ended June 30, 2023:

| Issue Date | Original Issue | Principal | | | Ending Balance | Interest Rates |
|--|-----------------------------|---------------------|----------------------|-------------------|----------------------|----------------|
| | | Beginning Balance | Additions | Reductions | | |
| Full Faith and Credit Obligation Bonds: | | | | | | |
| June 27, 2005 | \$4,175,000 | \$ 790,000 | \$ - | \$ 385,000 | \$ 405,000 | 3.50 - 4.15% |
| October 13, 2016 | 2,354,000 | 610,556 | - | 198,737 | 411,819 | 2.10 - 2.43% |
| June 30, 2023 | 13,670,000 | - | 13,670,000 | - | 13,670,000 | 5% |
| | Subtotal | 1,400,556 | 13,670,000 | 583,737 | 14,486,819 | |
| | Unamortized Discount | (41,230) | - | (21,181) | (20,049) | |
| | Total | \$ 1,359,326 | \$ 13,670,000 | \$ 562,556 | \$ 14,466,770 | |

During fiscal year, the ESD secured a loan for \$13.67 million to finance a new building. This building will be primarily used to expand daycare, preschool, and parenting programs. It is secured by the series 2023 bond described above.

C. Debt Maturities

Future bond maturities are as follows:

| Fiscal Year | Principal | Interest | Total |
|----------------------|-------------------|------------------|-------------------|
| Ending June 30, 2023 | | | |
| 2024-2028 | 4,296,819 | 3,150,015 | 7,446,834 |
| 2029-2033 | 4,480,000 | 2,121,500 | 6,601,500 |
| 2034-2038 | 5,710,000 | 884,000 | 6,594,000 |
| | <u>14,486,819</u> | <u>6,155,515</u> | <u>20,642,334</u> |

Future lease maturities are as follows:

| Fiscal Year Ending June 30 | Buildings | | Equipment | | Total Payments |
|-------------------------------|---------------------|-------------------|--------------------|-------------------|---------------------|
| | Principal Payments | Interest Payments | Principal payments | Interest Payments | |
| 2024 | \$ 557,225 | \$ 75,160 | \$ - | \$ - | \$ 632,385 |
| 2025 | 568,580 | 55,049 | - | - | 623,629 |
| 2026 | 551,012 | 33,751 | - | - | 584,763 |
| 2027 | 200,793 | 18,848 | - | - | 219,641 |
| 2028 | 215,261 | 10,969 | - | - | 226,230 |
| Thereafter | 170,747 | 2,715 | - | - | 173,462 |
| | <u>\$ 2,263,618</u> | <u>\$ 196,492</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 2,460,110</u> |

7. Interfund Balances and Transfers

The following is a reconciliation of interfund balances and transfers:

| | Transfers In | Transfers Out | Due to Other Funds | Due from Other Funds |
|-----------------------|----------------------|------------------------|-----------------------|-------------------------|
| General Fund | \$ 275,000 | \$ (48,974,851) | \$ 1,187,790 | \$ - |
| Special Revenue Fund | 3,558,518 | (463,905) | - | 1,187,790 |
| Capital Projects Fund | 300,000 | - | - | - |
| Enterprise Fund | 3,194,052 | - | - | - |
| Fiduciary Fund | 43,140,288 | (1,029,102) | - | - |
| | <u>\$ 50,467,858</u> | <u>\$ (50,467,858)</u> | <u>\$ 1,187,790</u> | <u>\$ 1,187,790</u> |

General Fund

- Transfers In: Support to programs
- Transfers Out: Support to programs, distribution of county allocations

Special Revenue Fund

- Transfers In: Support to programs, distribution of county allocations
- Transfers Out: Support to programs

Capital Projects Fund

- Transfers In: General and special revenue funds support for capital projects
- Transfer Out: No activity during the fiscal year

There is a \$(1,187,690) interfund balance in the General Fund to fund reimbursable expenditures in the Special Revenue Fund.

Interfund transfers between funds of the primary government are presented in the *Statements of Revenues, Expenditure and Changes in Fund Balance* – comparison schedules for General Fund, Special Revenue Fund, Enterprise Fund, and Fiduciary Governmental Funds. The budgetary comparison schedules for General Fund, Special Revenue Fund, Enterprise Fund, and Fiduciary Fund include transfers between fiduciary activities and the primary government, which have been treated as revenues and expenditures in the combining fund financial statements, and additions and deductions in the fiduciary fund statements, in accordance with accounting principles generally accepted in the United States of America. The net effect of this treatment on all fund balances is zero.

8. Leases

A. Lease Assets

Lease assets are assets which the government leases for a term of more than one year. The value of leases is determined by the net present value of the leases at the government’s incremental borrowing rate at the time of the lease agreement, amortized over the term of the agreement.

B. Lease Liability

In the government-wide financial statements, leases payable are reported as liabilities in the Statement of Net Position. In the governmental fund financial statements, the present value of lease payments is reported as other financing sources.

The total lease payments for leased property were approximately \$734,297 for the year ended June 30, 2023.

Below is the carrying value of assets subject to the GASB 87 lease standards as of June 30, 2023.

| Asset Class | Asset Value | Accumulated Amortization | Net Asset |
|------------------|---------------------|--------------------------|---------------------|
| Leased Buildings | \$ 4,020,025 | \$ (1,638,170) | \$ 2,381,855 |
| Leased Equipment | - | - | - |
| | <u>\$ 4,020,025</u> | <u>\$ (1,638,170)</u> | <u>\$ 2,381,855</u> |

Approximate future lease payments for leases and the related net present value as of June 30, 2023 are as follows:

| Year Ending June 30 | Amount |
|---------------------|---------------------|
| 2024 | \$ 654,322 |
| 2025 | 643,740 |
| 2026 | 606,061 |
| 2027 | 234,544 |
| 2028 | 234,109 |
| Thereafter | 184,431 |
| | <u>\$ 2,557,207</u> |

9. Pension Plan

A. 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. Summarized below is the plan description provided on page 141 of the Oregon PERS Annual Comprehensive Financial Report which can be found at (if the link is expired please contact Oregon PERS for this information):

<https://www.oregon.gov/das/financial/acctng/pages/pub.aspx>

1) Public Employees Retirement Plan (PERS)

- 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% for police and fire employees, and 1.67% 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.
 - ii. 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:
 - o member was employed by PERS employer at the time of death,
 - o member died within 120 days after termination of PERS covered employment,
 - o member died as a result of injury sustained while employed in a PERS-covered job, or
 - o 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.

- iv. **Benefit Changes After Retirement.** Members may choose to continue participation in their variable account after retiring and may experience annual benefit fluctuations due to changes in the fair value of the underlying global equity investments of that account. Under ORS 238.360 monthly benefits are adjusted annually through cost-of-living changes (COLA). The cap on 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:
 - o **Police and fire:** 1.8% 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.
 - o **General service:** 1.5% 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% 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 70 ½ 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% of the member's salary determined as of the last full month of employment before the disability occurred.

B. 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, 2019 actuarial valuation, which became effective July 1, 2021. The state of Oregon and certain schools, community colleges, and political subdivisions have made unfunded actuarial liability payments and their rates have been reduced. Employer contributions for the year ended June 30, 2023 were approximately \$10,684,297, excluding amounts to fund employer specific liabilities. The ESD recognized \$3,309,759 in governmental funds and \$7,544 in enterprise funds as employer pension expense during the reporting period.

C. Pension Asset or Liability

At June 30, 2023, the ESD reported a net pension liability of \$52,442,911 for its proportionate share of the net pension liability. 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 as of December 31, 2021, rolled forward to a measurement date of June 30, 2023. 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, 2022 and 2021, the ESD’s proportion was .3424% and .3534% respectively.

The PERS rates in effect for the year ended June 30, 2023 were (1) Tier 1/Tier 2 – 26.83% and (2) OPSRP general services – 23.72%.

At June 30, 2023, the ESD reported deferred outflows of resources and deferred inflows of resources related to pension from the following sources:

| | Deferred Outflow of Resources | Deferred Inflow of Resources | Net |
|---|----------------------------------|---------------------------------|--------------------|
| Difference between expected and actual experience | \$ 2,545,680 | \$ 327,044 | \$ 2,218,636 |
| Changes in assumptions | 8,228,576 | 75,176 | 8,153,400 |
| Net difference between projected and actual earnings on pension plan investments | - | 9,375,778 | (9,375,778) |
| Changes in proportionate share | 168,319 | 2,162,004 | (1,993,685) |
| Differences between employer contributions and employer's proportionate share of system contributions | 1,747,284 | 3,500,312 | (1,753,028) |
| Subtotal - Amortized Deferrals (below) | <u>12,689,859</u> | <u>15,440,314</u> | <u>(2,750,455)</u> |
| District contributions subsequent to measurement date | 10,684,297 | - | 10,684,297 |
| Net deferred outflow (inflow) of resources | <u>23,374,156</u> | <u>15,440,314</u> | <u>7,933,842</u> |

Deferred outflows of resources related to pensions of \$10,684,297 resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the fiscal year ended June 30, 2024. Other amounts reported as deferred outflows or inflow of resources related to pension will be recognized in pension expense as follows:

| Fiscal Year | Amount |
|-------------|-----------------------|
| 2024 | \$ 12,631 |
| 2025 | (1,500,075) |
| 2026 | (4,445,792) |
| 2027 | 3,622,029 |
| 2028 | (439,247) |
| Total | <u>\$ (2,750,455)</u> |

All assumptions, methods and plan provisions used in these calculations are described in the Oregon PERS system-wide GASB 68 reporting summary dated January 20, 2023 which can be found at: <http://www.oregon.gov/pers/EMP/Pages/GASB.aspx>.

Oregon PERS produces an independently audited Comprehensive Annual Financial Report which can be found at: <https://www.oregon.gov/pers/emp/pages/annual-reports.aspx>

D. Actuarial Valuations

The employer contribution rates effective July 1, 2021 through June 30, 2023, 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.

1) Actuarial Methods and Assumptions

| | |
|---------------------------|---|
| Valuation date | December 31, 2020 rolled forward to June 30, 2022 |
| Experience Study Report | 2020, Published July 20, 2021 |
| Actuarial cost method | Entry Age Normal |
| Amortization method | Amortized as a level percentage of payroll as layered amortization bases over a closed period; Tier One/Tier Two UAL is amortized over 20 years and OPSRP pension UAL is amortized over 16 years |
| Asset valuation method | Fair value of assets |
| Discount rate | 6.9 percent |
| Inflation rate | 2.40% |
| Investment rate of return | 6.90 percent |
| Projected salary increase | 3.40% |
| Cost of Living Adjustment | Blend of 2.0% COLA and graded COLA (1.25/0.15 percent) in accordance with <i>Moro</i> decision, blend based on service. |
| Mortality | <p><u>Healthy retirees and beneficiaries:</u> Pub-2010 Healthy Retiree, sex-distinct, generational projection with Unisex, Social Security Data Scale, and set-backs as described in the valuation.</p> <p><u>Active members:</u> Pub-2010 Employee, sex-distinct generational with Unisex, Social Security Data Scale, with job category adjustments and set-backs as described in the valuation.</p> <p><u>Disabled retirees:</u> Pub-2010 Disable retiree, sex-distinct, generational with Unisex, Social Security Data Scale, with job category adjustments and set-backs as described in the valuation.</p> |

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.

2) Discount Rate

The discount rate used to measure the total pension liability as of the measurement date June 30, 2022 was 6.90 percent, and at June 30, 2021 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. Below is the ESD’s proportionate share of the net pension liability 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 1-percentage-point lower (5.90 percent) or 1-percentage-point higher (7.90 percent) than the current rate.

| | 1% Decrease (5.90%) | Discount Rate (6.90%) | 1% Increase (7.90%) |
|---|------------------------|--------------------------|------------------------|
| District's proportionate share of the net pension liability | \$ 93,002,967 | \$ 52,442,911 | \$ 18,496,018 |

3) Assumed Asset Allocation

| Asset Class/Strategy | Low Range | High Range | OIC Target |
|------------------------|-----------|------------|------------|
| Debt Securities | 15.0% | 25.0% | 20.0% |
| Public Equity | 25.0% | 35.0% | 30.0% |
| Real Estate | 7.5% | 17.5% | 12.5% |
| Private Equity | 15.0% | 27.5% | 20.0% |
| Risk Parity | 0.0% | 3.5% | 2.5% |
| Real Assets | 2.5% | 10.0% | 7.5% |
| Diversifying Strategis | 2.5% | 10.0% | 7.5% |
| Opportunity Portfolio | 0.0% | 5.0% | 0.0% |
| | Total | | 100.0% |

Source: June 30, 2022 PERS Comprehensive Annual Financial Report; p. 104

4) Long-Term Expected Rate of Return

To develop an analytical basis for the selection of the long-term expected rate of return assumption, in June 2021 the PERS Board reviewed long-term assumptions developed by both

Milliman’s capital market assumptions team and the Oregon Investment Council’s (OIC) investment advisors. The 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 | Compound Annual Return (Geometric) |
|-------------------------------------|--------|------------------------------------|
| Global Equity | 30.62% | 5.85% |
| Private Equity | 25.50% | 7.71% |
| Core Fixed Income | 23.75% | 2.73% |
| Real Estate | 12.25% | 5.66% |
| Master Limited Partnerships | 0.75% | 5.71% |
| Infrastructure | 1.50% | 6.26% |
| Commodities | 0.63% | 3.10% |
| Hedge Fund of Funds - Multistrategy | 1.25% | 5.11% |
| Hedge Fund Equity - Hedge | 0.63% | 5.31% |
| Hedge Fund - Macor | 5.62% | 5.06% |
| US Cash | -2.50% | 1.76% |
| Assumed Inflation - Mean | | 2.40% |

Source: June 30, 2022 PERS Comprehensive Annual Financial Report; p. 74

5) 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, 2022 Measurement Date.

6) OPSRP Individual Account Program (OPSRP IAP)

Plan Description. Employees of the ESD are provided with pensions through Oregon Public Retirement System (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)% of their covered payroll. The ESD did not make any optional contributions to member IAP accounts for the year ended June 30, 2023.

Additional disclosures related to Oregon PERS not applicable to specific employers are available online at <http://www.oregon.gov/pers/EMP/Pages/GASB.aspx>, or by contacting PERS at the following address: PO BOX 23700 Tigard, OR 97281-3700.

10. Other Post-Employment Benefits (OPEB)

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

| | Postemployment Health Insurance Subsidy (PHIS) | Retirement Health Insurance Account (RHIA) | Net |
|-------------------------------------|--|--|--------------|
| Total OPEB Liability | \$ 1,265,369 | \$ - | \$ 1,265,369 |
| Total OPEB Asset | - | 1,044,918 | 1,044,918 |
| OPEB Deferred Outflows of Resources | 180,868 | 108,330 | 289,198 |
| OPEB Deferred Inflows of Resources | 417,063 | 359,777 | 776,840 |
| OPEB Expense(Income) | (5,740) | (192,963) | (198,703) |

A. Postemployment Health Insurance Subsidy (PHIS)

1) Plan description

The ESD operates a single-employer defined benefit plan that provides postemployment health, dental, vision and life insurance benefits to eligible employees and their spouses. Benefits and eligibility for members are established through the collective bargaining agreements and Oregon

State law. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB 75. The ESD's post-retirement healthcare plan was established in accordance with Oregon Revised Statutes (ORS) 243.303. ORS stipulate that for the purpose of establishing healthcare premiums, the rate must be based on all plan members, including both active employees and retirees.

2) Benefits Provided

Eligible retirees and their dependents under age 65 are allowed to continue to enroll in the same health care coverage as offered to active employees. The retiree's coverage selection is available only upon retirement although coverage can continue until the retiree's age 65. The spouse's coverage is available until the spouse's age 65 but also must be selected at the time of retirement. Following the retiree's death or attainment of age 65, the retiree's spouse can continue full coverage until the spouse's age 65. The retiree or surviving spouse is responsible for paying the full premium at the applicable tier. The difference between retiree claims costs, which because of the effect of age is generally higher in comparison to all plan members, and the amount of retiree healthcare premiums represents the ESD's implicit employer subsidy.

Eligibility is determined by:

- Employees of the ESD are covered under medical benefits at the time of retirement.
- Employees must retire with an active service while eligible for a pension benefit payable immediately under the Oregon Public Employees Retirement System (OPERS).

3) Employees covered by benefit terms

As of June 30, 2023, there are 580 active and 13 retired members in the plan.

4) Total OPEB Liability

The ESD's total OPEB liability of \$1,265,369 was determined by an actuarial valuation as of July 1, 2021, adjusted to a measurement date of June 30, 2022.

5) Actuarial assumptions and other inputs

The total OPEB liability in the July 1, 2021 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, 2021 rolled forward to June 30, 2022 |
| Measurement date | June 30, 2022 |
| Inflation | 2.40% |
| Projected salary growth | 3.40% |
| Discount rate | 3.54% |
| Withdrawal, retirement, and mortality rates | December 31, 2020 Oregon PERS valuation |
| Election and lapse rates | 30% of eligible employees 60% of male members and 35% of female members will elect spouse coverage 5% annual lapse rate |
| Actuarial cost method | Entry Age Normal |
| Demographic Assumptions: | |
| Mortality | Pub-2010 Teacher Employee and Healthy Retiree tables, sex distinct for members and dependents. Future mortality improvement is not projected, as it would be immaterial to the valuation. |
| Disability | Not used |
| Retirement | Based on Oregon PERS assumptions. Annual rates are based on age, Tier / ORSRP, and duration of service |

Discount Rate. Under GASB 75, unfunded plans must use a discount rate that reflects a 20-year tax-exempt municipal bond yield or index rate. The discount rate in effect for the June 30, 2023 reporting date is 3.54%, reflecting the Bond Buyer 20-Year General Obligation Bond Index.

Health Care Cost Trend. The actuarial calculations used an assumption that medical costs will increase 5.0% in the first year and second year, 4.75% in the third and fourth year, and varying from 4.5% to 3.75% over the remainder of the projection period. These trends are based on a model circulated by the Society of Actuaries that considers current trends in health care costs, the potential impacts of certain well-defined aspects of the Affordable Care Act, and long-term constraints on trend such as growth in per capita income. It also assumes that dental and vision costs will increase by 4.0% in each year.

6) Changes in the Total OPEB Liability

| | Increase (Decrease) |
|--|---------------------|
| Balance as of June 30, 2022 | \$ 1,316,899 |
| Changes for the year: | |
| Service cost | 170,130 |
| Interest on total OPEB liability | 30,806 |
| Effect of economic/demographic gains or losses | - |
| Effect of assumptions changes or inputs | (130,193) |
| Benefit payments | (122,273) |
| Balance as of June 30, 2023 | <u>\$ 1,265,369</u> |

The effects of assumption changes or inputs reflect a change in the discount rate from 2.16% in 2022 to 3.54% in 2023.

7) Sensitivity

Sensitivity of the total OPEB liability to changes in the discount rate. The following presents the total OPEB liability of the ESD for the Postemployment Health Insurance Subsidy, as well as what the total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (1.16%) or 1-percentage-point higher (3.16%) than the current discount rate:

| | 1% Decrease (1.16%) | Current Discount Rate (2.16%) | 1% Increase (3.16%) |
|----------------------|------------------------|----------------------------------|------------------------|
| Total OPEB liability | \$ 1,354,421 | \$ 1,265,369 | \$ 1,182,220 |

Sensitivity of total OPEB liability to changes in the healthcare cost trend rates. The following presents the total OPEB liability of the ESD for the Postemployment Health Insurance Subsidy, as well as what the total OPEB liability would be if it were calculated using a health care cost trend rates that are 1-percentage-point lower (4.5%) or 1-percentage-point higher (6.5%) than the current discount rates:

| | 1% Decrease (4.5%) | Current Trend Rate (5.5%) | 1% Increase (6.5%) |
|----------------------|-----------------------|------------------------------|-----------------------|
| Total OPEB liability | \$ 1,137,764 | \$ 1,265,369 | \$ 1,416,527 |

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

For the year ended June 30, 2023, the ESD recognized an OPEB expense of \$(5,740) related to the PHIS OPEB. At June 30, 2023, the ESD reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

| | Deferred Inflows of Resources | Deferred Outflows of Resources | Net |
|---|----------------------------------|-----------------------------------|---------------------|
| Difference between expected and actual experience | \$ (181,286) | \$ - | \$ (181,286) |
| Changes of assumptions or inputs | (235,777) | 51,329 | (184,448) |
| Subtotal - Amortized Deferrals | (417,063) | 51,329 | (365,734) |
| Benefit Payments | - | 129,539 | 129,539 |
| Total as of June 30, 2023 | <u>\$ (417,063)</u> | <u>\$ 180,868</u> | <u>\$ (236,195)</u> |

The amount of contributions subsequent to the measurement date will be included as a reduction of the net OPEB asset in the fiscal year ended June 30, 2024.

Subtotal amounts related to as deferred outflows of resources and deferred inflows of resources related to the PHIS OPEB will be will shown as a OPEB expense in 2024 as follows:

| Year ending June 30, | Amount |
|-------------------------|---------------------|
| 2024 | \$ (84,848) |
| 2025 | (76,534) |
| 2026 | (73,612) |
| 2027 | (56,627) |
| 2028 | (35,605) |
| Thereafter | (38,508) |
| Total | <u>\$ (365,734)</u> |

B. Retirement Health Insurance Account (RHIA)

1) 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. Oregon Revised Statute (ORS) 238.420 established this trust fund. Authority to establish and amend the benefit provisions of RHIA resides with the Oregon Legislature. The plan is closed to new entrants hired on or after August 29, 2003. OPERS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to Oregon Public Employees Retirement System, P.O. Box 23700, Tigard, OR 97281-3700.

2) Benefits

RHIA pays a monthly contribution toward the cost of Medicare companion health insurance premiums of eligible retirees.

3) Contributions

Because RHIA was created by enabling legislation (ORS 238.420), contribution requirements of the plan members and the participating employers were established and may be amended only by the Oregon Legislature. ORS require that an amount equal to \$60 or the total monthly cost of Medicare companion

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

Participating employers are contractually required to contribute to RHIA at a rate assessed each year by OPERS, currently 0.06% of annual covered OPERF payroll and 0.00% of OPSRP payroll under a contractual requirement in effect until June 30, 2023. 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's contributions to RHIA for the years ended June 30, 2023, 2022, 2021 and 2020, were approximately \$7,230, \$4,494, \$4,058, and \$24,994 respectively, which equaled the required contributions each year.

4) OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

At June 30, 2023, the ESD reported an asset of \$1,044,918 for its proportionate share of the net OPEB asset. The net OPEB asset was measured as of June 30, 2022, and the total OPEB asset used to calculate the net OPEB asset was determined by an actuarial valuation as of December 31, 2020, rolled forward to the measurement date. The ESD's proportion of the net OPEB asset was based on the ESD's actual, legally required contributions made during the fiscal year being measured compared to the total actual contributions made in the fiscal year of all employers. The ESD's proportionate share as of the measurement date is 0.29406535 % changed from 0.15165001% for the prior measurement date.

For the year ended June 30, 2023, the ESD recognized OPEB expense reduction of (\$192,963) related to the RHIA OPEB. At June 30, 2023, the ESD reported deferred outflows of resources and deferred inflows of resources related to the RHIA OPEB from the following sources:

| | Deferred Outflow of Resources | Deferred Inflow of Resources | Net |
|--|----------------------------------|---------------------------------|---------------------|
| Difference between expected and actual experience | \$ - | \$ (28,316) | (28,316) |
| Changes of assumptions | 8,182 | (34,830) | (43,012) |
| Net difference between projected and actual earnings on investment | - | (79,688) | (79,688) |
| Changes in proportionate share | 100,148 | (216,943) | (317,091) |
| Differences between employer contribution and employer's proportionate share of system contributions | - | - | - |
| Subtotal - Amortized Deferrals | <u>108,330</u> | <u>(359,777)</u> | <u>\$ (251,447)</u> |
| District contributions subsequent to measurement date | <u>4,763</u> | <u>-</u> | <u>4,763</u> |
| Total deferred outflow (inflow) of resources | <u>\$ 113,093</u> | <u>\$ (359,777)</u> | <u>\$ (246,684)</u> |

Deferred outflows of resources related to pensions of \$4,763 resulting from District contributions subsequent to the measurement date will be recognized as an increase of the net pension asset in the year ending June 30, 2024. Subtotal amounts reported as deferred outflows of resources and deferred inflows of resources related to the RHIA OPEB will be recognized in OPEB expense as follows:

| Fiscal Year | Amount |
|-------------|---------------------|
| 2024 | \$ (105,856) |
| 2025 | (120,826) |
| 2026 | (50,287) |
| 2027 | 25,522 |
| 2028 | - |
| Thereafter | - |
| Total | <u>\$ (251,447)</u> |

5) Actuarial assumptions and other inputs

The total OPEB liability in the June 30, 2021 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement unless otherwise specified:

| | |
|-----------------------------------|---|
| Valuation date | December 31, 2020 |
| Measurement date | June 30, 2022 |
| Experience Study | 2020, published July 20, 2021 |
| Actuarial assumptions: | |
| Actuarial cost method | Entry Age Normal |
| Inflation rate | 2.40% |
| Long-term expected rate of return | 6.90% |
| Discount rate | 6.90% |
| Projected salary increases | 3.40% |
| Retiree healthcare participation | Healthy retirees: 27.5% Disabled retirees: 15.0% |

| | |
|----------------------------|--|
| Healthcare cost trend rate | No applicable |
| Mortality | <p>Healthy retirees and beneficiaries: Pub-2010 Healthy retiree, sex-distinct, generational with Unisex, Social Security Data Scale, with job category adjustments and set-backs as described in the valuation.</p> <p>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.</p> <p>Disabled retirees: Pub-2010 Disabled retiree, sex-distinct, generational with Unisex, Social Security Data Scale with job category adjustments and set-backs as described in the valuation.</p> |

Actuarial valuations of an ongoing plan involve estimates of value of reported amounts and assumptions about the probability of events far into the future. Actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. Experience studies are performed as of December 31 of even numbered years. The method and assumptions shown are based on the 2018 Experience Study which is reviewed for the four-year period ending December 31, 2018.

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, 2022. This independently audited report was dated February 2, 2023 and can be found at:

<https://www.oregon.gov/pers/EMP/Documents/GASB/2022/GASB-75-RHIA-2022.pdf>

Discount Rate

The discount rate used to measure the total OPEB liability at June 30, 2022 and 2021 was 6.90. 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 June 2021 the PERS Board reviewed long-term assumptions developed by both Milliman’s capital market assumptions team and the Oregon Investment Council’s (OIC) investment advisors. Each asset class assumption is based on a consistent set of underlying assumptions, and includes adjustment for the inflation assumption. These assumptions are not based on historical returns, but instead are based

on a forward-looking capital market economic model. For more information on the long-term expected rate of return for each major asset class, calculated using both the arithmetic and geometric means.

(Source: June 30, 2022 Oregon PERS Comprehensive Annual Financial Report; page 74 Footnote 1)

Sensitivity Analysis

Sensitivity of the total OPEB liability to changes in the discount rate. The following presents the total OPEB liability of the ESD for the Retirement Health Insurance Account, as well as what the total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.90%) or 1-percentage-point higher (7.90%) than the current discount rate:

| | 1% Decrease (5.90%) | Current Discount Rate (6.90%) | 1% Increase (7.90%) |
|------------------|------------------------|-------------------------------------|------------------------|
| Total OPEB Asset | \$ 941,765 | \$ 1,044,918 | \$ 1,133,343 |

Changes Subsequent to 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.

11. Commitments and Contingencies

Amounts received or receivable from grantor agencies are subject to audit and adjustment by these agencies, principally the federal government. The amount, if any, of costs that may be disallowed by the grantor cannot be determined at this time, although management expects such amounts, if any, to be immaterial.

The ESD is involved in certain legal actions currently pending. Although their outcome cannot be determined, it is the opinion of management that settlement of these matters will not have a material effect on the financial position and results of operations.

A substantial portion of operating funding is received from the State of Oregon. State funding is determined through state wide revenue projections that are paid to individual school districts based on pupil counts and other factors in the state school fund revenue formula. Since these projections and pupil counts fluctuate they can cause either increases or decreases in revenue. Due to these future uncertainties at the state level, the future effect on the operations cannot be determined.

As public employees retire, the PERS system reviews their complete employment history to verify that all of their previous public employers have contributed the correct amount to their pensions. When PERS becomes aware of unpaid pension amounts by an employer from previous years, the amount owed becomes due immediately and the total liability (plus interest) is added to the next invoice. The ESD is not currently aware of any material unpaid pension contributions from previous years.

12. Tax Abatements

As of June 30, 2023, Northwest Regional Education Service District had tax abatements through five programs entered into by other governments that impacted their levied taxes and require disclosure under GASB 77.

Vertical Housing (ORS 307.864):

The partial property tax exemption for vertical housing development projects exempts the property from a portion of ad valorem property taxes imposed by local districts, other than districts electing not to participate in the vertical housing development zone.

The exemption percentage is equal to 20% of the taxes for one equalized floor allocated to residential housing, 40% for two equalized floors, 60% for three equalized floors, and 80% for four or more equalized floors. The exemption begins in the first tax year the project is occupied or ready for occupancy following certification under the program and for the next nine consecutive tax years.

Enterprise Zone (ORS 285C.175):

The Oregon Enterprise Zone program is a State of Oregon economic development program established, that allows for property tax exemptions for up to five years. In exchange for receiving property tax exemption, participating firms are required to meet the program requirements set by state statute and the local sponsor.

The Enterprise Zone program allows industrial firms that will be making a substantial new capital investment a waiver of 100% of the amount of real property taxes attributable to the new investment for a 5-year period after completion. Land or existing machinery or equipment is not tax exempt; therefore, there is no loss of current property tax levies to local taxing jurisdiction.

Construction in Process in Enterprise Zone (ORS 285C.170):

The Oregon Enterprise Zone program is a State of Oregon economic development program established, that allows for property tax exemptions. A Construction-in-Process exemption is available for qualifying properties currently under construction in an Enterprise Zone.

To qualify, the property must be owned or leased by an authorized business that is contractually obligated to own or lease the property until placed in service, it may not be previously subject to exemption as a commercial facility (ORS 307.330), and may not be operated, in all or part, as a hotel, motel, or destination resort.

Property may be exempt for no more than two tax years, which must be consecutive, and is not dependent on the property already receiving or being qualified to receive the Enterprise Zone exemption.

Strategic Key Investment Zone (ORS 307.123):

Real or personal property that the Oregon Business Development Commission, acting pursuant to ORS 285C.606, has determined is an eligible project under ORS 285C.600 to 285C.635 shall be subject to assessment and taxation up to that portion of the real market value of the eligible project that equals the minimum cost of the project under ORS 285C.606 (1)(c), increased annually for growth at the rate of three percent, shall be taxable at the taxable portion's assessed value under ORS 308.146. The taxable portion of real market value, as adjusted, shall be allocated as follows until the entire amount is assigned: first to land, second to buildings, third to real property machinery and equipment and last to personal property. The remainder of the real market value shall be exempt from taxation for a period of 15 years from the beginning of the tax year after the date the property is certified for occupancy.

Strategic Investment (ORS 285C.600):

The purpose of the Strategic Investment program is to improve employment in areas where eligible projects are to be located and urges business firms that will benefit from an eligible project to hire employees from the region in which the eligible project is to be located whenever practicable.

In order to be eligible for the SIP exemption:

- 1) The project must be an eligible project
- 2) Benefit a traded sector industry as defined in ORS 285B:280, and
- 3) The total cost of the project equals or exceeds:
 - a. \$100 million; or
 - b. \$25 million, for rural areas

For the fiscal year ended June 30, 2023, the ESD abated property taxes as follows under these programs:

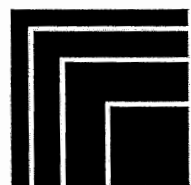
| | |
|--|---------------------|
| Columbia County Enterprise Zone | \$ 11,491 |
| Columbia County Strategic Investment Program | 38,960 |
| Clatsop County Enterprise Zone | 1,113 |
| Clatsop County Strategic Investment Program | 49,957 |
| Tillamook County Enterprise Zone | 199 |
| Washington County Construction in Process Enterprise Zone | 31,000 |
| Washington County Enterprise Zone | 190,000 |
| Washington County Housing for Low Income Rental | 170 |
| Washington County Nonprofit Corporation Low Income Housing | 18,000 |
| Washington County Strategic Investment Program | 2,448,000 |
| Washington County Vertical Housing | 19,000 |
| | <u>\$ 2,807,890</u> |

13. Restatement Fiduciary Net Position

During preparation of the 2023-2024 ACFR, it was discovered the GASB 87 implementation contained a miscalculation. As a result, the ESD is restating beginning net position to show it with the correct expenses recorded. Beginning net position is being restated as follows:

| | <u>Governmental Activities</u> |
|--|--------------------------------|
| Net position - July 1, 2022 as originally reported | \$ (14,748,358) |
| GASB 87, restating net position | <u>1,121,510</u> |
| Net Position - July 1, 2022 as restated | <u>\$ (13,626,848)</u> |

Required Supplementary Information



Northwest Regional
Education Service District

NORTHWEST REGIONAL EDUCATION SERVICE DISTRICT
Required Supplementary Information
June 30, 2023

Schedule of the Proportionate Share of the Net Pension Liability
Oregon Public Employee Retirement Pension Plan (PERS)

| Year Ended June 30, ^{1,3} | (a) Employer's proportion of the net pension liability (NPL) | (b) Employer's proportionate share of the net pension liability (NPL) | (c) Employer's covered payroll ² | (b/c) NPL as a percentage of employer's covered payroll | Plan fiduciary net position as a percentage of the total pension liability |
|------------------------------------|---|--|--|--|--|
| 2023 | 0.34 % | \$ 52,442,911 | \$ 40,008,527 | 131.1 % | 84.5 % |
| 2022 | 0.35 | 42,294,794 | 35,757,044 | 118.3 | 87.6 |
| 2021 | 0.35 | 76,793,770 | 34,752,100 | 221.0 | 75.8 |
| 2020 | 0.36 | 62,667,430 | 34,070,383 | 183.9 | 80.2 |
| 2019 | 0.36 | 54,917,814 | 30,866,789 | 177.9 | 82.1 |
| 2018 | 0.36 | 48,934,385 | 28,759,150 | 170.2 | 83.1 |
| 2017 | 0.41 | 61,372,959 | 26,086,298 | 235.3 | 80.5 |
| 2016 | 0.50 | 28,887,403 | 24,976,750 | 115.7 | 91.9 |
| 2015 | 0.53 | (11,973,053) | 25,079,363 | (47.7) | 103.6 |

Schedule of Contributions
Oregon Public Employee Retirement Pension Plan (PERS)

| Year Ended June 30, ^{1,3} | Statutorily required contribution | Contributions in relation to the statutorily required contribution | Contribution deficiency (excess) | Employer's covered payroll ² | Contributions as a percent of employer's covered payroll |
|------------------------------------|-----------------------------------|--|----------------------------------|---|--|
| 2023 | \$ 10,684,297 | \$ 10,684,297 | \$ - | \$ 48,434,905 | 22.1 % |
| 2022 | 9,577,788 | 9,577,788 | - | 40,008,527 | 23.9 |
| 2021 | 9,374,528 | 9,374,528 | - | 35,757,044 | 26.2 |
| 2020 | 8,934,533 | 8,934,533 | - | 34,752,100 | 25.7 |
| 2019 | 7,096,234 | 7,096,234 | - | 34,070,383 | 20.8 |
| 2018 | 6,328,967 | 6,328,967 | - | 30,866,789 | 20.5 |
| 2017 | 5,053,661 | 5,053,661 | - | 28,759,150 | 17.6 |
| 2016 | 4,762,074 | 4,762,074 | - | 26,086,298 | 18.3 |
| 2015 | 4,982,087 | 4,982,087 | - | 24,976,750 | 19.9 |

Notes:

¹The amounts presented for each fiscal year were actuarially determined at 12/31 and rolled forward to the measurement date.

²Amounts for covered payroll use the prior year's data to match the measurement date used by the pension plan for each fiscal year.

³These 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.

NORTHWEST REGIONAL EDUCATION SERVICE DISTRICT
Required Supplementary Information
June 30, 2023

Schedule of Change in the Total OPEB Liability—PHIS

Dollar Amounts in Thousands

| Year Ended June 30, ^{1,3} | Service Cost | Interest | Change of Benefit Terms | Difference between expected and actual results | Changes of assumptions or other inputs | Benefit payments | Net change in total OPEB liability |
|---------------------------------------|-----------------|----------|-------------------------------|--|---|---------------------|---|
| 2023 | \$ 169 | \$ 31 | \$ - | \$ - | \$ (130) | \$ (122) | \$ (52) |
| 2022 | 184 | 34 | - | (145) | (42) | (121) | (90) |
| 2021 | 160 | 46 | - | - | 85 | (105) | 186 |
| 2020 | 147 | 59 | - | (158) | (164) | (108) | (224) |
| 2019 | 145 | 53 | - | - | (27) | (108) | 63 |

Schedule of Total OPEB Liability and Related Ratios—PHIS

Dollar Amounts in Thousands

| Year Ended June 30, ^{1,3} | Total OPEB liability beginning | Net change in total OPEB liability | Total OPEB liability ending | Covered employee payroll ² | Total OPEB liability as percentage of covered- employee payroll | Discount Rate |
|--|--------------------------------------|--|-----------------------------------|---|--|---------------|
| 2023 | \$ 1,317 | \$ (52) | \$ 1,265 | \$ 48,435 | 2.6% | 3.54% |
| 2022 | 1,407 | (90) | 1,317 | 40,009 | 3.3% | 2.16% |
| 2021 | 1,221 | 186 | 1,407 | 35,757 | 3.9% | 2.21% |
| 2020 | 1,445 | (224) | 1,221 | 34,752 | 3.5% | 3.50% |
| 2019 | 1,382 | 63 | 1,445 | 34,070 | 4.2% | 3.87% |
| 2018 | 1,351 | 31 | 1,382 | 30,867 | 4.5% | 3.58% |

Notes:

Changes of assumptions and other inputs reflect the effects of changes to the discount rate each period.

There are no assets accumulated in trust to pay related benefits for the district's OPEB plan.

¹The amounts presented for each fiscal year were actuarially determined at July 1 of odd years and rolled forward to the measurement date.

²Amounts for covered employee payroll use the prior year's data to match the measurement date used by the pension plan for each fiscal year.

³These schedules are required 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.

NORTHWEST REGIONAL EDUCATION SERVICE DISTRICT
Required Supplementary Information
June 30, 2023

Schedule of the Proportionate Share of the Net OPEB Liability for RHIA

| Year Ended June 30, ^{1,3} | District's proportion of the net OPEB liability | District's proportionate share of the net OPEB liability (NOL) ¹ | District's covered- employee payroll ² | NOL as a percentage of covered- employee payroll | Plan fiduciary net position as a percentage of the total OPEB liability |
|---------------------------------------|--|--|--|--|---|
| 2023 | 0.29% | \$ (1,044,918) | \$ 40,008,527 | -2.6% | 194.7% |
| 2022 | 0.15% | (520,767) | 35,757,044 | -1.5% | 183.9% |
| 2021 | 0.35% | (713,143) | 34,752,100 | -2.1% | 150.1% |
| 2020 | 0.28% | (538,147) | 34,070,383 | -1.6% | 144.4% |
| 2019 | 0.26% | (291,967) | 30,866,789 | -0.9% | 124.0% |
| 2018 | 0.26% | (106,738) | 28,759,150 | -0.4% | 108.9% |

Schedule of Contributions for RHIA

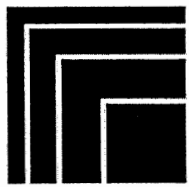
| Year Ended June 30, ^{1,3} | Statutorily required contribution | Contributions in relation to the statutorily required contribution | Contribution deficiency (excess) | Covered payroll ² | Contributions as a percent of covered payroll |
|---------------------------------------|---|---|--|---------------------------------|--|
| 2023 | \$ 7,230 | \$ 7,230 | \$ - | \$ 48,434,905 | 0.0% |
| 2022 | 4,494 | 4,494 | - | 40,008,527 | 0.0% |
| 2021 | 4,058 | 4,058 | - | 35,757,044 | 0.0% |
| 2020 | 24,994 | 24,994 | - | 34,752,100 | 0.1% |
| 2019 | 138,026 | 138,026 | - | 34,070,383 | 0.4% |
| 2018 | 126,646 | 126,646 | - | 30,866,789 | 0.4% |

Notes:

¹The amounts presented for each fiscal year were actuarially determined at 12/31 and rolled forward to the measurement date.

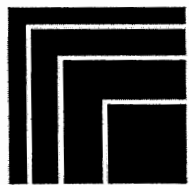
²Amounts for covered payroll use the prior year's data to match the measurement date used by the pension plan for each fiscal year.

³These 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.



Northwest Regional
Education Service District

Other Supplementary Information



Northwest Regional
Education Service District

NORTHWEST REGIONAL EDUCATION SERVICE DISTRICT
Capital Projects Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balance—Budget and Actual
For the Year Ended June 30, 2023

| | Budget | | Actual | Variance to Final Budget Positive (Negative) |
|---|--------------------|---------------------|----------------------|---|
| | Original | Final | | |
| REVENUES | | | | |
| Charges for services | \$ 50,000 | \$ 50,000 | \$ - | \$ (50,000) |
| Rentals | - | - | - | - |
| Loan Receipts | - | - | - | - |
| State Sources | - | - | 1,867,563 | 1,867,563 |
| Federal Sources | - | - | 728,662 | 728,662 |
| Total revenues | 50,000 | 50,000 | 2,596,225 | 2,546,225 |
| EXPENDITURES | | | | |
| Support Services | | | | |
| Purchased services | | | | |
| Supplies and materials | | | | |
| Capital outlay | 650,000 | 650,000 (1) | 268,852 | 381,148 |
| Facilities acquisition and construction | | | | |
| Capital outlay | 958,729 | 8,958,729 (1) | 8,080,563 | 878,166 |
| Other uses | 741,271 | 7,771,271 (1) | - | 7,771,271 |
| Total expenditures | 2,350,000 | 17,380,000 | 8,349,415 | 9,030,585 |
| EXPENDITURES | (2,300,000) | (17,330,000) | (5,753,190) | 11,576,810 |
| OTHER FINANCING SOURCE | | | | |
| Sale of capital assets | - | - | - | - |
| Issuance of bonds | - | 15,030,000 | 15,037,739 | 7,739 |
| Transfers in | 300,000 | 300,000 | 300,000 | - |
| Total other financing sources (uses) | 300,000 | 15,330,000 | 15,337,739 | 7,739 |
| NET CHANGE IN FUND BALANCE | (2,000,000) | (2,000,000) | 9,584,549 | 11,584,549 |
| BEGINNING FUND BALANCE | 2,000,000 | 2,000,000 | 2,209,287 | 209,287 |
| ENDING FUND BALANCE | \$ - | \$ - | \$ 11,793,836 | \$ 11,793,836 |

(1) Appropriation level

NORTHWEST REGIONAL EDUCATION SERVICE DISTRICT
Enterprise Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balance—Budget and Actual
For the Year Ended June 30, 2023

| | Budget | | Actual | Variance to |
|--|--------------------|--------------------|----------------------|---------------------|
| | Original | Final | | Final Budget |
| REVENUES | | | | Positive |
| | | | | (Negative) |
| Local sources: | | | | |
| Charges for services | \$ 5,360,941 | \$ 5,360,941 | \$ 5,682,474 | \$ 321,533 |
| State sources: | | | | |
| Other restricted grants-in-aid | 295,000 | 295,000 | 87,471 | (207,529) |
| Total revenues | <u>5,655,941</u> | <u>5,655,941</u> | <u>5,769,945</u> | <u>114,004</u> |
| EXPENDITURES: | | | | |
| Instructional services | | | | |
| Technology services | 444,367 | 444,367 | 168,203 | 276,164 |
| Support services | | | | |
| Fiscal services | 1,140,600 | 1,140,600 | 784,037 | 356,563 |
| Staff services | 572,000 | 572,000 | 591,000 | (19,000) |
| Technology services | 7,600,751 | 7,600,751 | 7,498,100 | 102,651 |
| Total expenditures | <u>9,757,718</u> | <u>9,757,718</u> | <u>(1) 9,041,340</u> | <u>716,378</u> |
| EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES | <u>(4,101,777)</u> | <u>(4,101,777)</u> | <u>(3,271,395)</u> | <u>830,382</u> |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers in | 2,894,139 | 2,894,139 | 3,194,051 | 299,912 |
| Transfers out | (250,000) | (250,000) | (1) - | 250,000 |
| Total other financing sources (uses) | <u>2,644,139</u> | <u>2,644,139</u> | <u>3,194,051</u> | <u>549,912</u> |
| NET CHANGE IN FUND BALANCE | <u>(1,457,638)</u> | <u>(1,457,638)</u> | <u>(77,344)</u> | <u>1,380,294</u> |
| BEGINNING FUND BALANCE | <u>1,457,638</u> | <u>1,457,638</u> | <u>1,386,420</u> | <u>(71,218)</u> |
| ENDING FUND BALANCE | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 1,309,076</u> | <u>\$ 1,309,076</u> |

(1) Appropriation level

RECONCILIATION TO GAAP BASIS:

| | |
|-------------------------------------|-----------------------|
| FUND BALANCE, June 30, 2023 | \$ 1,309,076 |
| Net pension asset | |
| Net pension liability | (3,470,295) |
| Net pension related deferrals (net) | 466,671 |
| NET POSITION, June 30, 2023 | <u>\$ (1,694,548)</u> |

RECONCILIATION TO GAAP BASIS:

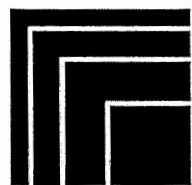
| | |
|------------------------------------|-------------------|
| NET CHANGE IN FUND BALANCE (above) | \$ (77,344) |
| Pension income(expense) | 219,515 |
| NET CHANGE IN NET POSITION | <u>\$ 142,171</u> |

NORTHWEST REGIONAL EDUCATION SERVICE DISTRICT
Fiduciary Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances
For the Year Ended June 30, 2023

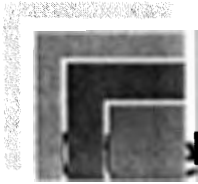
| | Budget | | | Variance to Final Budget Positive (Negative) |
|--|---------------------|---------------------|---------------------|---|
| | Original | Final | | |
| REVENUES | | | | |
| Local sources | | | | |
| Charges for services | \$ 100,000 | \$ 100,000 | \$ 18,040 | \$ (81,960) |
| Intermediate sources | | | | |
| General ESD funds | 941,921 | 941,921 | - | (941,921) |
| State sources | | | | |
| Other restricted grants-in-aid | - | - | 500 | 500 |
| Total revenues | <u>1,041,921</u> | <u>1,041,921</u> | <u>18,540</u> | <u>(1,023,381)</u> |
| EXPENDITURES | | | | |
| Instruction | 14,514,000 | 14,514,000 | (1) 12,462,473 | 2,051,527 |
| Support services | 10,888,215 | 10,888,215 | (1) 11,344,968 | (456,753) |
| Community services | 200,000 | 200,000 | (1) 4,610 | 195,390 |
| Total expenditures | <u>25,602,215</u> | <u>25,602,215</u> | <u>23,812,051</u> | <u>1,790,164</u> |
| Excess (Deficiency) of Revenues Over Expenditures | <u>(24,560,294)</u> | <u>(24,560,294)</u> | <u>(23,793,511)</u> | <u>766,783</u> |
| OTHER FINANCING SOURCE | | | | |
| Transfers in | 43,140,288 | 43,140,288 | 43,140,288 | - |
| Transfers out * | (1,029,102) | (1,029,102) | (1) (1,029,102) | - |
| Transits to other agencies * | (26,030,892) | (26,030,892) | (1) (22,196,370) | 3,834,522 |
| Total other financing sources (uses) | <u>16,080,294</u> | <u>16,080,294</u> | <u>19,914,816</u> | <u>3,834,522</u> |
| Net Change in Fund Balance | <u>(8,480,000)</u> | <u>(8,480,000)</u> | <u>(3,878,695)</u> | <u>4,601,305</u> |
| Beginning Fund Balance | <u>8,480,000</u> | <u>8,480,000</u> | <u>12,286,975</u> | <u>3,806,975</u> |
| Ending Fund Balance | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 8,408,280</u> | <u>\$ 8,408,280</u> |

* Appropriated as other uses.

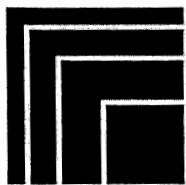
(1) Appropriation level



Northwest Regional
Education Service District



r Financial Schedule Section



Northwest Regional
Education Service District

Other Financial Schedules Section Overview

This section provides further details as context for better understanding the financial statements required by the State of Oregon Department of Education.

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**NORTHWEST REGIONAL EDUCATION SERVICE DISTRICT
Hillsboro, Oregon**

**Revenue Summary—All Funds
For the Year Ended June 30, 2023**

| Revenue from Local Sources | Fund 100 | Fund 200 | Fund 400 | Fund 500 | Fund 700 | Total |
|--|-------------------|-------------------|----------------|------------------|---------------|-------------------|
| 1111 Taxes - current year's levy | \$ 14,221,092 | \$ - | \$ - | \$ - | \$ - | \$ 14,221,092 |
| 1112 Taxes - prior year's levies | 148,071 | - | - | - | - | 148,071 |
| 1114 Tax offsets | 4,952 | - | - | - | - | 4,952 |
| 1190 Penalties and interest on taxes | 13,267 | - | - | - | - | 13,267 |
| 1311 Tuition from individuals | - | - | - | - | - | - |
| 1312 Tuition from regional districts | - | 4,361,700 | - | 119,030 | - | 4,480,730 |
| 1313 Tuition from districts out of state | - | - | - | 395 | - | 395 |
| 1314 Tuition from IN/ST Out/Regional | - | 2,323,921 | - | 59,110 | - | 2,383,031 |
| 1315 LIRP Evaluations | - | - | - | - | - | - |
| 1332 Summer School Tuition | - | - | - | - | - | - |
| 1410 Transportation fees | - | - | - | - | - | - |
| 1510 Earnings on investments | 805,514 | - | - | - | - | 805,514 |
| 1620 Nonreimbursable daily meals | - | - | - | - | - | - |
| 1629 Visitor's meals | - | - | - | - | - | - |
| 1700 Extracurricular activities | - | - | - | - | - | - |
| 1811 GED fees | - | - | - | - | - | - |
| 1910 Rentals | - | - | - | - | - | - |
| 1920 Contributions and donations from private | 29,500 | 770,477 | - | - | 18,040 | 818,017 |
| 1922 Grants from private sources | - | 4,000 | - | 128,048 | - | 132,048 |
| 1940 Services provided other local education | 229,113 | 26,988,084 | - | 3,149,990 | - | 30,367,187 |
| 1960 Recovery of prior year expenditures | 30,297 | 7,318 | - | 4 | - | 37,619 |
| 1961 Recouping current expenses | - | 158,978 | - | 3,870 | - | 162,848 |
| 1962 HR recouping current expenses | 3,366 | - | - | - | - | 3,366 |
| 1966 Medicaid Administrative Claiming (MAC) | - | - | - | - | - | - |
| 1970 Services provided other funds | 1,007,841 | - | - | - | - | 1,007,841 |
| 1980 Fees charged to grants | 2,800,974 | - | - | - | - | 2,800,974 |
| 1990 Miscellaneous | 31,931 | 45,896 | - | 52,240 | - | 130,067 |
| 1992 District support | - | - | - | - | - | - |
| 1993 Services to other agencies | - | 90,305 | - | 2,169,792 | - | 2,260,097 |
| 1994 NWRESD third-party billing | - | 461,954 | - | - | - | 461,954 |
| 1995 District third-party billing | - | - | - | - | - | - |
| 1996 MAC revenue | 1,373 | 875,161 | - | - | - | 876,534 |
| 1997 ERATE | - | - | - | - | - | - |
| Total Revenue from Local Sources | 19,327,291 | 36,087,794 | - | 5,682,479 | 18,040 | 61,115,604 |
| Revenue from Intermediate Sources | | | | | | |
| 2102 General ESD Funds | - | - | - | - | - | - |
| 2105 Natural gas, oil and mineral receipts | 1,298 | - | - | - | - | 1,298 |
| 2199 Other intermediate sources | 11,981 | - | - | - | - | 11,981 |
| 2200 Other intermediate sources | - | - | - | - | - | - |
| Total Revenue from Intermediate Sources | 13,279 | - | - | - | - | 13,279 |
| Revenue from State Sources | | | | | | |
| 3101 State school support fund - general support | 39,237,698 | - | - | - | - | 39,237,698 |
| 3102 SSF - school lunch match | - | - | - | - | - | - |
| 3104 State timber revenue | 518,676 | - | - | - | - | 518,676 |
| 3199 Other unrestricted sources | - | - | - | - | - | - |
| 3202 Special ed reimbursement | - | 2,748,704 | - | - | - | 2,748,704 |
| 3223 Early intervention | - | 28,241,614 | 503,477 | - | - | 28,745,091 |
| 3225 Private Agency Funds | - | - | - | - | - | - |
| 3250 Oregon youth conservation corp. | - | 9,000 | - | - | - | 9,000 |
| 3260 State support assessment | - | - | - | - | - | - |
| 3270 Committee on children and families | - | - | - | - | - | - |
| 3299 Other restricted grants-in-aid | - | 16,346,107 | 225,185 | 87,471 | 500 | 16,659,263 |
| 3301 SIF grant revenue | - | - | - | - | - | - |
| 3990 Other state sources | - | 780,187 | - | - | - | 780,187 |
| 3999 Other | - | - | - | - | - | - |
| Total Revenue from State Sources | 39,756,374 | 48,125,612 | 728,662 | 87,471 | 500 | 88,698,619 |

Revenue from Federal Sources

| | | | | | | |
|---|----------------------|-----------------------|----------------------|----------------------|----------------------|-----------------------|
| 4311 Indian Education | - | - | - | - | - | - |
| 4312 Implementation of Mental Health/Children | - | - | - | - | - | - |
| 4325 US Fish & Wildlife | - | - | - | - | - | - |
| 4500 Restricted rev fed gov through state | - | 1,871,862 | - | - | - | 1,871,862 |
| 4504 National School Breakfast Program | - | 27,794 | - | - | - | 27,794 |
| 4505 National School Lunch Program | - | 68,208 | - | - | - | 68,208 |
| 4506 National School Snack Program | - | 7,792 | - | - | - | 7,792 |
| 4508 IDEA | - | 7,802,796 | 54,021 | - | - | 7,856,817 |
| 4512 Title I Neglected / Delinquent | - | 181,557 | - | - | - | 181,557 |
| 4514 Title III NCLB Grant | - | 17,747 | - | - | - | 17,747 |
| 4515 Title IC Migrant Project | - | 1,098,203 | - | - | - | 1,098,203 |
| 4516 Title III NCLB ADEPT | - | - | - | - | - | - |
| 4517 Youth Transition | - | 121,577 | - | - | - | 121,577 |
| 4525 State Imp ESD Assess Supp | - | - | - | - | - | - |
| 4526 Alternate Assessment Training | - | - | - | - | - | - |
| 4529 IDEA Part B | - | 41,346 | - | - | - | 41,346 |
| 4530 Preschool Grants | - | 30,521 | - | - | - | 30,521 |
| 4534 IDEA Part C | - | 1,073,677 | 24,411 | - | - | 1,098,088 |
| 4539 Title I Grants | - | 65,805 | - | - | - | 65,805 |
| 4540 Oregon Deaf/Blind Project | - | - | - | - | - | - |
| 4546 Section 619 ECSE | - | 227,831 | 6,552 | - | - | 234,383 |
| 4560 ESSER I&II | - | 1,397,057 | 1,782,579 | - | - | 3,179,636 |
| 4563 Governors Emergency Ed | - | 50,070 | - | - | - | 50,070 |
| 4564 ARP ESSER | - | 245,774 | - | - | - | 245,774 |
| 4570 ESSA Preschool Development | - | 57,056 | - | - | - | 57,056 |
| 4571 Title IV B2 | - | 7,687 | - | - | - | 7,687 |
| 4580 Vocational Education Technology Prep | - | - | - | - | - | - |
| 4910 USDA donated commodities | - | 7,625 | - | - | - | 7,625 |
| 4999 Revenue for/on behalf of the district | - | - | - | - | - | - |
| Total Revenue from Federal Sources | - | 14,401,985 | 1,867,563 | - | - | 16,269,548 |
| Revenue from Other Sources | | | | | | |
| 5150 Loan receipts | - | - | 15,037,739 | - | - | 15,037,739 |
| 5200 Interfund transfers | 275,000 | 3,558,518 | 300,000 | 3,194,052 | 43,140,288 | 50,467,858 |
| 5202 Service Credits Transfers | - | - | - | - | - | - |
| 5210 Intrafund Transfers | - | - | - | - | - | - |
| 5300 Sale/compensation fixed assets | - | - | - | - | - | - |
| 5400 Resources - beginning fund balance | 6,291,285 | 13,618,716 | 2,209,287 | 1,386,420 | 12,286,975 | 35,792,683 |
| Total Revenue from Other Sources | 6,566,285 | 17,177,234 | 17,547,026 | 4,580,472 | 55,427,263 | 101,298,280 |
| Total Revenue — All Funds | \$ 65,663,229 | \$ 115,792,625 | \$ 20,143,251 | \$ 10,350,422 | \$ 55,445,803 | \$ 267,395,330 |

**NORTHWEST REGIONAL EDUCATION SERVICE DISTRICT
Hillsboro, Oregon**

**Expenditure Summary
General Fund
For the Year Ended June 30, 2023**

| | Object 100 | Object 200 | Object 300 | Object 400 | Object 500 | Object 600 | Object 700 | Total |
|--|---------------------|---------------------|---------------------|---------------------|-------------------|---------------------|----------------------|----------------------|
| Support Services | | | | | | | | |
| 2110 Attendance and social work services | \$ 582 | \$ 191 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 773 |
| 2130 Health service | - | - | 2,595 | 13,386 | - | - | - | 15,981 |
| 2190 Service direction, student support | - | - | 138 | - | - | - | - | 138 |
| 2210 Improvement of instruction services | 139,126 | 66,831 | 45,428 | 21,397 | - | 2,803 | - | 275,585 |
| 2240 Instructional staff development | - | - | - | - | - | - | - | - |
| 2310 Board of education services | - | - | 91,695 | 26,505 | - | 38,802 | - | 157,002 |
| 2320 Executive administration services | 825,068 | 474,828 | 68,193 | 47,151 | 21,644 | 17,812 | - | 1,454,696 |
| 2510 Direction of business support services | 918,649 | 460,959 | 256,893 | 23,641 | - | 374,993 | - | 2,035,135 |
| 2520 Fiscal services | - | (35,422) | - | - | - | 65,034 | - | 29,612 |
| 2540 Operation & maintenance of plant services | 145,251 | 85,749 | 571,705 | 32,911 | 105,558 | 3,698 | - | 944,872 |
| 2570 Internal services | 63,150 | 43,546 | 193,290 | 15,113 | - | 3,780 | - | 318,879 |
| 2630 Information services | 263,643 | 135,004 | 51,828 | 62,269 | - | 7,057 | - | 519,801 |
| 2640 Staff services | 573,378 | 569,009 | 80,020 | 75,573 | - | 62,676 | - | 1,360,656 |
| 2660 Technology services | 382,378 | 229,597 | 14,606 | 1,029,649 | - | 18,197 | - | 1,674,427 |
| 2700 Employee Benefits | 1,800 | 645 | - | - | - | - | - | 2,445 |
| Total Support Services Expenditures | 3,313,025 | 2,030,937 | 1,376,391 | 1,347,595 | 127,202 | 594,852 | - | 8,790,002 |
| Other Uses | | | | | | | | |
| 5110 Debt Service | - | - | - | - | - | 636,552 | - | 636,552 |
| 5200 Transfers of Funds | - | - | - | - | - | - | 48,974,852 | 48,974,851 |
| Total Other Uses Expenditures | - | - | - | - | - | 636,552 | 48,974,852 | 49,611,403 |
| Total General Funds | \$ 3,313,025 | \$ 2,030,937 | \$ 1,376,391 | \$ 1,347,595 | \$ 127,202 | \$ 1,231,404 | \$ 48,974,852 | \$ 58,401,405 |

NORTHWEST REGIONAL EDUCATION SERVICE DISTRICT
Hillsboro, Oregon
Expenditure Summary
Special Revenue Fund
For the Year Ended June 30, 2023

| Instruction | Object 100 | Object 200 | Object 300 | Object 400 | Object 500 | Object 600 | Object 700 | Total |
|---|----------------------|----------------------|----------------------|---------------------|---------------------|---------------------|---------------------|----------------------|
| 1121 Middle / Junior high programs | \$ 2,286,385 | \$ 677,388 | \$ 1,497,750 | \$ 609,351 | \$ 14,543 | \$ 51,736 | \$ - | \$ 5,137,153 |
| 1131 High school programs | (120) | - | - | - | - | 3,694 | - | 3,574 |
| 1220 Restrictive programs for students with disabilities | 1,801,640 | 1,146,575 | 1,277,713 | 189,626 | 1,945 | 128,790 | - | 4,546,289 |
| 1250 Less restrictive programs for students with disabilities | 5,390,244 | 3,233,431 | 2,712,153 | 287,581 | 89,504 | 132,440 | - | 11,845,353 |
| 1260 Treatment and habilitation | 17,872,668 | 10,418,398 | 5,171,172 | 667,366 | 223,048 | 430,689 | - | 34,783,346 |
| 1281 Alternative education | 67,849 | 40,009 | 739 | 5,917 | - | 2,260 | - | 116,774 |
| 1294 Youth corrections education | - | - | - | - | - | - | - | - |
| 1299 Other programs | - | - | - | - | - | - | - | - |
| Total Instruction Expenditures | 27,418,666 | 15,515,801 | 10,659,527 | 1,759,841 | 329,040 | 749,609 | - | 56,432,489 |
| Support Services | | | | | | | | |
| 2110 Attendance and social work services | 745,146 | 406,503 | 284,471 | 91,696 | - | 89,173 | - | 1,616,989 |
| 2130 Health service | 2,296,626 | 1,232,180 | 453,161 | 52,799 | 12,449 | 46,329 | - | 4,093,544 |
| 2140 Psychological services | 1,213,030 | 661,188 | 121,052 | 25,369 | - | 20,609 | - | 2,041,248 |
| 2150 Speech pathology and audiology services | 1,370,345 | 796,968 | 1,471,886 | 17,964 | - | 36,358 | - | 3,693,521 |
| 2160 Other student treatment services | 508,845 | 274,457 | 23,063 | 93,104 | - | 49,068 | - | 948,537 |
| 2190 Service direction, student support services | 3,231,701 | 1,712,221 | 333,079 | 115,384 | - | 1,968,168 | - | 7,360,553 |
| 2210 Improvement of instruction services | 1,989,884 | 1,083,980 | 1,861,696 | 14,527 | - | 335,467 | - | 5,285,554 |
| 2230 Assessment and testing | 76,802 | 55,843 | 25,474 | - | - | 1,260 | - | 159,379 |
| 2240 Instructional staff development | 502,081 | 252,964 | 365,951 | 30,250 | - | 26,446 | - | 1,177,692 |
| 2320 Office of the superintendent | - | - | - | - | - | - | - | - |
| 2490 Other support services - school administration | - | - | 139,416 | 3,185 | - | - | - | 142,601 |
| 2529 Other fiscal services | 19,968 | 12,905 | 120 | - | - | 939,500 | - | 972,493 |
| 2540 Operation and maintenance of plant services | - | 24 | - | - | 969,132 | - | - | 969,156 |
| 2620 Plan, research and development | 1,691,919 | 829,618 | 1,447,096 | 265,859 | 173,730 | 95,811 | - | 4,504,033 |
| 2660 Technology services | - | - | 202,218 | 263,523 | 7,647 | 164,346 | - | 637,734 |
| 2999 Other support services | - | - | 100,000 | - | - | - | - | 100,000 |
| Total Support Services Expenditures | 13,646,347 | 7,318,851 | 6,828,683 | 973,660 | 1,162,958 | 3,772,535 | - | 33,703,034 |
| Enterprise and Community Services | | | | | | | | |
| 3300 Community services | 672,281 | 380,340 | 976,788 | 96,887 | - | 89,127 | - | 2,215,423 |
| 3370 Other community services | - | - | 1,064 | - | - | - | - | 1,064 |
| 3390 Other community services | 70,755 | 39,753 | 71,224 | 290 | - | 6,451 | - | 188,473 |
| Total Enterprise and Community Services | 743,036 | 420,093 | 1,049,076 | 97,177 | - | 95,578 | - | 2,404,960 |
| Other Uses | | | | | | | | |
| 5200 Transfers of funds | - | - | - | - | - | - | 463,905 | 463,905 |
| 5300 Apportionment of funds | - | - | - | - | - | - | 1,525,787 | 1,525,787 |
| Total Other Uses Expenditures | - | - | - | - | - | - | 1,989,692 | 1,989,692 |
| Total Special Revenue Funds | \$ 41,808,049 | \$ 23,254,745 | \$ 18,537,286 | \$ 2,830,678 | \$ 1,491,998 | \$ 4,617,722 | \$ 1,989,692 | \$ 94,530,175 |

**NORTHWEST REGIONAL EDUCATION SERVICE DISTRICT
Hillsboro, Oregon
Expenditure Summary
Capital Projects
For the Year Ended June 30, 2023**

| | Object 300 | Object 400 | Object 500 | Total |
|---|------------------|-------------------|---------------------|---------------------|
| Support Services | | | | |
| 2540 Operation Maintenance Plant Services | - | - | - | - |
| 2660 Technology services | - | 268,852 | - | 268,852 |
| Total Support Services Expenditures | - | 268,852 | - | 268,852 |
| Facilities Acquisition and Construction Expenditures | | | | |
| 4150 improvement | \$ 77,109 | \$ - | \$ 8,003,454 | \$ 8,080,563 |
| Total Facilities and Construction Expenditures | 77,109 | - | 8,003,454 | 8,080,563 |
| Total Capital Projects Funds | \$ 77,109 | \$ 268,852 | \$ 8,003,454 | \$ 8,349,415 |

NORTHWEST REGIONAL EDUCATION SERVICE DISTRICT
Hillsboro, Oregon
Expenditure Summary
Enterprise Funds
For the Year Ended June 30, 2023

| | Object 100 | Object 200 | Object 300 | Object 400 | Object 500 | Object 600 | Object 700 | Total |
|--|---------------------|---------------------|-------------------|---------------------|-------------|------------------|-------------|---------------------|
| Instruction Expenditures | | | | | | | | |
| 1280 Alternative Education | \$ 116,961 | \$ 31,160 | \$ - | \$ 20,082 | \$ - | \$ - | \$ - | \$ 168,203 |
| Total Instruction Expenditures | 116,961 | 31,160 | - | 20,082 | - | - | - | 168,203 |
| Support Services Expenditures | | | | | | | | |
| 2190 Service direction, student support services | 82,830 | 44,476 | - | 68,579 | - | 1,260 | - | 197,145 |
| 2520 Fiscal services | 492,491 | 269,484 | 4,759 | 4,789 | - | 12,514 | - | 784,037 |
| 2540 Operation and maintenance of plant services | - | - | - | - | - | - | - | - |
| 2640 Staff services | 390,381 | 144,543 | 15,121 | 32,169 | - | 8,786 | - | 591,000 |
| 2660 Technology services | 2,256,742 | 1,184,428 | 782,236 | 3,040,726 | - | 36,830 | - | 7,300,962 |
| Total Support Services Expenditures | 3,222,444 | 1,642,931 | 802,116 | 3,146,263 | - | 59,390 | - | 8,873,144 |
| Other Uses Expenditures | | | | | | | | |
| 5100 Debt Service | - | - | - | - | - | - | - | - |
| 5200 Transfers of Funds | - | - | - | - | - | - | - | - |
| 5300 Apportionment of Funds | - | - | - | - | - | - | - | - |
| Total Other Uses Expenditures | - | - | - | - | - | - | - | - |
| Total Enterprise Funds | \$ 3,339,405 | \$ 1,674,091 | \$ 802,116 | \$ 3,166,345 | \$ - | \$ 59,390 | \$ - | \$ 9,041,347 |

NORTHWEST REGIONAL EDUCATION SERVICE DISTRICT
Hillsboro, Oregon
Expenditure Summary
Fiduciary Funds
For the Year Ended June 30, 2023

| Instruction | Object 300 | Object 400 | Object 700 | Total |
|---|----------------------|-------------------|----------------------|----------------------|
| 1121 Middle / Junior high programs | \$ 16,800 | \$ - | \$ - | \$ 16,800 |
| 1122 Middle/Junior High School Extracurricular | - | - | - | - |
| 1131 High school programs | 228,711 | - | - | 228,711 |
| 1220 Restrictive programs for students with disabilities | 1,794,693 | - | - | 1,794,693 |
| 1250 Less restrictive programs for students with disabilities | 8,253,251 | 5,674 | - | 8,258,925 |
| 1260 Treatment and habilitation | 2,083,765 | 5,059 | - | 2,088,824 |
| 1280 Alternative Education | 74,520 | - | - | 74,520 |
| 1299 Other programs | - | - | - | - |
| Total Instruction Expenditures | 12,451,740 | 10,733 | - | 12,462,473 |
| Support Services | | | | |
| 2110 Attendance and social work services | 342,010 | - | - | 342,010 |
| 2130 Health services | 2,970,475 | - | - | 2,970,475 |
| 2140 Psychological services | 1,588,964 | - | - | 1,588,964 |
| 2150 Speech pathology and audiology services | 2,805,028 | - | - | 2,805,028 |
| 2160 Other student treatment services | 1,050,167 | - | - | 1,050,167 |
| 2190 Service direction student support services | - | 2,132 | - | 2,132 |
| 2210 Improvement of instruction services | - | - | - | - |
| 2240 Instructional staff development | - | - | - | - |
| 2520 Fiscal services | 339,449 | - | - | 339,449 |
| 2540 Operation and maintenance of plant services | - | - | - | - |
| 2620 Plan, research and development | 119,413 | - | - | 119,413 |
| 2630 Information services | - | - | - | - |
| 2660 Technology Services | 2,015,012 | 112,318 | - | 2,127,330 |
| Total Support Services Expenditures | 11,230,518 | 114,450 | - | 11,344,968 |
| Enterprise and Community Services | | | | |
| 3300 Community services | - | 4,610 | - | 4,610 |
| Total Enterprise and Community Services | - | 4,610 | - | 4,610 |
| Other Uses | | | | |
| 5200 Transfers of Funds | - | - | 1,029,102 | 1,029,102 |
| 5300 Apportionment of funds | - | - | 22,196,370 | 22,196,370 |
| Total Other Uses Expenditures | - | - | 23,225,472 | 23,225,472 |
| Total Fiduciary Funds | \$ 23,682,258 | \$ 129,793 | \$ 23,225,472 | \$ 47,037,523 |

**NORTHWEST REGIONAL EDUCATION SERVICE DISTRICT
Hillsboro, Oregon**

**Schedule of Property Tax Transactions
For the Year Ended June 30, 2023**

| Tax Year | Uncollected July 1, 2022 | Levy as Extended by Assessor | Discounts Allowed | Interest | Adjustments | Collections | Uncollected June 30, 2023 |
|------------------------|-----------------------------|------------------------------------|----------------------|------------------|--------------------|------------------------|------------------------------|
| Current: | | | | | | | |
| 2022-2023 | \$ - | \$ 14,817,033 | \$ (396,941) | \$ 3,604 | \$ (65,419) | \$ (14,200,437) | \$ 157,840 |
| Prior: | | | | | | | |
| 2021-2022 | 156,075 | - | 166 | 6,941 | (6,478) | (97,902) | 58,802 |
| 2020-2021 | 55,538 | - | 32 | 4,943 | (36) | (30,082) | 30,395 |
| 2019-2020 | 30,028 | - | 20 | 5,401 | 1,212 | (23,593) | 13,068 |
| 2018-2019 | 10,638 | - | 17 | 2,635 | 4,816 | (14,563) | 3,543 |
| 2017-2018 | 2,184 | - | - | 470 | (260) | (1,224) | 1,170 |
| 2016-2017 and prior | <u>9,102</u> | <u>-</u> | <u>-</u> | <u>746</u> | <u>(698)</u> | <u>(1,442)</u> | <u>7,708</u> |
| Total Prior | <u>263,565</u> | <u>-</u> | <u>235</u> | <u>21,136</u> | <u>(1,444)</u> | <u>(168,806)</u> | <u>114,686</u> |
| Total Taxes | <u>\$ 263,565</u> | <u>\$ 14,817,033</u> | <u>\$ (396,706)</u> | <u>\$ 24,740</u> | <u>\$ (66,863)</u> | <u>\$ (14,369,243)</u> | <u>\$ 272,526</u> |

Reconciliation to Revenue:

| | |
|-----------------------|----------------------|
| Collections | \$ 14,369,243 |
| June 30, 2022 accrual | (73,643) |
| June 30, 2023 accrual | 63,609 |
| Tax offsets and other | <u>28,172</u> |
| Property tax revenue | <u>\$ 14,387,381</u> |

Reconciliation to Statement of Activities:

| | |
|-----------------------|----------------------|
| Property tax revenue | \$ 14,387,381 |
| June 30, 2022 accrual | (189,822) |
| June 30, 2023 accrual | <u>208,917</u> |
| Property tax revenue | <u>\$ 14,406,476</u> |

**NORTHWEST REGIONAL EDUCATION SERVICE DISTRICT
Hillsboro, Oregon**

**Supplemental Information Required by the State of Oregon Department of Education
For the Year Ended June 30, 2023**

School District Business Managers and Auditors:

This page is a required part of your annual audited financial statements. Please make sure it is included.

Parts A is needed for computing Oregon's full allocation for ESEA, Title I & other Federal Funds for Education.

A. Energy Bill for Heating - All Funds:

Please enter your expenditures for electricity
& heating fuel for these Functions & Objects.

| | Objects 325, 326 & 327 |
|---------------|------------------------|
| Function 2540 | \$ 117,610 |
| Function 2550 | \$ - |

B. Replacement of Equipment – General Fund:

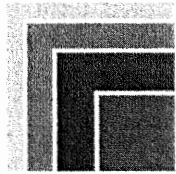
Include all General Fund expenditures in object 542, except for the following exclusions:

| | |
|----|--------|
| \$ | 34,705 |
|----|--------|

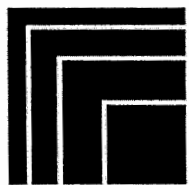
Exclude these functions:

Exclude these functions:

| | | | |
|-------------------|----------------------------|------|----------------------|
| 1113, 1122 & 1132 | Co - curricular Activities | 4150 | Construction |
| 1140 | Pre - Kindergarten | 2550 | Pupil Transportation |
| 1300 | Continuing Education | 3100 | Food Services |
| 1400 | Summer School | 3300 | Community Services |



Statistical Section



Northwest Regional
Education Service District

Statistical Section Overview

This section provides further details as a context for a better understanding of the financial statements.

| Contents | Page |
|---|-------------|
| Financial Trends These schedules contain trend information to help the reader understand how financial performance has changed over time. | 108 |
| Revenue Capacity These schedules contain information to help the reader assess the District's most significant local revenue sources, state school fund and property taxes. | 116 |
| Debt Capacity These schedules present information to help the reader assess the affordability of the District's current levels of outstanding debt and the ability to issue additional debt in the future. | 120 |
| Demographic and Economic Information These schedules offer demographic and economic indicators to help the reader understand the environment within which the District's financial activities take place. | 121 |
| Operating Information These schedules contain service and infrastructure data to help the reader understand how the information in the District's financial report relates to the services the District provides and the activities it performs. | 123 |

NORTHWEST REGIONAL EDUCATION SERVICE DISTRICT
Hillsboro, Oregon
Financial Trends
Condensed Statement of Net Position—Last Ten Fiscal Years
(Accrual basis of accounting)

| | Fiscal Years | | | | |
|--|----------------------|----------------------|-----------------------|------------------------|------------------------|
| | 2013-14 | 2014-15 | 2015-16 | 2016-17 | 2017-18 |
| Governmental Activities | | | | | |
| Assets | | | | | |
| Cash and cash equivalents | \$ 6,559,333 | \$ 7,705,775 | \$ 9,085,411 | \$ 7,281,334 | \$ 4,967,300 |
| Property taxes and other receivables | 10,520,541 | 9,335,979 | 9,219,449 | 9,483,748 | 10,285,447 |
| Net Pension asset | - | 11,181,741 | - | - | 106,738 |
| Bond issuance costs, net of accumulated amortization | - | - | - | - | - |
| Land | 467,500 | 467,500 | 467,500 | 467,500 | 467,500 |
| Capital assets, net of depreciation | 10,257,300 | 10,142,605 | 9,873,914 | 10,435,453 | 10,162,038 |
| Total Assets | 27,804,674 | 38,833,600 | 28,646,274 | 27,668,035 | 25,989,023 |
| Deferred outflows of resources | | | | | |
| Pension Related Deferred Outflows (PERS) | - | - | - | 30,901,082 | 18,582,022 |
| OPEB Related Deferred Outflows (PHIS) | - | - | - | - | 107,603 |
| OPEB Related Deferred Outflows (RHIA) | - | - | - | - | 128,008 |
| Deferred amount on refunding | - | - | - | - | 107,429 |
| Total Deferred Outflows of Resources | - | - | - | 30,901,082 | 18,925,062 |
| Liabilities | | | | | |
| Accounts payable | 1,307,066 | 873,486 | 381,697 | 574,349 | 400,133 |
| Accrued payroll, taxes, and employee withholdings | 3,861,988 | 4,113,111 | 3,740,354 | 3,422,579 | 3,343,811 |
| Accrued interest payable | 13,576 | 12,579 | 11,520 | 8,996 | 7,758 |
| Accrued compensated absences payable | 54,648 | 58,071 | 58,661 | 52,100 | 64,055 |
| Unearned revenue | - | - | - | - | - |
| Proportionate share of PERS net pension liability | - | - | 26,945,280 | 57,440,382 | 45,791,786 |
| Net other post employment pension obligation | 2,268,654 | 2,203,927 | 2,152,485 | 2,116,210 | 1,382,361 |
| Long-term debt: | | | | | |
| Due within one year | 389,955 | 409,955 | 424,955 | 585,466 | 607,665 |
| Due in more than one year | 4,689,591 | 4,279,634 | 3,854,679 | 3,802,536 | 3,194,871 |
| Total Liabilities | 12,585,478 | 11,950,763 | 37,569,631 | 68,002,618 | 54,792,440 |
| Deferred inflows of resources | | | | | |
| Pension Related Deferred Inflows (PERS) | - | - | 5,919,193 | 5,273,627 | 6,917,518 |
| OPEB Related Deferred Outflows (PHIS) | - | - | - | - | 57,525 |
| OPEB Related Deferred Outflows (RHIA) | - | - | - | - | 49,435 |
| Total Deferred Inflows of Resources | - | - | 5,919,193 | 5,273,627 | 7,024,478 |
| Net Position | | | | | |
| Net invested in capital assets | 5,645,252 | 5,920,516 | 6,061,780 | 6,514,951 | 6,827,002 |
| Restricted for special revenues | 3,536,356 | 5,621,114 | 8,186,894 | 7,781,177 | 6,637,453 |
| Restricted for capital projects | 403,540 | 453,540 | 481,880 | 49,886 | 72,888 |
| Restricted for PERS RHIA OPEB asset | - | - | - | - | - |
| Unrestricted | 5,639,265 | (2,016,069) | (24,071,335) | (29,053,142) | (30,440,176) |
| Total Net Position Governmental Activities | \$ 15,224,413 | \$ 9,979,101 | \$ (9,340,781) | \$ (14,707,128) | \$ (16,902,833) |
| Business Activities | | | | | |
| Assets | | | | | |
| | \$ 1,545,953 | \$ 3,216,003 | \$ 1,406,956 | \$ 2,178,428 | \$ 3,207,304 |
| Liabilities | | | | | |
| | 5,219 | 7,012 | 1,942,123 | 4,328,992 | 3,397,208 |
| Deferred outflows of resources | - | - | 404,035 | 2,024,227 | 1,189,104 |
| Deferred inflows of resources | - | 1,196,247 | 426,635 | 361,052 | 474,736 |
| Total Net Position Business Activities - Unrestricted | \$ 1,540,734 | \$ 2,012,744 | \$ (557,767) | \$ (487,389) | \$ 524,464 |
| Total Net Position | \$ 16,765,147 | \$ 11,991,845 | \$ (9,898,548) | \$ (15,194,517) | \$ (16,378,369) |

Source: Statement of Net Position Northwest Regional ESD

NORTHWEST REGIONAL EDUCATION SERVICE DISTRICT
Hillsboro, Oregon
Financial Trends
Condensed Statement of Net Position—Last Ten Fiscal Years (continued)
(Accrual basis of accounting)

| | Fiscal Years | | | | |
|--|------------------------|------------------------|------------------------|------------------------|-----------------------|
| | 2018-19 | 2019-20 | 2020-21 | 2021-22 | 2022-23 |
| Governmental Activities | | | | | |
| Assets | | | | | |
| Cash and cash equivalents | \$ 3,110,193 | \$ 392,374 | \$ 7,019,852 | \$ 4,002,843 | \$ 21,365,252 |
| Property taxes and other receivables | 8,019,179 | 10,848,910 | 15,658,451 | 25,244,779 | 25,605,793 |
| Net Pension asset | 291,967 | 538,147 | 713,143 | 520,767 | 1,044,918 |
| Bond issuance costs, net of accumulated amortization | - | - | - | - | - |
| Land | 467,500 | 467,500 | 846,221 | 467,500 | 8,470,795 |
| Capital assets, net of depreciation | 10,486,400 | 9,763,432 | 9,041,827 | 12,354,381 | 12,563,173 |
| Total Assets | 22,375,239 | 22,010,363 | 33,279,494 | 42,590,270 | 69,049,931 |
| Deferred outflows of resources | | | | | |
| Pension Related Deferred Outflows (PERS) | 22,799,711 | 21,603,884 | 25,304,329 | 184,760 | 21,885,756 |
| OPEB Related Deferred Outflows (PHIS) | 107,536 | 105,075 | 194,671 | 260,713 | 180,868 |
| OPEB Related Deferred Outflows (RHIA) | 138,883 | 25,346 | 83,365 | 49,978 | 108,330 |
| Deferred amount on refunding | 93,456 | 81,539 | 64,170 | 25,424,152 | 29,184 |
| Total Deferred Outflows of Resources | 23,139,586 | 21,815,844 | 25,646,535 | 25,919,603 | 22,204,138 |
| Liabilities | | | | | |
| Accounts payable | 1,378,797 | 839,799 | 1,431,303 | 2,718 | 1,267,088 |
| Accrued payroll, taxes, and employee withholdings | 3,288,813 | 3,451,143 | 3,811,697 | 107,174 | 5,120,969 |
| Accrued interest payable | 6,476 | 5,157 | 3,859 | 1,307,782 | 1,537 |
| Accrued compensated absences payable | 67,707 | 104,356 | 102,990 | - | 117,856 |
| Unearned revenue | - | 4,402 | 113,119 | - | 56,000 |
| Proportionate share of PERS net pension liability | 51,641,978 | 58,422,295 | 70,900,585 | 2,209,740 | 48,972,616 |
| Net other post employment pension obligation | 1,445,032 | 1,221,132 | 1,407,086 | 729,604 | 1,265,369 |
| Long-term debt: | | | | | |
| Due within one year | 635,037 | 657,584 | 542,924 | 796,770 | 1,755,657 |
| Due in more than one year | 2,559,834 | 1,902,250 | 1,359,326 | - | 14,974,731 |
| Total Liabilities | 61,023,674 | 66,608,118 | 79,672,889 | 5,153,788 | 73,531,823 |
| Deferred inflows of resources | | | | | |
| Pension Related Deferred Inflows (PERS) | 7,339,562 | 4,744,940 | 2,490,532 | - | 14,418,585 |
| OPEB Related Deferred Outflows (PHIS) | 71,210 | 337,238 | 280,507 | 30,265,636 | 417,063 |
| OPEB Related Deferred Outflows (RHIA) | 81,325 | 114,531 | 188,691 | 385,903 | 359,777 |
| Total Deferred Inflows of Resources | 7,492,097 | 5,196,709 | 2,959,730 | 180,972 | 15,195,425 |
| Net Position | | | | | |
| Net invested in capital assets | 7,852,485 | 7,752,637 | 8,049,968 | 8,573,189 | 4,332,764 |
| Restricted for special revenues | 2,186,131 | 2,036,936 | 9,924,425 | 13,618,716 | 21,262,452 |
| Restricted for capital projects | 122,888 | 147,613 | 1,656,674 | 2,209,287 | 11,793,837 |
| Restricted for PERS RHIA OPEB asset | 291,967 | 538,147 | 713,143 | 520,767 | 1,044,918 |
| Unrestricted | (33,454,417) | (38,453,953) | (44,050,800) | (39,670,317) | (35,907,150) |
| Total Net Position Governmental Activities | \$ (23,000,946) | \$ (27,978,620) | \$ (23,706,590) | \$ (14,748,358) | \$ 2,526,821 |
| Business Activities | | | | | |
| Assets | \$ 3,069,416 | \$ 1,604,614 | \$ 2,012,962 | \$ 1,845,905 | \$ 1,797,890 |
| Liabilities | 3,441,834 | 4,558,265 | 6,240,799 | - | 3,959,108 |
| Deferred outflows of resources | 1,182,853 | 1,640,321 | 2,608,380 | - | 3,286,290 |
| Deferred inflows of resources | 465,575 | 344,781 | 207,011 | - | 1,021,729 |
| Total Net Position Business Activities - Unrestricted | \$ 344,860 | \$ (1,658,111) | \$ (1,826,468) | \$ 1,845,905 | \$ (1,694,547) |
| Total Net Position | \$ (22,656,086) | \$ (29,636,731) | \$ (25,533,058) | \$ (12,902,453) | \$ 832,274 |

Source: Statement of Net Position Northwest Regional ESD

**NORTHWEST REGIONAL EDUCATION SERVICE DISTRICT
Hillsboro, Oregon**

Financial Trends

**Changes in Net Position—Last Ten Fiscal Years
(Accrual basis of accounting)**

| | Fiscal Years | | | | |
|---|---------------------|----------------------|------------------------|-----------------------|-----------------------|
| | 2013-14 | 2014-15 | 2015-16 | 2016-17 | 2017-18 |
| Governmental Activities | | | | | |
| Expenses | | | | | |
| Instruction | \$ 29,810,073 | \$ 21,269,568 | \$ 44,825,008 | \$ 37,274,240 | \$ 37,864,732 |
| Support services | 52,680,242 | 51,670,311 | 64,729,187 | 64,551,436 | 65,108,713 |
| Community services | 101,164 | 172,702 | 701,111 | 1,939,873 | 1,568,636 |
| Interest on long-term debt | 267,982 | 267,988 | 248,914 | 216,756 | 84,440 |
| Total Expenses | <u>82,859,461</u> | <u>73,380,569</u> | <u>110,504,220</u> | <u>103,982,305</u> | <u>104,626,521</u> |
| Program Revenues | | | | | |
| Charges for services | | | | | |
| Instruction | 23,769,023 | 18,160,074 | 17,660,248 | 18,114,578 | 19,567,245 |
| Support services | 6,339,345 | 7,411,572 | 7,913,009 | 8,843,769 | 5,330,516 |
| Community services | - | - | - | - | - |
| Operating grants and contributions | | | | | |
| Instruction | 16,998,045 | 23,365,229 | 23,543,815 | 28,481,665 | 29,640,082 |
| Support services | 458,064 | 555,226 | 650,855 | 667,635 | 929,866 |
| Community services | 92,010 | 103,585 | 102,694 | 100,946 | 82,977 |
| Total Program Revenues | <u>47,656,487</u> | <u>49,595,686</u> | <u>49,870,621</u> | <u>56,208,593</u> | <u>55,550,686</u> |
| Net (Expenses) | (35,202,974) | (23,784,883) | (60,633,599) | (47,773,712) | (49,075,835) |
| General Revenues | | | | | |
| Property taxes, levied for general purposes | 9,700,133 | 9,964,922 | 10,615,752 | 11,021,073 | 11,507,748 |
| Federal aid not restricted to specific purposes | - | - | - | - | - |
| Timber revenue | 318,010 | 333,621 | 550,070 | 534,034 | 593,795 |
| State school fund for general support | 26,789,365 | 28,519,652 | 29,983,504 | 30,571,838 | 33,448,065 |
| Interest and investment earnings | 117,380 | 121,909 | 164,391 | 280,420 | 412,219 |
| Gain on sale of capital asset | - | - | - | - | - |
| Total General Revenues | <u>36,924,888</u> | <u>38,940,104</u> | <u>41,313,717</u> | <u>42,407,365</u> | <u>45,961,827</u> |
| Change in Net Position Governmental Activities | <u>\$ 1,721,914</u> | <u>\$ 15,155,221</u> | <u>\$ (19,319,882)</u> | <u>\$ (5,366,347)</u> | <u>\$ (3,114,008)</u> |
| Business Activities | | | | | |
| Expenses - Support Services | \$ 2,362,466 | \$ 4,830,962 | \$ 7,729,595 | \$ 6,926,950 | \$ 6,360,392 |
| Revenues - Charges for Services | <u>2,088,802</u> | <u>6,746,682</u> | <u>5,159,084</u> | <u>6,997,328</u> | <u>7,372,245</u> |
| Change in Net Position Business Activities | <u>\$ (273,664)</u> | <u>\$ 1,915,720</u> | <u>\$ (2,570,511)</u> | <u>\$ 70,378</u> | <u>\$ 1,011,853</u> |
| Total Change in Net Position | <u>\$ 1,448,250</u> | <u>\$ 17,070,941</u> | <u>\$ (21,890,393)</u> | <u>\$ (5,295,969)</u> | <u>\$ (2,102,155)</u> |

Source: Statement of Activities Northwest Regional ESD

**NORTHWEST REGIONAL EDUCATION SERVICE DISTRICT
Hillsboro, Oregon**

Financial Trends

**Changes in Net Position—Last Ten Fiscal Years (continued)
(Accrual basis of accounting)**

| | Fiscal Years | | | | |
|---|-----------------------|-----------------------|---------------------|---------------------|----------------------|
| | 2018-19 | 2019-20 | 2020-21 | 2021-22 | 2022-23 |
| Governmental Activities | | | | | |
| Expenses | | | | | |
| Instruction | \$ 41,873,604 | \$ 45,333,537 | \$ 45,592,922 | \$ 43,323,492 | \$ 54,785,840 |
| Support services | 71,375,987 | 72,659,636 | 80,047,571 | 80,441,590 | 87,856,710 |
| Community services | 2,518,433 | 2,204,578 | 1,692,742 | 1,422,535 | 2,421,128 |
| Facility Acquisition & Construction | - | - | - | - | 45,799 |
| Interest on long-term debt | 182,877 | 156,940 | 137,866 | 110,179 | 93,608 |
| Total Expenses | <u>115,950,901</u> | <u>120,354,691</u> | <u>127,471,101</u> | <u>125,297,796</u> | <u>145,203,085</u> |
| Program Revenues | | | | | |
| Charges for services | | | | | |
| Instruction | 21,872,171 | 23,590,071 | 28,120,200 | 27,487,898 | 33,902,818 |
| Support services | 8,954,399 | 5,692,603 | 6,855,132 | 6,645,449 | 5,515,393 |
| Community services | - | - | - | - | - |
| Operating grants and contributions | | | | | |
| Instruction | 31,136,217 | 34,935,491 | 41,098,955 | 43,934,287 | 60,034,760 |
| Support services | 1,146,575 | 1,369,469 | 2,880,555 | 4,269,650 | 6,813,843 |
| Community services | 107,648 | 106,818 | 129,865 | 82,627 | 121,577 |
| Total Program Revenues | <u>63,217,010</u> | <u>65,694,452</u> | <u>79,084,707</u> | <u>82,419,911</u> | <u>106,388,391</u> |
| Net (Expenses) | (52,733,891) | (54,660,239) | (48,386,394) | (42,877,885) | (38,814,694) |
| General Revenues | | | | | |
| Property taxes, levied for general purposes | 11,944,629 | 12,559,594 | 13,140,690 | 13,705,399 | 14,406,476 |
| Federal aid not restricted to specific purposes | - | - | - | - | - |
| Timber revenue | 546,449 | 444,751 | 462,827 | 474,680 | 518,676 |
| State school fund for general support | 33,505,792 | 36,252,194 | 37,732,900 | 37,490,661 | 39,237,698 |
| Interest and investment earnings | 638,908 | 426,026 | 190,722 | 165,377 | 805,514 |
| Gain on sale of capital asset | - | - | 1,131,285 | - | - |
| Total General Revenues | <u>46,635,778</u> | <u>49,682,565</u> | <u>52,658,424</u> | <u>51,836,117</u> | <u>54,968,364</u> |
| Change in Net Position Governmental Activities | <u>\$ (6,098,113)</u> | <u>\$ (4,977,674)</u> | <u>\$ 4,272,030</u> | <u>\$ 8,958,232</u> | <u>\$ 16,153,669</u> |
| Business Activities | | | | | |
| Expenses - Support Services | \$ 7,369,087 | \$ 8,779,181 | \$ 10,328,818 | \$ 8,917,373 | \$ 8,821,832 |
| Revenues - Charges for Services | <u>7,189,483</u> | <u>6,776,210</u> | <u>10,160,461</u> | <u>8,907,121</u> | <u>8,964,003</u> |
| Change in Net Position Business Activities | <u>\$ (179,604)</u> | <u>\$ (2,002,971)</u> | <u>\$ (168,357)</u> | <u>\$ (10,252)</u> | <u>\$ 142,173</u> |
| Total Change in Net Position | <u>\$ (6,277,717)</u> | <u>\$ (6,980,645)</u> | <u>\$ 4,103,673</u> | <u>\$ 8,947,980</u> | <u>\$ 16,295,842</u> |

Source: Statement of Activities Northwest Regional ESD

* The transits and transfer has been distributed to Instruction and Support Services functions.

**NORTHWEST REGIONAL EDUCATION SERVICE DISTRICT
Hillsboro, Oregon**

Financial Trends

**Fund Balances of Governmental Funds –Last Ten Fiscal Years
(accrual basis of accounting)**

| | Fiscal Years | | | | |
|--|----------------------|----------------------|----------------------|----------------------|----------------------|
| | 2013-14 | 2014-15 | 2015-16 | 2016-17 | 2017-18 |
| Fund Balances | | | | | |
| Unassigned | | | | | |
| General fund | \$ 7,479,489 | \$ 5,565,060 | \$ 5,053,069 | \$ 4,438,900 | \$ 4,509,775 |
| All Other Governmental Funds, reported in | | | | | |
| Restricted: | | | | | |
| Special Revenue Fund | | | | | |
| Grants, contracts and projects | 3,536,356 | 5,621,114 | 8,186,894 | 7,781,177 | 6,637,453 |
| Capital Projects | 403,540 | 453,540 | 481,880 | 49,886 | 72,888 |
| Total Fund Balances | <u>\$ 11,419,385</u> | <u>\$ 11,639,714</u> | <u>\$ 13,721,843</u> | <u>\$ 12,269,963</u> | <u>\$ 11,220,116</u> |

Note: GASB 54 was implemented in fiscal year 2011.

Source: Northwest Regional ESD financial records

**NORTHWEST REGIONAL EDUCATION SERVICE DISTRICT
Hillsboro, Oregon**

Financial Trends

**Fund Balances of Governmental Funds—Last Ten Fiscal Years (continued)
(accrual basis of accounting)**

| | Fiscal Years | | | | |
|--|---------------------|---------------------|----------------------|----------------------|----------------------|
| | 2018-19 | 2019-20 | 2020-21 | 2021-22 | 2022-23 |
| Fund Balances | | | | | |
| Unassigned | | | | | |
| General fund | \$ 3,928,173 | \$ 4,535,509 | \$ 5,537,027 | \$ 6,291,285 | \$ 7,261,823 |
| All Other Governmental Funds, reported in | | | | | |
| Restricted: | | | | | |
| Special Revenue Fund | | | | | |
| Grants, contracts and projects | 2,186,131 | 2,036,936 | 9,924,425 | 13,618,716 | 21,262,452 |
| Capital Projects | 122,888 | 147,613 | 1,656,674 | 2,209,287 | 11,793,836 |
| Total Fund Balances | <u>\$ 6,237,192</u> | <u>\$ 6,720,058</u> | <u>\$ 17,118,126</u> | <u>\$ 22,119,288</u> | <u>\$ 40,318,112</u> |

Note: GASB 54 was implemented in fiscal year 2011.
Source: Northwest Regional ESD financial records

**NORTHWEST REGIONAL EDUCATION SERVICE DISTRICT
Hillsboro, Oregon**

Financial Trends

**Changes in Fund Balances of Governmental Funds –Last Ten Fiscal Years
(accrual basis of accounting)**

| | Fiscal Years | | | | |
|--|---------------------|-------------------|---------------------|-----------------------|-----------------------|
| | 2013-14 | 2014-15 | 2015-16 | 2016-17 | 2017-18 |
| Revenues | | | | | |
| Property Taxes | \$ 9,622,759 | \$ 10,046,129 | \$ 10,570,229 | \$ 10,983,848 | \$ 11,717,252 |
| Charges for services | 25,085,295 | 25,648,076 | 25,836,847 | 27,654,138 | 26,306,778 |
| Earnings from investments | 117,380 | 121,909 | 164,391 | 280,420 | 412,219 |
| Intermediate sources | - | - | 2,007 | 2,139 | 1,230 |
| State sources | 43,803,242 | 46,314,693 | 48,584,287 | 53,140,508 | 56,260,659 |
| Federal Sources | 5,875,325 | 6,486,190 | 5,981,054 | 6,517,680 | 7,023,879 |
| Total Revenues | <u>84,504,001</u> | <u>88,616,997</u> | <u>91,138,815</u> | <u>98,578,733</u> | <u>101,722,017</u> |
| Expenditures | | | | | |
| Current Operating | | | | | |
| Instruction | 29,728,085 | 30,745,136 | 30,623,200 | 33,963,440 | 36,096,559 |
| Support services | 48,288,362 | 40,596,729 | 40,057,200 | 57,407,399 | 61,570,834 |
| Community services | 100,714 | 206,394 | 426,006 | 1,909,285 | 1,543,686 |
| Building acquisition and improvement | - | - | 31,660 | 29,166 | 98,472 |
| Apportionment of funds | 3,792,330 | 16,149,834 | 16,956,384 | 5,478,583 | 2,327,765 |
| Capital outlay | 198,910 | 39,635 | 302,308 | 1,102,028 | 355,975 |
| Debt Service | | | | | |
| Principal | 390,000 | 410,000 | 430,000 | 583,863 | 606,647 |
| Interest | 267,015 | 248,940 | 229,928 | 206,049 | 171,926 |
| Bond issuance costs | - | - | - | 29,800 | - |
| Total Expenditures | <u>82,765,416</u> | <u>88,396,668</u> | <u>89,056,686</u> | <u>100,709,613</u> | <u>102,771,864</u> |
| Excess (deficiency) of revenues over (under) expenditures | 1,738,585 | 220,329 | 2,082,129 | (2,130,880) | (1,049,847) |
| Other Financing Sources (Uses) | | | | | |
| Bond proceeds | - | - | - | 679,000 | - |
| Sale of capital assets | - | - | - | - | - |
| Operating transfers in | 2,926,480 | 1,312,906 | 2,060,203 | 1,904,951 | 2,825,245 |
| Operating transfers out | (2,926,480) | (1,312,906) | (2,060,203) | (1,904,951) | (2,825,245) |
| Total other financing sources (uses) | <u>-</u> | <u>-</u> | <u>-</u> | <u>679,000</u> | <u>-</u> |
| Net change in fund balances | <u>\$ 1,738,585</u> | <u>\$ 220,329</u> | <u>\$ 2,082,129</u> | <u>\$ (1,451,880)</u> | <u>\$ (1,049,847)</u> |
| Debt Services as a percentage of noncapital expenditures | 0.80% | 0.75% | 0.74% | 0.79% | 0.76% |

Source: Northwest Regional ESD financial records

**NORTHWEST REGIONAL EDUCATION SERVICE DISTRICT
Hillsboro, Oregon**

Financial Trends

**Changes in Fund Balances of Governmental Funds –Last Ten Fiscal Years (continued)
(accrual basis of accounting)**

| | Fiscal Years | | | | |
|--|-----------------------|--------------------|----------------------|---------------------|----------------------|
| | 2018-19 | 2019-20 | 2020-21 | 2021-22 | 2022-23 |
| Revenues | | | | | |
| Property Taxes | \$ 12,008,746 | \$ 12,558,282 | \$ 13,162,514 | \$ 13,719,634 | \$ 14,387,382 |
| Charges for services | 32,705,823 | 30,632,817 | 37,722,702 | 35,923,294 | 41,251,291 |
| Earnings from investments | 638,908 | 426,026 | 190,722 | 165,377 | 805,514 |
| Intermediate sources | 1,644 | 5,160 | 48,203 | 79,255 | 13,279 |
| State sources | 57,349,833 | 64,381,349 | 70,674,982 | 71,224,380 | 89,749,549 |
| Federal Sources | 7,211,951 | 7,372,071 | 8,834,547 | 13,158,324 | 15,130,647 |
| Other | - | - | - | - | - |
| Total Revenues | <u>109,916,905</u> | <u>115,375,705</u> | <u>130,633,670</u> | <u>134,270,264</u> | <u>161,337,662</u> |
| Expenditures | | | | | |
| Current Operating | | | | | |
| Instruction | 40,705,662 | 40,806,278 | 41,739,981 | 44,265,082 | 56,103,450 |
| Support services | 64,384,199 | 67,277,352 | 71,566,087 | 77,393,017 | 87,933,269 |
| Community services | 2,498,772 | 2,119,105 | 1,563,512 | 1,449,005 | 2,404,958 |
| Building acquisition and improvement | - | 25,275 | 42,224 | 4,704,741 | 77,109 |
| Apportionment of funds | 6,437,536 | 3,883,450 | 5,115,906 | - | 1,525,787 |
| Capital outlay | 95,809 | - | 559,798 | 817,205 | 9,495,452 |
| Debt Service | | | | | |
| Principal | 628,846 | 656,218 | 678,765 | 564,105 | 583,738 |
| Interest | 149,005 | 125,161 | 100,614 | 75,947 | 52,814 |
| Bond issuance costs | - | - | - | - | - |
| Total Expenditures | <u>114,899,829</u> | <u>114,892,839</u> | <u>121,366,887</u> | <u>129,269,102</u> | <u>158,176,577</u> |
| Excess (deficiency) of revenues over (under) expenditures | (4,982,924) | 482,866 | 9,266,783 | 5,001,162 | 3,161,085 |
| Other Financing Sources (Uses) | | | | | |
| Bond proceeds | - | - | - | - | 15,037,739 |
| Sale of capital assets | - | - | 1,131,285 | - | - |
| Operating transfers in | 3,175,393 | 2,553,539 | 2,787,968 | 2,752,932 | 3,104,416 |
| Operating transfers out | (3,175,393) | (2,553,539) | (2,787,968) | (2,752,932) | (3,104,416) |
| Total other financing sources (uses) | <u>-</u> | <u>-</u> | <u>1,131,285</u> | <u>-</u> | <u>15,037,739</u> |
| Net change in fund balances | <u>\$ (4,982,924)</u> | <u>\$ 482,866</u> | <u>\$ 10,398,068</u> | <u>\$ 5,001,162</u> | <u>\$ 18,198,824</u> |
| Debt Services as a percentage of noncapital expenditures | 0.68% | 0.68% | 0.65% | 1.46% | 0.43% |

Source: Northwest Regional ESD financial records

NORTHWEST REGIONAL EDUCATION SERVICE DISTRICT
Hillsboro, Oregon
Revenue Capacity
Assessed Values of Taxable Property Within District Boundaries—Last Ten Fiscal Years

| Market Value | | | | |
|--------------------|-----------------|-------------|-------------------|----------------|
| Fiscal Year Ending | Manufactured | | | |
| June 30 | Real Property | Property | Personal Property | Public Utility |
| 2014 | 71,092,444,170 | 93,100,240 | 2,065,489,040 | 1,698,870,768 |
| 2015 | 80,630,168,714 | 102,415,020 | 2,225,713,012 | 1,800,309,807 |
| 2016 | 86,522,025,559 | 124,145,430 | 2,392,098,055 | 1,909,199,612 |
| 2017 | 95,849,466,057 | 156,151,230 | 2,588,566,681 | 1,877,245,692 |
| 2018 | 107,074,452,648 | 173,142,260 | 2,975,486,177 | 2,013,572,822 |
| 2019 | 111,717,553,111 | 230,103,810 | 2,716,554,462 | 1,836,621,552 |
| 2020 | 115,226,945,931 | 262,433,250 | 2,883,649,045 | 1,853,150,322 |
| 2021 | 132,451,286,868 | 275,815,900 | 3,427,839,585 | 2,200,722,682 |
| 2022 | 142,768,099,634 | 299,073,010 | 3,737,808,673 | 2,422,324,893 |
| 2023 | 169,125,202,472 | 336,609,040 | 3,890,250,222 | 2,693,902,798 |

Note:

Represents Washington County only of the District's assessed value.

Source: Washington County Department of Assessment and Taxation

Summary of Assessment & Tax Roll

- Real Market Value, M5 Value, and Assessed Value
- Taxes Imposed by District and Category (Education)
- Detail of taxing District Levies

**NORTHWEST REGIONAL EDUCATION SERVICE DISTRICT
Hillsboro, Oregon**

Revenue Capacity

**Assessed Values of Taxable Property Within District Boundaries—Last Ten Fiscal Years
(continued)**

Assessed Value (not including exempt property)

| <u>Total Market Value</u> | <u>Total Taxable Assessed Value</u> | <u>Total Direct Tax Rate</u> | <u>Amount tax rate will raise</u> | <u>Less: Reduction and Adjustments</u> | <u>Total Taxes Imposed (Net Levy)</u> |
|---------------------------|---|--------------------------------------|---------------------------------------|--|---|
| \$ 74,949,904,218 | 50,608,860,179 | 0.154 | 7,739,549 | (93,692) | 7,367,845 |
| 84,758,606,553 | 53,515,861,950 | 0.154 | 8,086,123 | (71,467) | 8,014,656 |
| 90,947,468,656 | 56,910,892,240 | 0.154 | 8,607,421 | (77,640) | 8,529,781 |
| 100,471,429,660 | 58,797,355,521 | 0.154 | 8,958,239 | (69,921) | 8,888,318 |
| 112,236,653,907 | 62,340,647,387 | 0.154 | 9,378,807 | (67,949) | 9,310,858 |
| 116,500,832,935 | 64,974,312,732 | 0.154 | 9,753,896 | (64,625) | 9,689,271 |
| 120,226,178,548 | 68,032,356,127 | 0.154 | 10,187,652 | (61,051) | 10,126,601 |
| 138,355,665,035 | 70,524,044,771 | 0.154 | 10,652,066 | (55,171) | 10,596,895 |
| 149,227,306,210 | 73,595,886,457 | 0.154 | 11,084,900 | (52,661) | 11,032,239 |
| 176,045,964,532 | 77,510,677,710 | 0.154 | 11,605,579 | (29,263) | 11,576,316 |

Note:

Represents Washington County only of the District's assessed value.

Source: Washington County Department of Assessment and Taxation
Summary of Assessment & Tax Roll

- Real Market Value, M5 Value, and Assessed Value
- Taxes Imposed by District and Category (Education)
- Detail of taxing District Levies

**NORTHWEST REGIONAL EDUCATION SERVICE DISTRICT
Hillsboro, Oregon**

Revenue Capacity

Property Tax Levies and Collections—Last Ten Fiscal Years

| Fiscal Year Ending June 30 | Net Taxes Levied for the Fiscal Year | Collected within the Fiscal Year of the Levy | | Collections in Subsequent Years | Total Collections to Date | |
|-------------------------------|--|---|-----------------------|---------------------------------------|---------------------------|-----------------------|
| | | Amount | Percentage of Levy | | Amount | Percentage of Levy |
| 2014 | 9,824,737 | 9,288,574 | 94.54 | 270,715 | 9,559,289 | 97.30 |
| 2015 | 10,193,523 | 9,712,654 | 95.28 | 248,159 | 9,960,813 | 97.72 |
| 2016 | 10,615,752 | 10,277,626 | 96.81 | 201,385 | 10,479,011 | 98.71 |
| 2017 | 11,021,073 | 10,797,436 | 97.97 | 179,761 | 10,977,197 | 99.60 |
| 2018 | 11,858,440 | 11,309,827 | 95.37 | 169,552 | 11,479,379 | 96.80 |
| 2019 | 12,354,441 | 11,824,190 | 95.71 | 387,786 | 12,211,976 | 98.85 |
| 2020 | 12,908,172 | 12,355,742 | 95.72 | 175,599 | 12,531,341 | 97.08 |
| 2021 | 13,476,202 | 12,943,581 | 96.05 | 201,873 | 13,145,454 | 97.55 |
| 2022 | 14,068,243 | 13,512,753 | 96.05 | 197,802 | 13,710,555 | 97.46 |
| 2023 | 14,817,033 | 14,200,437 | 95.84 | 168,806 | 14,369,243 | 96.98 |

Source: Washington, Tillamook, Clackamas and Columbia County Departments of Assessment and Taxation and Northwest Regional ESD financial records

**NORTHWEST REGIONAL EDUCATION SERVICE DISTRICT
Hillsboro, Oregon**

Revenue Capacity

Principal Property Tax Payers for Washington County—Current Year and Nine Years Ago

| Taxpayer | 2023 | | | 2014 | | |
|--|--------------------------|------|--|--------------------------|------|--|
| | Taxable Assessed Value | Rank | Percentage of Total Taxable Assessed Value | Taxable Assessed Value | Rank | Percentage of Total Taxable Assessed Value |
| Ten Largest Taxpayers | | | | | | |
| Intel Corporation | \$ 1,895,002,799 | 1 | 2.46% | \$ 1,269,464,924 | 1 | 2.60% |
| Nike, Inc | 1,464,501,430 | 2 | 1.89% | 566,111,038 | 2 | 1.16% |
| Portland General Electric | 1,124,597,930 | 3 | 1.45% | 412,348,330 | 3 | 0.84% |
| Pacific Realty Associates | 440,231,557 | 4 | 0.57% | 308,313,428 | 4 | 0.63% |
| Northwest Natural Gas Co | 468,313,450 | 5 | 0.60% | 299,588,240 | 6 | 0.61% |
| Verizon Communications | 360,262,000 | 6 | 0.46% | | | 0.00% |
| Genentech Inc | 328,238,530 | 7 | 0.42% | | | 0.00% |
| Comcast Corporation | 274,530,000 | 8 | 0.35% | 267,863,300 | 5 | 0.55% |
| Northwest Fiber LLC | 223,356,900 | 9 | 0.29% | | | 0.00% |
| LAM Research Corporation | 230,442,558 | 10 | 0.30% | | | 0.00% |
| Frontier Communications | | | | 249,585,000 | 7 | 0.51% |
| Maxim Integrated Products | | | | 142,394,136 | 9 | 0.29% |
| Fred Meyer Stores, Inc | | | | 149,478,380 | 8 | 0.31% |
| PPR Wasington Square LLC | | | | 134,845,690 | 10 | 0.28% |
| Subtotal of Ten Largest Taxpayers | 6,809,477,154 | | 8.79% | 3,799,992,466 | | 7.78% |
| All Other Taxpayers | 70,701,200,556 | | 91.20% | 45,084,809,076 | | 92.23% |
| Total All Taxpayers | \$ 77,510,677,710 | | 99.99% | \$ 48,884,801,542 | | 100.01% |

Note: Represents Washington County only. Multnomah and Yamhill County portions of the District comprise less than .02% of the District's assessed value.

Source: Washington County Department of Assessment and Taxation.

NORTHWEST REGIONAL EDUCATION SERVICE DISTRICT
Hillsboro, Oregon
Debt Capacity
Last Ten Fiscal Years

| Fiscal Year Ending June 30 | Long Term Obligations | Unamortized Bond Discount | Long term obligation, net of Unamortized Bond Discount | Total Taxable Assessed Value | Percentage of Actual Assessment Value | Percentage of Personal Income |
|---------------------------------------|----------------------------------|--------------------------------------|---|---|--|--|
| 2014 | 5,280,000 | 200,452 | \$ 5,079,548 | \$ 50,608,860,179 | 0.010% | 0.02% |
| 2015 | 4,870,000 | 180,411 | 4,689,589 | 53,515,861,950 | 0.009% | 0.02% |
| 2016 | 4,440,000 | 160,366 | 4,279,634 | 56,910,892,240 | 0.008% | 0.01% |
| 2017 | 4,535,137 | 147,135 | 4,388,002 | 58,797,355,521 | 0.008% | 0.01% |
| 2018 | 3,928,490 | 125,954 | 3,802,536 | 62,340,647,387 | 0.006% | 0.01% |
| 2019 | 3,299,644 | 104,773 | 3,194,871 | 64,974,312,732 | 0.005% | 0.01% |
| 2020 | 2,643,426 | 83,592 | 2,559,834 | 68,032,356,127 | 0.004% | 0.01% |
| 2021 | 1,964,661 | 62,411 | 1,902,250 | 70,524,044,771 | 0.003% | 0.00% |
| 2022 | 1,400,556 | 41,230 | 1,359,326 | 73,595,886,457 | 0.002% | 0.00% |
| 2023 | 14,486,818 | 20,049 | 14,466,769 | 77,510,677,710 | 0.019% | N/A* |

Source: ESD's Financial Records, specifically Tables Fin Stmt's June 30, 20XX tabl NOTE 6. Long-Term Debt

* Data unavailable for time period specified

NORTHWEST REGIONAL EDUCATION SERVICE DISTRICT
Hillsboro, Oregon
Demographic and Economic Information
Demographic and Economic Statistics—Last Ten Calendar Years

| <u>Year</u> | <u>Population (1)</u> | <u>Personal Income</u> | <u>Per Capita Personal Income (2)</u> | <u>Unemployment Rate</u> |
|-------------|-----------------------|------------------------|---|--------------------------|
| 2014 | 562,998 | \$ 23,206,777,560 | \$ 41,220 | 6.9% |
| 2015 | 574,326 | 29,812,688,334 | 51,909 | 5.7% |
| 2016 | 582,779 | 31,588,370,137 | 54,203 | 5.0% |
| 2017 | 588,957 | 33,765,493,767 | 57,331 | 3.7% |
| 2018 | 597,695 | 36,442,061,845 | 60,971 | 3.8% |
| 2019 | 601,592 | 38,527,756,456 | 64,043 | 3.5% |
| 2020 | 600,372 | 40,123,461,132 | 66,831 | 7.8% |
| 2021 | 600,811 | 42,980,216,507 | 71,537 | 5.1% |
| 2022 | 600,176 | 44,040,914,880 | 73,380 | 3.1% |
| 2023 | N/A* | N/A* | N/A* | N/A* |

Notes:

1. United States Census Bureau for Washington County in its entirety.
2. U.S. Department of Commerce, Bureau of Economic Analysis
 Source: Oregon Employment Department/Labor Market Information/qualityinfo.org

* Data unavailable for time period specified

**NORTHWEST REGIONAL EDUCATION SERVICE DISTRICT
Hillsboro, Oregon**

Demographic and Economic Information

Principal Employers for the Portland Metro Area –2022 and Nine Years Prior

| Employer | December 31, 2022 | | | December 31, 2013 | | |
|--|-------------------|------|--------------------------------|-------------------|------|--------------------------------|
| | Employees | Rank | Percentage of Total Employment | Employees | Rank | Percentage of Total Employment |
| Ten Largest Employers | | | | | | |
| Intel Corp | 22,328 | 1 | 25.17% | 15,636 | 2 | 1.56% |
| Providence Health System | 19,687 | 2 | 22.19% | 14,089 | 3 | 1.40% |
| Oregon Health & Science University | 18,497 | 3 | 20.85% | 12,000 | 5 | 1.20% |
| Nike Inc. | 15,125 | 4 | 17.05% | 7,000 | 10 | 0.70% |
| Legacy Health System | 13,087 | 5 | 14.75% | 9,732 | 7 | 0.97% |
| Kaiser Permanente | | 6 | 0.00% | 9,039 | 8 | 0.90% |
| Fred Meyer Stores | | 7 | 0.00% | 9,858 | 6 | 0.98% |
| City of Portland | | 8 | 0.00% | 8,876 | 9 | 0.88% |
| Portland Public Schools | | 9 | 0.00% | | | |
| Beaverton School District | | 10 | 0.00% | | | |
| US Federal Government | | | | 13,900 | 4 | 1.39% |
| State of Oregon | | | | 18,400 | 1 | 1.83% |
| Subtotal of Ten Largest Employers | 88,724 | | 100.00% | 118,530 | | 11.81% |
| All Other Employers | | | 0.00% | 884,873 | | 88.19% |
| Total Portland MSA Employment | 88,724 | | 100.00% | 1,003,403 | | 100.00% |

Source: Portland Business Journal of Lists and Oregon Employment Department Qualityinfo.org

**NORTHWEST REGIONAL EDUCATION SERVICE DISTRICT
Hillsboro, Oregon**

Operating Information

Count of Licensed, Classified, and Administrative Employees—Last Ten Fiscal Years

| Count of Filled Positions by Category at June 30 | | | | |
|---|-----------------|-------------------|-----------------------|--------------|
| <u>Fiscal Year</u> | <u>Licensed</u> | <u>Classified</u> | <u>Administration</u> | <u>Total</u> |
| 2014 | 190 | 273 | 45 | 508 |
| 2015 | 202 | 255 | 44 | 501 |
| 2016 | 249 | 258 | 50 | 557 |
| 2017 | 247 | 241 | 50 | 538 |
| 2018 | 214 | 291 | 49 | 554 |
| 2019 | 231 | 322 | 55 | 608 |
| 2020 | 280 | 259 | 63 | 602 |
| 2021 | 261 | 240 | 50 | 551 |
| 2022 | 284 | 237 | 54 | 575 |
| 2023 | 339 | 284 | 52 | 675 |

Source: Northwest Regional ESD payroll records.

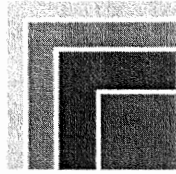
**NORTHWEST REGIONAL EDUCATION SERVICE DISTRICT
Hillsboro, Oregon**

Operating Information

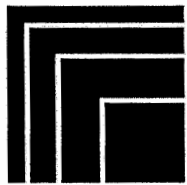
School Districts Participation in Programs and Services—Last Ten Fiscal Years

| Fiscal Year Ending June 30 | Special Students Services | Instructional Services | Technology Services | Other Support Services | Total |
|----------------------------------|---------------------------------|---------------------------|------------------------|------------------------------|------------|
| 2014 | 16,361,387 | 17,074 | 1,115,276 | 302,552 | 17,796,289 |
| 2015 | 15,311,250 | 815,899 | 1,056,450 | 228,350 | 17,411,949 |
| 2016 | 15,962,169 | 1,020,053 | 1,750,788 | 460,259 | 19,193,269 |
| 2017 | 15,870,878 | 1,960,014 | 2,202,770 | 283,648 | 20,317,310 |
| 2018 | 16,538,700 | 2,957,917 | 2,207,083 | 347,802 | 22,051,502 |
| 2019 | 18,780,387 | 2,793,215 | 2,337,300 | 512,059 | 24,422,961 |
| 2020 | 20,133,183 | 2,653,826 | 2,475,576 | 547,145 | 25,809,730 |
| 2021 | 22,750,711 | 3,823,495 | 2,419,761 | 1,084,970 | 30,078,937 |
| 2022 | 23,881,054 | 3,828,937 | 2,557,707 | 725,012 | 30,992,710 |
| 2023 | 24,944,285 | 3,969,533 | 2,812,690 | 1,062,685 | 32,789,193 |

Source: Northwest Regional ESD Annual Reports



Single Audit Section



Northwest Regional
Education Service District

**NORTHWEST REGIONAL EDUCATION SERVICE DISTRICT
Hillsboro, Oregon**

**Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2023**

| FEDERAL GRANTOR | Pass-Through | | | Fiscal Year |
|---|--------------|---------------|---|--------------------------|
| Federal Program/Cluster and Program Title | ALN | Entity Number | Grant Period | Expenditures |
| U.S. DEPARTMENT OF EDUCATION | | | | |
| <i>Passed through Oregon Department of Education</i> | | | | |
| Title ID School Programs | | | | |
| Title ID - Basic Grant to LEA's | 84.01 | 73306 | 7/1/2021-9/30/2023 | \$ 10,500 |
| | | | <i>ALN 84.01 Subtotal</i> | <u>10,500</u> |
| Migrant Education, State Grant Program | | | | |
| Migrant Education, State Grant Program | 84.011 | 68125 | 7/1/2021-9/30/2022 | 355,128 |
| | | 68136 | 7/1/2021-9/30/2022 | 807 |
| | | 70943 | 7/1/2021-9/30/2022 | 101,321 |
| | | 73280 | 7/1/2022-9/30/2023 | 390,946 |
| | | 74904 | 7/1/2022-6/30/2023 | 250,000 |
| | | | <i>ALN 84.011 Subtotal</i> | <u>1,098,203</u> |
| Title I State Agency Program for Neglected and Delinquent Children and Youth | | | | |
| Title ID Neglected and Delinquent Children and Youth Programs | 84.013 | 15623 | 7/1/2021-6/30/2023 | 177,755 |
| | | | <i>ALN 84.013 Subtotal</i> | <u>177,755</u> |
| Special Education Cluster | | | | |
| Special Education Grants to States | 84.027 | 11048 | 7/1/2021-6/30/2023 | 444,019 |
| | | 70586 | 7/1/2021-6/30/2023 | 73,783 |
| Special Education Grants to States (IDEA Part B 611) | 84.027 | 11048 | 7/1/2021-6/30/2023 | 3,694,846 |
| | | 11117 A8 | 7/1/2017-6/30/2023 | 2,492,454 |
| | | 15623 | 7/1/2021-6/30/2023 | 87,820 |
| Special Education Grants to States (IDEA Part B 611 ARP) | 84.027 | 11048 | 7/1/2021-6/30/2023 | 464,714 |
| | | 15623 | 7/1/2021-6/30/2023 | 10,588 |
| | | | <i>ALN 84.027 Subtotal</i> | <u>7,268,224</u> |
| Special Education Grants to States | 84.027A | 22073 | 7/1/2021-6/30/2023 | 827,866 |
| | | | <i>ALN 84.027A Subtotal</i> | <u>827,866</u> |
| Special Education Preschool Grants | 84.173 | 11048 | 7/1/2021-6/30/2023 | 39,087 |
| | | 11117 A7 | 7/1/2017-6/30/2023 | 299,699 |
| | | | <i>ALN 84.173 Subtotal</i> | <u>338,785</u> |
| | | | <i>Special Education Cluster Subtotal</i> | <u>8,434,874</u> |
| Special Education - Grants for Infants and Families | | | | |
| Special Education - Grants for Infants and Families (IDEA Part C) | 84.181 | 11117 A7 | 7/1/2017-6/30/2023 | 1,073,677 |
| | | | <i>ALN 84.181 Subtotal</i> | <u>1,073,677</u> |
| English Language Acquisition State Grants | | | | |
| Title III - English Language Acquisition | 84.365 | 58516 | 7/1/2020-9/30/2023 | 17,747 |
| | | | <i>ALN 84.365 Subtotal</i> | <u>17,747</u> |
| Education Stabilization Fund | | | | |
| ESD ESSER II Fund (COVID-19) | 84.425D | 65033 | 3/13/2020-11/14/2023 | 4,107,573 |
| ESD Technical Assistance (COVID 19) | 84.425 | 73306 | 7/1/2021-6/30/2023 | 266,025 |
| School Safety Specialist (COVID-19) | 84.425 | 75266 | 7/1/2022-9/30/2024 | 50,070 |
| | | | <i>ALN 84.425 Subtotal</i> | <u>4,423,668</u> |
| Total of Passed-through funds from Oregon Department of Education | | | | <u><u>15,236,425</u></u> |

**NORTHWEST REGIONAL EDUCATION SERVICE DISTRICT
Hillsboro, Oregon**

**Schedule of Expenditures of Federal Awards (continued)
For the Year Ended June 30, 2023**

| FEDERAL GRANTOR | Pass-Through | | | Fiscal Year |
|---|--------------|------------------|---|-----------------------------|
| Federal Program/Cluster and Program Title | ALN | Entity Number | Grant Period | Expenditures |
| <i>Passed through Oregon Department of Human Services</i> | | | | |
| Rehabilitation Services Vocational Rehabilitation Grants to States | | | | |
| Youth Transition Program | 84.126 | 160734 | 7/1/2021–6/30/2023 | 121,577 |
| | | | <i>ALN 84.126 Subtotal</i> | <u>121,577</u> |
| <i>Total of Passed-through funds from Oregon Department of Human Services</i> | | | | <u>121,577</u> |
| TOTAL U.S. DEPARTMENT OF EDUCATION PROGRAMS | | | | <u>15,358,002</u> |
| U.S. DEPARTMENT OF AGRICULTURE | | | | |
| <i>Passed through Oregon Department of Education</i> | | | | |
| Child Nutrition | | | | |
| School Breakfast Program | 10.553 | N/A | 7/1/2022–6/30/2023 | 27,794 |
| National School Lunch Program Commodities | 10.555 | N/A | 7/1/2022–6/30/2023 | 7,625 |
| National School Lunch Program | 10.555 | N/A | 7/1/2022–6/30/2023 | 76,000 |
| | | | <i>ALN 10.555 Subtotal</i> | <u>111,419</u> |
| U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES | | | | |
| <i>Passed through Oregon Department of Education</i> | | | | |
| Every Student Succeeds Act/Preschool Development Grants | | | | |
| Early Learning Hub - Coordinated Enrollment | 93.434 | 66173 | 7/1/2021–6/30/2023 | 43,027 |
| Early Learning Hub - Preschool Development Grant | 93.434 | 70566 | 10/1/2021–12/30/2023 | 39,913 |
| | 93.434 | 74925 | 7/1/2022–6/30/2023 | 30,000 |
| | | | <i>ALN 94.434 Subtotal</i> | <u>112,940</u> |
| MaryLee Allen Promoting Safe and Stable Families Program | | | | |
| Early Learning Family Support Services (Title IV-B2) | 93.556 | 70534 | 10/1/2021–6/30/2023 | 12,386 |
| EL Hub Family Preservation - Title IV-B2 | 93.556 | 70550 | 10/1/2021–6/30/2023 | 3,139 |
| | | | <i>ALN 93.556 Subtotal</i> | <u>15,525</u> |
| Child Care and Development Fund Cluster | | | | |
| Child Care and Development Block Grant | 93.575 | 68038 | 7/1/2021–6/30/2023 | 93,472 |
| | | | <i>ALN 93.575 Subtotal</i> | <u>93,472</u> |
| Child Care and Development Fund Cluster | | | | |
| Child Care and Development Block Grant | 93.596 | 68038 | 7/1/2021–6/30/2023 | 85,592 |
| Child Care and Development Block Grant | 93.596 | 70185 | 10/1/2021–6/30/2023 | 475,075 |
| | | | <i>ALN 93.575 Subtotal</i> | <u>560,667</u> |
| | | | <i>Child Nutrition Cluster Subtotal</i> | <u>111,419</u> |
| | | | <i>Child Care and Development Fund Cluster Subtotal</i> | <u>654,139</u> |
| <i>Total of Pass-through funds from Oregon Department of Education</i> | | | | <u>894,022</u> |
| TOTAL U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES PROGRAMS | | | | <u>894,022</u> |
| TOTAL FEDERAL PROGRAMS | | | | <u>\$ 16,252,024</u> |

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



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December 19, 2023

To the Board of Directors
Northwest Regional Education Service District
Washington 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 basic financial statements of the governmental activities, business-type activities, each major fund and the remaining fund information of North West Regional Education Service District (the District) as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the basic financial statements, and have issued our report thereon dated December 19, 2023.

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 basic 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 basic 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 District's 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 basic 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.



ROY R. ROGERS, CPA
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December 19, 2023

To the Board of Directors
Northwest Regional Education Service District
Washington 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 North West Regional Education Service District (the District) 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, 2023. 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, the District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2023.

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

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

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.

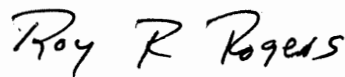
Report on Internal Control over Compliance

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.



ROY R. ROGERS, CPA
PAULY, ROGERS AND CO., P.C.

NORTHWEST REGIONAL EDUCATION SERVICE DISTRICT
PORTLAND, OREGON

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2023

SECTION I – SUMMARY OF AUDITORS’ RESULTS

FINANCIAL STATEMENTS

Type of auditors’ report issued

Unmodified

Internal control over financial reporting:

Material weakness(es) identified?

yes no

Significant deficiency(s) identified that are not considered to be material weaknesses?

yes none reported

Noncompliance material to financial statements noted?

yes no

Any GAGAS audit findings disclosed that are required to be reported in accordance with section 515(d)(2) of the Uniform Guidance?

yes no

FEDERAL AWARDS

Internal control over major programs:

Material weakness(es) identified?

yes no

Significant deficiency(s) identified that are not considered to be material weaknesses?

yes none reported

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

Unmodified

Any audit findings disclosed that are required to be reported in accordance with section 200.516(a) of the Uniform Guidance?

yes no

IDENTIFICATION OF MAJOR PROGRAMS

| <u>AL NUMBER</u> | <u>NAME OF FEDERAL PROGRAM CLUSTER</u> |
|-------------------------|---|
| 84.425 | ESSER |
| 84.181 | Early Intervention |

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

Auditee qualified as low-risk auditee?

yes no

NORTHWEST REGIONAL EDUCATION SERVICE DISTRICT
PORTLAND, OREGON

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2023

SECTION II – FINANCIAL STATEMENT FINDINGS

NONE

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

NONE

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 District.

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, if any, shown on the schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years. The District has not elected to use the ten percent de minimis 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 minimis rate.



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December 19, 2023

Independent Auditors' Report Required by Oregon State Regulations

We have audited the basic financial statements of the Northwest Regional Education Service District (the District) as of and for the year ended June 30, 2023, and have issued our report thereon dated December 19, 2023. 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 basic financial statements are free of material misstatement, we performed tests of 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 the basic 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.**

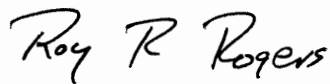
In connection with our testing nothing came to our attention that caused us to believe the District was not in substantial compliance with certain provisions of laws, regulations, contracts, and grants, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules 162-10-000 through 162-10-320 of the Minimum Standards for Audits of Oregon Municipal Corporations.

Expenditures of the various funds were within authorized appropriations except for in the Fiduciary Fund that was over-expended by \$454,608.

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 opinions on the basic 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 and 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 cursive script that reads "Roy R. Rogers".

ROY R. ROGERS, CPA
PAULY, ROGERS AND CO., P.C.

