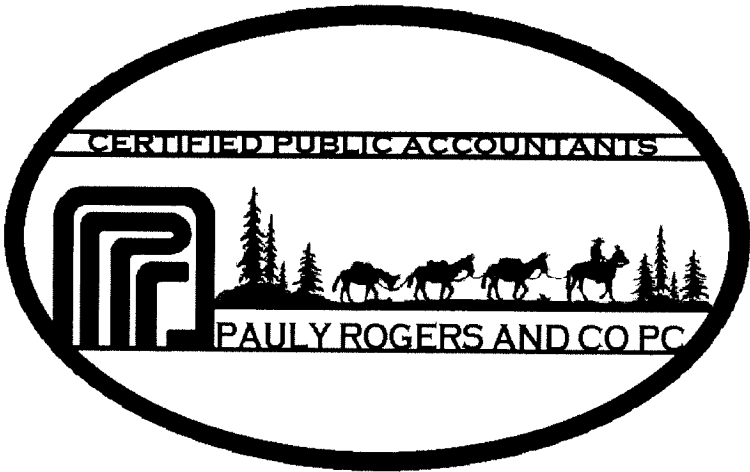


**WILLAMETTE EDUCATION SERVICE DISTRICT  
MARION COUNTY, OREGON**

**FINANCIAL REPORT**

**FOR THE YEAR ENDED JUNE 30, 2021**



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

WILLAMETTE EDUCATION SERVICE DISTRICT  
MARION COUNTY, OREGON

2020-2021

FINANCIAL REPORT

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WILLAMETTE EDUCATION SERVICE DISTRICT  
MARION COUNTY, OREGON

BOARD OF DIRECTORS

TERM EXPIRES

Frank R Pender, Board Chair	June 30, 2021
Larry Trott, Jr., Vice-Chair	June 30, 2021
Mike Riddle	June 30, 2021
Linda Reeves	June 30, 2021
Bill Linhart	June 30, 2021
Alonso Oliveros	June 30, 2023
Anna Ali	June 30, 2023
Dr Noelle Carroll	June 30, 2023
Dr. Sue Monahan	June 30, 2023
Ginger Redlinger	Non-Voting Advisory Member

All Board members receive mail at the address below.

ADMINISTRATION

Dave Novotney, Superintendent  
Russell Allen, Executive Director  
April Felguth, Accounting Manager

2611 Pringle Road SE  
Salem, OR 97302

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WILLAMETTE EDUCATION SERVICE DISTRICT  
MARION COUNTY, OREGON

TABLE OF CONTENTS

\*\*\*\*\*

	<u>PAGE NUMBER</u>
INDEPENDENT AUDITORS' REPORT	i
<b><u>REQUIRED SUPPLEMENTARY INFORMATION</u></b>	
MANAGEMENT'S DISCUSSION AND ANALYSIS	iv
<b><u>BASIC FINANCIAL STATEMENTS</u></b>	
Government-Wide Financial Statements:	
Statement of Net Position	1
Statement of Activities	2
Fund Financial Statements:	
Balance Sheet – Governmental Funds	3
Reconciliation of the Governmental Funds Balance Sheet to Statement of Net Position	4
Statement of Revenues, Expenditures and Changes In Fund Balances – Governmental Funds	5
Reconciliation of the Statement of Revenues, Expenditures And Changes in Fund Balances – Governmental Funds to Statement of Activities	6
Statement of Net Position – Internal Service Fund	7
Statement of Revenues, Expenses and Changes in Fund Net Position Internal Service Fund	8
Statement of Cash Flows – Internal Service Fund	9
Statement of Fiduciary Assets and Liabilities – Fiduciary Fund	10
Notes to Basic Financial Statements	11
<b><u>REQUIRED SUPPLEMENTARY INFORMATION</u></b>	
Schedule of Changes in Total Pension Liability and Related Ratios – OPEB Health Insurance	42
Schedule of Employer Contributions – OPEB Health Insurance	42
Schedule of Proportionate Share of the Net OPEB Asset - RHIA	43
Schedule of Employer Contributions – RHIA	43
Schedule of the Proportionate Share of the Net Pension Liability – PERS	44
Schedule of Contributions – PERS	44
Schedule of Revenues, Expenditures and Changes In Fund Balance, Budget and Actual	
General Fund	45
Special Revenue Fund	46

WILLAMETTE EDUCATION SERVICE DISTRICT  
MARION COUNTY, OREGON

TABLE OF CONTENTS (CONTINUED)

\*\*\*\*\*

PAGE  
NUMBER

**SUPPLEMENTARY INFORMATION**

Schedule of Revenues, Expenditures and Changes In Fund Balance, Budget and Actual	
Debt Service Fund	47
Capital Projects Fund	48
Internal Service Fund	49
Schedule of Changes in Assets and Liabilities – Agency Fund	50
Schedule of Revenues, Expenditures and Change In Fund Balance, Budget and Actual – Agency Fund	51
Schedule of Property Tax Transactions and Balances of Taxes Uncollected – General Fund	52
Schedule of Expenditures of Federal Awards	53

**OTHER INFORMATION**

District Revenue Summary – All Funds	54
District Expenditures Summary:	
General Fund	55
Special Revenue Fund	56
Debt Service	57
Capital Projects Fund	58
Internal Service Fund	59
Fiduciary Fund	60
Supplemental Information – As Required by the Oregon Department of Education	61

**REPORTS ON LEGAL AND OTHER REGULATORY REQUIREMENTS**

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

**GRANT COMPLIANCE**

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 <i>Government Auditing Standards</i>	64
Independent Auditors' Report on Compliance for Each Major Program and on Internal Control Over Compliance and Required by the Uniform Guidance	66
Schedule of Findings and Questioned Costs	68



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

December 13, 2021

## **INDEPENDENT AUDITORS' REPORT**

To the Board of Directors  
Willamette Education Service District  
Marion County, Oregon

### **Report on the Financial Statements**

We have audited the basic accompanying financial statements of the governmental activities, each major fund, and the remaining fund information of Willamette Education Service District (the District), as of and for the year ended June 30, 2021, and the related notes to the basic financial statements, which collectively comprise the basic financial statements as listed in the table of contents.

### **Management's Responsibility for the Financial Statements**

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

### **Auditors' Responsibility**

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

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

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

### **Opinions**

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



## **Other Matters**

### *Required Supplementary Information*

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

The budgetary comparison schedules presented as Required Supplementary Information, as listed in the table of contents, have been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting records used to prepare the 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, and in our opinion are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

### *Supplementary Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The supplementary information, as listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. Code of Federal Regulations (CRF) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, and is not a required part of the basic financial statements. The supplementary information and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information, 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*

The listing of board members containing their term expiration dates, located before the table of contents, and the other information, as listed in the table of contents, have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

## Report on Other Legal and Regulatory Requirements

In accordance with Government Auditing Standards, we have also issued our reports dated December 13, 2021 on our consideration of the internal control over financial reporting and on our tests of compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of the reports is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. The reports are 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 13, 2021, on our consideration of compliance with certain provisions of laws and regulations, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules. The purpose of that report is to describe the scope of our testing of compliance and the results of that testing and not to provide an opinion on compliance.



Roy R. Rogers, CPA  
PAULY, ROGERS AND CO., P.C.

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## WILLAMETTE EDUCATION SERVICE DISTRICT

### MANAGEMENT'S DISCUSSION AND ANALYSIS YEAR ENDED JUNE 30, 2021

As management of Willamette Education Service District (the District), we offer readers of the District's financial statements this narrative overview and analysis of the financial activities for the fiscal year ended June 30, 2021.

#### FINANCIAL HIGHLIGHTS

The District's net position as of June 30, 2021 declined by \$2.1 million from the net position of June 30, 2020. Assets increased by \$9.8 million due to deposits and receivables, pension and OPEB related deferrals. Liabilities increased by \$11.9 million due to accounts payable and net pension liability for PERS. The governmental funds balance increased by \$.5 million due to increased tax and state revenue with relatively flat expenditure and declining costs for debt service. The District's governmental activities report a combined ending fund balance of \$9.5 million. The General Fund unassigned ending fund balance is \$5.1 million, an increase of 19% over the prior fiscal year.

The proportionate share of the *Net Pension Asset* and the *Net Pension Related Deferrals* relate to future actuarial estimates of whether the District will have to pay more or less than what is currently in the pension bond programs. However, those future estimates are subject to volatility.

In the government-wide statements, the liabilities of the District exceeded its assets on June 30, 2021 by \$11.5 million mainly due to the implementation of GASB 68.

#### OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis are intended to serve as an introduction to the District's basic financial statements. The District's basic financial statements consist of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the basic financial statements. This report also contains supplementary information in addition to the basic financial statements themselves.

##### Government-Wide Financial Statements

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

###### Statement of Net Position

The Statement of Net Position presents information on all the assets and liabilities of the District at year-end. Net assets are what remain after the liabilities have been paid or otherwise satisfied. Over time, increases and decreases in the net position may serve as a useful indicator of whether the financial position of the district is improving or deteriorating.

###### Statement of Activities

The Statement of Activities presents information showing how the net position of the District changed over the year by tracking revenues, expenses and other transactions that increase or reduce the 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). The Statement of Activities shows the net position as of June 30, 2021 decreased by \$2.1 million.

These financial highlights indicate the extent to which the District has maintained its financial position. The government-wide financial statements can be found on pages 1 and 2.

**Fund Financial Statements.** The fund financial statements provide more detailed information about the District's funds, focusing on its major funds – not the District 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. WESD, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All funds of the District can be divided into three categories: governmental funds, proprietary funds and fiduciary funds.

### **Governmental Funds**

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating the District's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented in the 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. Both the governmental fund Balance Sheet and Statement of Revenues, Expenditures and Changes in Fund Balances are reconciled to the government-wide Statement of Net Position and Statement of Activities.

The District maintains four individual governmental funds. Information is presented separately in the governmental fund Balance Sheet and the Statement of Revenues, Expenditures and Changes in Fund Balances for the General, Special Revenue, Debt Service, and Capital Project Funds all of which are major funds.

### **Proprietary Funds**

The Proprietary Fund is used to account for the cost of internal technology services, technology services provided to other agencies and technology services provided to districts outside of the Marion/Polk/Yamhill County Region.

### **Fiduciary Funds**

The Fiduciary fund is used to account for resources held for the benefit of parties outside of the District. The accounting used for fiduciary funds is the same as that used for governmental funds.

### **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.

## Other Information

In addition to the basic financial statements and accompanying notes, this report also presents certain other information concerning the District's operations.

## GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. For the District, liabilities exceeded assets by \$11.5 million as of June 30, 2021.

Capital assets, which consist of the District's land, buildings, building improvements, vehicles and equipment, represent approximately 28.7% of total assets. The remaining assets consist mainly of prepaid pension costs, cash and accounts receivable.

The District's largest liabilities, net pension liability, pension obligation bonds and other long-term debt, account for 89.5% of liabilities. Current liabilities, representing 10.5% of total liabilities, consist primarily of accounts payable, payroll liabilities, compensated absences and unearned revenue

The following table shows the change in net position from June 30, 2020 to June 30, 2021.

### NET POSITION

	<u>June 30, 2021</u>	<u>June 30, 2020</u>
	Governmental	Governmental
	Balances	Balances
<b>Assets</b>		
Current and other assets	\$ 17,539,619	\$ 13,583,393
Capital assets	12,832,717	12,733,072
Pension and OPEB related deferrals	<u>14,270,587</u>	<u>8,493,961</u>
Total assets	<u>44,642,923</u>	<u>34,810,426</u>
<b>Liabilities</b>		
Current liabilities	5,898,293	3,265,866
Long term liabilities	17,672,205	18,818,949
Pension and OPEB related deferrals	<u>32,538,181</u>	<u>22,131,104</u>
Total liabilities	<u>56,108,679</u>	<u>44,215,919</u>
<b>Net Position</b>		
Net Investment in Capital Assets	8,162,454	7,642,092
Restricted for OPEB RHIA Asset	451,879	309,713
Restricted for Debt Service	18	13,741
Restricted for Capital Projects	-	731,417
Restricted for Grants	3,875,987	3,875,986
Unrestricted	<u>(23,956,094)</u>	<u>(21,978,442)</u>
Total net position	<u>\$ (11,465,756)</u>	<u>\$ (9,405,493)</u>

## CHANGES IN NET POSITION

	June 30, 2021	June 30, 2020
	Governmental Activities	Governmental Activities
<b>Revenues</b>		
Program revenues		
Charges for services	\$ 4,654,916	\$ 3,651,210
Operating grants and contributions	34,053,204	27,766,226
General revenues		
Property taxes	12,471,686	12,006,055
State school fund general support	29,846,749	28,740,221
Earnings on investments	137,915	359,825
Intermediate revenue	228,155	12,208
Local Revenue	5,338,279	5,565,900
Total revenues	86,730,904	78,101,645
<b>Program expenses</b>		
Instruction	40,851,830	33,057,049
Support services	46,110,717	42,284,313
Enterprise and community services	56,353	73,026
Apportionment of funds by ESD		
Interest on long-term obligations	1,772,267	1,698,337
Total program expenses	88,791,167	77,112,725
Change in net Position	(2,060,263)	988,920
Prior Period Adjustments		
Net Position - beginning - restated for GASB 75	(9,405,493)	(10,394,413)
Net Position - ending	\$ (11,465,756)	\$ (9,405,493)

### Financial Analysis of the District's Funds

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

#### Governmental Funds

The focus of the District'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 District's financing requirements. Unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of a fiscal year.

On June 30, 2021, the District's governmental funds reported combined ending fund balances of \$9.5 million, an increase of \$.5 million in comparison with the prior year.

**General Fund**

The General Fund is the chief operating fund of the District. As of June 30, 2021, the unassigned fund balance was \$5.1 million.

**CAPITAL ASSET AND DEBT ADMINISTRATION****Capital Assets**

The District's investment in capital assets includes land, buildings and improvements, and vehicles and equipment. As of June 30, 2021, the District had invested over \$12.8 million in capital assets, net of depreciation.

**Long-Term Obligations**

At the end of the current fiscal year, the District had total long-term obligations of \$50.2 million consisting of net pension liability, pension obligation bonds, and other long-term debt.

**ECONOMIC FACTORS AND NEXT YEAR'S BUDGET**

The most significant factor impacting the District's budget is the State School Fund. This funding source provides the revenue for services and programs for the District's partner school districts and accounts for 67% of the District's general fund program resources. Other impactful economic factors include increased health insurance rates, pension rates, union contracts with the District's two employee organizations, and a higher percentage of current property tax revenue.

**REQUESTS FOR INFORMATION**

This financial report is designed to present the user (citizens, taxpayers, investors, and creditors) with a general overview of the District's finances and to demonstrate the District's accountability. Questions concerning any of the information provided in this report or requests for additional information should be addressed to:

Russ Allen  
Executive Director, Business Services  
Willamette ESD  
2611 Pringle Rd. SE  
Salem OR 97302



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WILLAMETTE EDUCATION SERVICE DISTRICT  
MARION COUNTY, OREGON

BASIC FINANCIAL STATEMENTS

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**WILLAMETTE EDUCATION SERVICE DISTRICT  
MARION COUNTY, OREGON**

**STATEMENT OF NET POSITION  
June 30, 2021**

ASSETS	
Deposits and Investments	\$ 7,484,788
Receivables	8,782,494
Prepaid Expenses	820,458
OPEB RHIA Asset	451,879
Capital Assets:	
Land	1,260,650
Buildings and Equipment, Net of Depreciation	11,572,067
<b>TOTAL ASSETS</b>	<b>30,372,336</b>
DEFERRED OUTFLOWS OF RESOURCES	
OPEB Related Deferrals - Health Insurance	168,989
RHIA Related Deferrals	50,252
Pension Related Deferrals - PERS	14,051,346
<b>TOTAL ASSETS AND PENSION RELATED DEFERRALS</b>	<b>44,642,923</b>
LIABILITIES	
Accounts Payable	2,867,698
Payroll and Withholdings Payable	2,611,281
Accrued Interest	7,013
Compensated Absences	66,950
Unearned Revenue	345,351
Long-Term Liabilities:	
OPEB Liability - Health Insurance	967,781
Net Pension Liability - PERS	27,072,597
Obligations Due Within One Year	1,173,844
Obligations Due in More Than One Year	16,471,748
Unamortized Bond Premium	26,613
<b>TOTAL LIABILITIES</b>	<b>51,610,876</b>
DEFERRED INFLOWS OF RESOURCES	
OPEB Related Deferrals - Health Insurance	117,135
RHIA Related Deferrals	134,111
Pension Related Deferrals - PERS	4,246,557
<b>TOTAL LIABILITIES AND PENSION RELATED DEFERRALS</b>	<b>56,108,679</b>
NET POSITION	
Net Investment in Capital Assets	8,162,454
Restricted for OPEB RHIA Asset	451,879
Restricted for Debt Service	18
Restricted for Grants	3,875,987
Unrestricted	(23,956,094)
<b>TOTAL NET POSITION</b>	<b>\$ (11,465,756)</b>

The accompanying notes are an integral part of the basic financial statements

**WILLAMETTE EDUCATION SERVICE DISTRICT**  
**MARION COUNTY, OREGON**

**STATEMENT OF ACTIVITIES**  
**For the Year Ended June 30, 2021**

Functions/Programs	Expenses	Program Revenues		Net Revenues (Expenses) and Changes in Net Position
		Charges For Services	Operating Grants and Contributions	Governmental Activities
<b>Governmental Activities:</b>				
Instruction	\$ 40,851,830	\$ 2,221,604	\$ 16,299,435	\$ (22,330,791)
Support Services	46,110,717	2,433,312	17,753,769	(25,923,636)
Enterprise and Community Services	56,353	-	-	(56,353)
Interest on Long-Term Obligations	1,772,267	-	-	(1,772,267)
<b>Total Governmental Activities</b>	<b>\$ 88,791,167</b>	<b>\$ 4,654,916</b>	<b>\$ 34,053,204</b>	<b>(50,083,047)</b>
<b>General Revenues</b>				
Property Taxes				12,471,686
State School Fund General Support				29,846,749
Other Local Revenue				5,338,279
Intermediate Revenue				228,155
Earnings on Investments				137,915
<b>Total General Revenues</b>				<b>48,022,784</b>
				<b>Change in Net Position (2,060,263)</b>
				<b>Beginning Net Position (9,405,493)</b>
				<b>Ending Net Position \$ (11,465,756)</b>

The accompanying notes are an integral part of the basic financial statements.

**WILLAMETTE EDUCATION SERVICE DISTRICT  
MARION COUNTY, OREGON**

**BALANCE SHEET  
GOVERNMENTAL FUNDS  
June 30, 2021**

	<u>GENERAL</u>	<u>SPECIAL REVENUE</u>	<u>DEBT SERVICE</u>	<u>CAPITAL PROJECTS</u>	<u>TOTAL</u>
<b>ASSETS</b>					
Deposits and Investments	\$ 6,778,303	\$ -	\$ 18	\$ -	\$ 6,778,321
Receivables:					
Property Taxes	440,983	-	-	-	440,983
Accounts	60	8,207,875	-	-	8,207,935
Prepays	-	33,787	-	-	33,787
Due from Other Funds	824,593	-	-	-	824,593
	<u>824,593</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>824,593</u>
Total Assets	<u>\$ 8,043,939</u>	<u>\$ 8,241,662</u>	<u>\$ 18</u>	<u>\$ -</u>	<u>\$ 16,285,619</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>					
<b>Liabilities:</b>					
Accounts Payable	\$ 50,193	\$ 2,809,146	\$ -	\$ -	\$ 2,859,339
Payroll Liabilities	2,611,281	-	-	-	2,611,281
Due to Other Funds	-	824,593	-	-	824,593
Unearned Revenue	-	223,142	-	-	223,142
	<u>2,661,474</u>	<u>3,856,881</u>	<u>-</u>	<u>-</u>	<u>6,518,355</u>
<b>Deferred Inflows of Resources:</b>					
Unavailable Revenue-Property Taxes	294,446	-	-	-	294,446
Total Deferred Inflows of Resources	<u>294,446</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>294,446</u>
<b>Fund Balances:</b>					
Nonspendable	-	33,787	-	-	33,787
Restricted:					
Debt Service	-	-	18	-	18
Grants	-	3,875,987	-	-	3,875,987
Unassigned	5,088,019	475,007	-	-	5,563,026
	<u>5,088,019</u>	<u>4,384,781</u>	<u>18</u>	<u>-</u>	<u>9,472,818</u>
Total Fund Balances	<u>5,088,019</u>	<u>4,384,781</u>	<u>18</u>	<u>-</u>	<u>9,472,818</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 8,043,939</u>	<u>\$ 8,241,662</u>	<u>\$ 18</u>	<u>\$ -</u>	<u>\$ 16,285,619</u>

The accompanying notes are an integral part of the basic financial statements

**WILLAMETTE EDUCATION SERVICE DISTRICT**  
**MARION COUNTY, OREGON**  
**RECONCILIATION OF THE GOVERNMENTAL FUNDS**  
**BALANCE SHEET TO STATEMENT OF NET POSITION**  
**June 30, 2021**

Total Fund Balances - Governmental Funds \$ 9,472,818

The net pension asset (liability) for PERS is the difference between the total pension liability and the assets set aside to pay benefits earned to past and current employees and beneficiaries. (27,072,597)

OPEB RHIA Asset 451,879

Deferred inflows and outflows of resources related to the pension plan include differences between expected and actual experience, changes of assumptions, differences between projects and actual earning, and contributions subsequent to the measurement date.

Deferred Outflows - PERS	14,051,346
Deferred Inflows - PERS	(4,246,557)
Deferred Outflows - OPEB - Health Insurance	168,989
Deferred Inflows - OPEB - Health Insurance	(117,135)
Deferred Outflows - RHIA	50,252
Deferred Inflows - RHIA	(134,111)

The cost of capital assets (land, buildings and equipment) purchased or constructed is reported as an expenditure in governmental funds. The Statement of Net Position includes those capital assets among the assets of the District as a whole.

Net Capital Assets 12,832,717

The unamortized portion of prepaid pension cost and bond premiums is not available to pay for current period expenditures, and therefore is not reported in the governmental funds.

Bond Premium (26,613)

Long-term liabilities applicable to the governmental activities are not due and payable in the current period and accordingly are not reported as fund liabilities. All liabilities, both current and long term, are reported in the Statement of Net Position.

Long-term Liabilities:

Other Post-Employment Benefits - Health Insurance	\$ (967,781)
Accrued Vacation	(66,950)
Accrued Interest	(7,013)
Limited Tax Pension Bonds Payable	(17,645,592)
	(18,687,336)

The assets and liabilities of the Internal Service funds are included in the governmental activities in the Statement of Net Position. 709,475

Unearned Revenue Related to Property Taxes 294,446

The net of prepayments for services that extend for several years are expensed when paid on the fund basis but expensed overtime on the statement of activities. 786,671

Net Position \$ (11,465,756)

The accompanying notes are an integral part of the basic financial statements

**WILLAMETTE EDUCATION SERVICE DISTRICT  
MARION COUNTY, OREGON**

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCES - GOVERNMENTAL FUNDS  
For the Year Ended June 30, 2021**

	GENERAL	SPECIAL REVENUE	DEBT SERVICE	CAPITAL PROJECTS	TOTAL
<b>REVENUES</b>					
Local Sources	\$ 14,792,110	\$ 6,253,965	\$ 2,386,331	\$ -	\$ 23,432,406
Intermediate Sources	20,313	207,842	-	-	228,155
State Sources	29,846,749	23,484,804	-	-	53,331,553
Federal Sources	-	7,748,212	-	-	7,748,212
<b>Total Revenues</b>	<b>44,659,172</b>	<b>37,694,823</b>	<b>2,386,331</b>	<b>-</b>	<b>84,740,326</b>
<b>EXPENDITURES</b>					
Current:					
Instruction	-	25,532,883	-	-	25,532,883
Support Services	5,096,104	22,869,242	-	-	27,965,346
Community Services	-	35,222	-	-	35,222
Debt Service:					
Principal	-	-	1,142,943	-	1,142,943
Interest	-	-	1,774,892	-	1,774,892
<b>Total Expenditures</b>	<b>5,096,104</b>	<b>48,437,347</b>	<b>2,917,835</b>	<b>-</b>	<b>56,451,286</b>
Excess (Deficiency) of Revenues over Expenditures	39,563,068	(10,742,524)	(531,504)	-	28,289,040
<b>OTHER FINANCING SOURCES (USES)</b>					
5200 Transfers In	-	-	517,781	-	517,781
5202 ESD Transit	-	12,018,508	-	-	12,018,508
5200 Transfers Out	(558,735)	(795,476)	-	(731,417)	(2,085,628)
5202 ESD Transit	(38,184,251)	-	-	-	(38,184,251)
<b>Total Other Financing Sources (Uses)</b>	<b>(38,742,986)</b>	<b>11,223,032</b>	<b>517,781</b>	<b>(731,417)</b>	<b>(27,733,590)</b>
Net Change in Fund Balances	820,082	480,508	(13,723)	(731,417)	555,450
Fund Balances at Beginning of Year	4,267,937	3,904,273	13,741	731,417	8,917,368
Fund Balances at End of Year	<u>\$ 5,088,019</u>	<u>\$ 4,384,781</u>	<u>\$ 18</u>	<u>\$ -</u>	<u>\$ 9,472,818</u>

The accompanying notes are an integral part of the basic financial statements



**WILLAMETTE EDUCATION SERVICE DISTRICT**  
**MARION COUNTY, OREGON**  
**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS**  
**TO STATEMENT OF ACTIVITIES**  
**For the Year Ended June 30, 2021**

Total Net Changes in Fund Balances - Governmental Funds	\$	555,450	
<p>The PERS 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.</p>			
		(4,567,461)	
Changes in OPEB Liability		(42,169)	
Changes in RHIA Liability		121,345	
<p>Repayment of bond principal, capital leases and post retirement obligations is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position. Additions to bond principal, capital leases and post retirement obligations is an expense for the Statement of Net Position but not the governmental funds.</p>			
Accrued Interest		632	
Bond Premium		3,802	
Debt Principal Repaid		1,142,942	
		1,142,942	1,147,376
<p>Capital outlays are reported in governmental funds as expenditures. However, in the Statement of Activities, the cost of those assets is capitalized and allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlay exceeds depreciation. Capital asset dispositions create a gain or loss on the Statement of Activities, but dispositions that do not result from a sale of assets are not recognized in the governmental funds. Depreciation Expense is also recognized in the Statement of Activities but not in the governmental funds.</p>			
Capital Asset Additions, Net		701,419	
Depreciation Expense		(601,774)	
		(601,774)	99,645
<p>Compensated absences are recognized as an expenditure in the governmental funds when they are paid, but the liability is recorded in the Statement of Net Position until they are paid. (Net)</p>			
			1,994
<p>The activities of the Internal Service funds are included in the governmental activities in the Statement of Activities.</p>			
			(49,597)
<p>Revenue in the Statement of Activities differs from the amount reported in the governmental funds. In the governmental funds, which are on the modified accrual basis, the District recognizes a deferred revenue for all property taxes levied but not received; however, in the Statement of Activities, there is no unavailable revenue and the full property tax receivable is accrued.</p>			
			(113,517)
<p>The net of prepayments for services that extend for several years are expensed when paid on the fund basis but expensed overtime on the statement of activities.</p>			
			786,671
Change in Net Position - Governmental Activities	\$		(2,060,263)

The accompanying notes are an integral part of the basic financial statements

**WILLAMETTE EDUCATION SERVICE DISTRICT**  
**MARION COUNTY, OREGON**

**STATEMENT OF NET POSITION - INTERNAL SERVICE FUND**  
**June 30, 2021**

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**ASSETS**

Deposits and Investments	\$ 706,467
Accounts Receivable	133,576
	<hr/>
Total Assets	840,043
	<hr/>

**LIABILITIES**

Accounts Payable	8,359
Unearned Revenue	122,209
	<hr/>
Total Liabilities	130,568
	<hr/>

**NET POSITION**

Unrestricted	709,475
	<hr/>
Total Net Position	\$ 709,475
	<hr/> <hr/>

The accompanying notes are an integral part of the basic financial statements

**WILLAMETTE EDUCATION SERVICE DISTRICT**  
**MARION COUNTY, OREGON**

**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION**  
**INTERNAL SERVICE FUND**  
**For the Year Ended June 30, 2021**

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Operating Revenues:		
Services Provided Other Funds	\$	2,104,095
		<hr/>
Operating Expenses:		
Cost of Services		2,153,692
		<hr/>
Operating Income (Loss)		(49,597)
		<hr/>
Change in Net Position		(49,597)
Net Position - Beginning		759,072
		<hr/>
Net Position - Ending	\$	709,475
		<hr/> <hr/>

The accompanying notes are an integral part of the basic financial statements

**WILLAMETTE EDUCATION SERVICE DISTRICT  
MARION COUNTY, OREGON**

**STATEMENT OF CASH FLOWS  
INTERNAL SERVICE FUND  
For the Year Ended June 30, 2021**

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Cash Flows from Operating Activities:		
Receipts from Other Funds	\$	2,102,664
Payments to Vendors		<u>(2,202,925)</u>
Net Cash (Used) Provided by Operating Activities		(100,261)
Cash Balance - Beginning		<u>806,728</u>
Cash Balance - Ending	\$	<u><u>706,467</u></u>
Reconciliation of Operating Income to		
Net Cash Provided by Operating Activities:		
Operating Income	\$	(49,597)
Adjustments to Reconcile Net Income to Net Cash		
(Increase)/Decrease in Accounts Receivable		(105,133)
Increase/(Decrease) in Accounts Payable		(49,233)
Increase/(Decrease) in Unearned Revenue		103,702
(Increase)/Decrease in Due to Other Funds		<u>806,728</u>
	\$	<u><u>706,467</u></u>

The accompanying notes are an integral part of the basic financial statements

**WILLAMETTE EDUCATION SERVICE DISTRICT**  
**MARION COUNTY, OREGON**  
**STATEMENT OF FIDUCIARY NET POSITION**  
**Fiduciary Funds**  
**June 30, 2021**

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	<u>Custodial Fund</u>
<u>ASSETS</u>	
Deposits and Investments	\$ 2,188,593
Total Assets	\$ 2,188,593
<u>LIABILITIES AND NET POSITION</u>	
Accounts Payable	\$ 900,791
Total Liabilities	\$ 900,791
<u>NET POSITION</u>	
Restricted - Other Agencies	1,287,802
Total Liabilities and Net Position	\$ 2,188,593

WILLAMETTE EDUCATION SERVICE DISTRICT  
MARION COUNTY, OREGON

NOTES TO THE BASIC FINANCIAL STATEMENTS

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WILLAMETTE EDUCATION SERVICE DISTRICT  
MARION COUNTY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

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1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The basic financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant accounting policies are described below.

REPORTING ENTITY

The Willamette Education Service District (the District) is a municipal corporation and serves as the administrative agent for more than 40 state and federal projects throughout Marion, Polk, and Yamhill counties. The District was formed in accordance with ORS 334.020 and Section 25, Chapter 784 Oregon Laws 1933. The ESD offers services in four core areas: school improvements, technology, programs for children with special needs, and administrative support. Control is vested in its Board of Directors. Five directors are elected by service area. These five board members then appoint an additional four directors who represent business, higher education, social services and at-large sectors of the service community. Administrative functions are delegated to individuals who report to and are responsible to the Board. The chief administrative officer is the superintendent.

The District qualifies as a primary government since it has a separately elected governing body, is a legally separate entity, and is fiscally independent. There are various governmental entities and special service districts which provide services within the District's boundaries. However, the District is not financially accountable for any of these entities, and therefore, none of them are considered component units, as defined by the Governmental Accounting Standards Board (GASB) Statement 61, or included in these basic financial statements.

GOVERNMENT-WIDE FINANCIAL STATEMENTS

The government-wide financial statements include the Statement of Net Position and Statements of Activities, which display information about the District as a whole. For the most part, the effect of interfund activity has been removed from these statements. Exceptions to this rule include charges between various programs and functions. Elimination of these charges would distort the direct costs and revenues reported for the various activities involved.

The Statement of Activities demonstrates the degree to which the expenses of a given function are offset by program revenues. Program revenues included in the Statement of Activities derive directly from the program itself or from parties outside the taxpayers or citizenry, as a whole; program revenues reduce the cost of the function to be financed from general revenues.

All direct expenses are reported by function in the Statement of Activities. Direct expenses are those that are clearly identifiable with a function. Interest on general long-term debt is considered an indirect expense and is reported separately in the Statement of Activities. In the process of aggregating data for the Statement of Net Position and the Statement of Activities, some amounts reported as interfund activity and balances in the fund statements were eliminated or reclassified. Interfund receivables and payables were eliminated to minimize the "grossing up" effect on assets and liabilities.



WILLAMETTE EDUCATION SERVICE DISTRICT  
MARION COUNTY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

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1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

FUND FINANCIAL STATEMENTS

The accounts are organized and operated on the basis of funds. A fund is an independent, self-balancing set of accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The minimum number of funds is maintained consistent with legal and managerial requirements.

MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

Government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Non-exchange transactions, in which the value is received without giving equal value in exchange, include property taxes, grants, entitlements and donations. On the accrual basis of accounting, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements, and donations are recognized in the fiscal year in which all eligibility requirements have been satisfied. Under terms of grant agreements, certain programs are funded by a combination of specific cost-reimbursement grants and general revenues. Thus, when program expenses are incurred, there are monies from both restricted and unrestricted net position available to finance the program. It is the policy to first apply cost-reimbursement grant resources to such programs and then general revenues.

GOVERNMENTAL FUND TYPES

Governmental funds are used to account for general government activities. Governmental fund types use the flow of *current financial resources measurement focus* and the *modified accrual basis of accounting*. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they are “measurable and available”). “Measurable” means the amount of the transaction can be determined and “available” means collectible within the current period or soon enough thereafter to pay liabilities of the current period. All revenues reported in the governmental funds are considered to be available if they are collected within sixty days after year-end, except for taxes receivable which are only accrued for 30 days. Expenditures are recorded when the liability is incurred, except for unmatured interest on general long-term debt which is recognized when due, interfund transactions, and certain compensated absences, pension and OPEB costs, and claims and judgments which are not recognized as expenditures because they will be liquidated with future expendable financial resources. Capital asset acquisitions are reported as expenditures in the governmental funds, and proceeds from general long-term debt and acquisitions under capital leases are reported as other financing sources.

Revenues susceptible to accrual are interest, state, county and local shared revenue and federal and state grants. Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other grant requirements have been met.

The accounts are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund balances, revenues and expenditures. Resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. The following major funds are reported:

WILLAMETTE EDUCATION SERVICE DISTRICT  
MARION COUNTY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

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1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

*General* – This fund accounts for the financial operations that are not accounted for in any other fund. Principal sources of revenue are state school funding and property taxes. Primary expenditures are salaries for educational and support staff.

*Special Revenue* – This fund accounts for the majority of the federal and state grant money received and expended. The principal revenue sources are federal and state grants. The primary expenditures are costs associated with running the specialized education programs.

*Debt Service* – This fund accounts for the repayment of principal and interest on general obligation bonds and the PERS bonds. The principal revenue source is charges to other funds.

*Capital Projects* – This fund provides facility services for the District. Services include major repair/ replacement projects at District facilities.

Additionally, the following fund types are reported:

*Fiduciary* – This fund is custodial in nature and does not involve the measurement of results of operations. This fund accounts for pass through money received from various sources and distributed to school districts for transit funds.

*Internal Service Fund* – The Internal Service Fund accounts for the operation of District functions that provide goods or services to other District functions, other Districts, or to other governmental units, on a cost-reimbursable basis.

BUDGETS

A budget is prepared and legally adopted for each governmental fund type on the modified accrual basis of accounting in the main program categories required by Oregon Local Budget Law. The budgets for all budgeted funds are adopted on a basis consistent with generally accepted accounting principles except that property taxes received after year-end are not considered budgetary resources in the funds, inventory is expensed when purchased, debt, post-employment benefits and accrued vacation are recorded as an expense when paid, capital outlay is recorded as an expenditure rather than capitalized, pension costs are not recorded until paid, and depreciation and amortization are not recorded on capital assets. Also, proceeds of long-term borrowing are recognized as an “other financing source” and principal paid is considered an expenditure. OPEB costs are expensed when paid instead of when the liability is incurred.

The budgeting process begins by appointing Budget Committee members in the fall of each year. Recommendations are developed through early spring with the budget committee approving the budget in late spring. Public notices of the budget hearing are generally published in May or June with a public hearing being held in June. The Board may amend the budget prior to adoption. However, budgeted expenditures for each fund may not be increased by more than ten percent without re-publication. The budget is then adopted, appropriations are made, and the tax levy declared no later than June 30th.

Expenditure budgets are appropriated at the following levels for each fund: Instruction, Support Services, Community Services, Building Construction and Improvement, Debt Service, Contingencies, and Transfers.

WILLAMETTE EDUCATION SERVICE DISTRICT  
MARION COUNTY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

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1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Expenditures cannot legally exceed the adopted appropriation levels except in the case of grants which could not be estimated at the time of budget adoption. Appropriations lapse at the fiscal year-end. Management may amend line items in the budget without Board approval as long as appropriation levels (the legal level of control) are not changed. Supplemental appropriations may occur if the Board approves them due to unforeseen circumstances, which could not be determined at the time the budget was adopted. Budget amounts shown in the basic financial statements reflect the original and final budgeted appropriation amounts.

Expenditures of the various funds were within authorized appropriations.

CASH AND CASH EQUIVALENTS

The cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

For the purpose of the Statement of Net Position and the Balance Sheet, monies in the Oregon State Local Government Investment Pool, savings deposits, and demand deposits are considered to be cash and investments.

Investments with a remaining maturity of more than one year at the time of purchase are stated at fair value. Other investments are stated at amortized cost, which approximates fair value.

PROPERTY TAXES RECEIVABLE

Uncollected real and personal property taxes are reflected on the Statement of Net Position and the Balance Sheet as receivables. Uncollected taxes are deemed by management to be substantially collectible or recoverable through liens, so no allowance for uncollected amounts has been established. All property taxes receivable are due from property owners within the District.

Under state law, county governments are responsible for extending authorized property tax levies, computing tax rates, billing and collecting all property taxes, and making periodic distributions of collections to entities levying taxes. Property taxes become a lien against the property when levied on July 1 of each year and are payable in three installments due on November 15, February 15 and May 15. Property tax collections are distributed monthly except for November, when such distributions are made weekly.

ACCOUNTS RECEIVABLE

Accounts and other receivables are comprised primarily of claims for reimbursement of costs under various federal, state and local grants. All are considered collectible by management, and therefore, there is no allowance for uncollectible accounts.

PREPAIDS

Prepaid Expenses consist of various payments that have been made in advance for goods or services to be received in the future. These prepaid expenses includes service contracts paid up front.

WILLAMETTE EDUCATION SERVICE DISTRICT  
MARION COUNTY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

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1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

GRANTS

Unreimbursed expenditures due from grantor agencies are reflected in the basic financial statements as receivables and revenues. Grant revenues are recorded at the time eligible expenditures are incurred. Cash received from grantor agencies in excess of related grant expenditures is recorded as unearned revenue on the Statement of Net Position and the Balance Sheet.

CAPITAL ASSETS

Capital assets are recorded at original cost or estimated original cost. Donated capital assets are recorded at their estimated fair market value on the date donated. Capital assets are defined as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. Management has elected to include certain homogeneous asset categories with individual assets less than \$5,000 as composite groups for financial reporting purposes. In addition, capital assets purchased may be capitalized regardless of the thresholds established. Such assets are reported at historical cost or estimated historical cost if purchased or constructed. The cost of routine maintenance and repairs that do not add to the value of the assets or materially extend asset lives are charged to expenditures as incurred and not capitalized. Capital assets are depreciated using the straight-line method over the following useful lives:

<u>Assets</u>	<u>Years</u>
Buildings	80
Land Improvements	40
Equipment	4 – 20
Outbuildings	25 – 40

USE OF ESTIMATES

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

LONG-TERM OBLIGATIONS

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight line method. Bonds payable are reported net of the applicable bond premium or discount.

In the fund financial statements, governmental fund types recognize bond premiums and discounts during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuance are reported as other financing sources while discounts on debt issuance are reported as other financing uses.

WILLAMETTE EDUCATION SERVICE DISTRICT  
MARION COUNTY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

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1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

INTERFUND PAYABLES AND RECEIVABLES AND TRANSFERS

The receipt and payment of monies through one central checking account, as well as transfers between funds, result in interfund payables and receivables until cash is transferred from one fund to the other. These amounts represent current assets and liabilities and are reported as due to or due from other funds.

SUPPLY INVENTORIES

Purchased inventory is valued at the lower of cost (first-in, first-out method) or market. Inventory is expensed when it is consumed in the government-wide financial statements. Management believes that there was no material inventory at June 30, 2021.

RETIREMENT PLANS

Substantially all of the District'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.

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 position that applies to future periods and so will not be recognized as an outflow of resources (expense/expenditure) until then. At June 30, 2021 there were deferred outflows representing PERS and RHIA pension related deferrals and OPEB related deferrals for Health Insurance reported in the Statement of Net Position.

In addition to liabilities, the basic financial statements will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to future periods and so will not be recognized as an inflow of resources (revenue) until that time. The District has two types of items which qualify for reporting in this category. The first is unavailable revenue which is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues for property taxes. This amount is deferred and recognized as an inflow of resources in the period that the amount becomes available. The second is for PERS pension related deferrals, OPEB related deferrals for Health Insurance and RHIA related deferrals, which are reported in the statement of net position.

WILLAMETTE EDUCATION SERVICE DISTRICT  
MARION COUNTY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

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1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

FUND BALANCE

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

- Nonspendable fund balance represents amounts that are not in a spendable form. The nonspendable fund balance represents prepaid expenses.
- Restricted fund balance represents amounts that are legally restricted by outside parties for a specific purpose (such as debt covenants, grant requirements, donor requirements, or other governments) or are restricted by law (constitutionally or by enabling legislation).
- Committed fund balance represents funds formally set aside by the governing body for a particular purpose. The use of committed funds would be approved by resolution.
- Assigned fund balance represents amounts that are constrained by the expressed intent to use resources for specific purposes that do not meet the criteria to be classified as restricted or committed. Intent can be stipulated by the governing body or by an official to whom that authority has been given by the governing body. The board has granted the Superintendent and the Director of Business Services with the authority to classify fund balances as assigned.
- 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 committed or assigned fund balances at year end.

The governing body has 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 for expenditures. When unrestricted resources are spent, the order of spending is committed (if applicable), assigned (if applicable) and unassigned.

To preserve a sound financial system and to provide a stable financial base, the governing body has adopted a minimum fund balance policy. The District wants to maintain a minimum ending fund balance of 4% of General Fund revenues.

WILLAMETTE EDUCATION SERVICE DISTRICT  
MARION COUNTY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

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1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

NET POSITION

Net position comprises the various net earnings from operations, nonoperating 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.

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

COMPENSATED ABSENCES

*Sick Leave*

Policy permits employees to accumulate unused sick leave at the rate of one day per month, except for teachers who earn ten days each school year. There is no compensation to employees for unused accumulations upon termination of employment.

*Accumulated Unpaid Vacation*

There is also a policy which allows full-time employees to earn vacation leave. The rate at which vacation is earned is determined by the employee's length of employment.

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 their fair value, as follows:

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

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

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

WILLAMETTE EDUCATION SERVICE DISTRICT  
MARION COUNTY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

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1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

2. DEPOSITS AND INVESTMENTS

The cash management policies are governed by state statutes. Statutes authorize investing in bankers acceptances, time certificates of deposit, commercial paper, repurchase agreements, obligations of the United States and its agencies and instrumentalities, Local Government Investment Pools and fixed or variable life insurance or annuity contracts for funding the deferred compensation plan.

A cash pool is maintained that is available for use by all funds. Each fund type's portion of this pool is reported on the combined balance sheet as Deposits and Investments or amounts in Due to Other Funds. In addition, cash is separately held by some of the funds. Interest earned on pooled cash and investments is allocated to participating funds based upon their combined cash and investment balances.

Cash and Investments (recorded at cost) consisted of:

Deposits with Financial Institutions:	
Petty Cash	\$ 150
Demand Deposits	271,770
Local Government Investment Pool	<u>9,401,461</u>
 Total Cash and Investments	 <u>\$ 9,673,381</u>
 Cash Reported in:	
Governmental Funds	\$ 7,484,788
Custodial Funds	<u>2,188,593</u>
 Total Cash and Investments	 <u>\$ 9,673,381</u>

DEPOSITS

Deposits with financial institutions include bank demand deposits. Oregon Revised Statutes require deposits to be adequately covered by federal depository insurance or deposited at an approved depository as identified by the Treasury. The total bank balance per the bank statements as of June 30, 2021 was \$2,115,780, of which \$250,000 was covered by federal depository insurance and the remainder was collateralized by the Oregon Public Funds Collateralization Program (PFCP).



WILLAMETTE EDUCATION SERVICE DISTRICT  
MARION COUNTY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

2. DEPOSITS AND INVESTMENTS (CONTINUED)

Custodial Credit Risk - Deposits

Custodial credit risk for deposits is the risk that, in the event of a bank failure deposits will not be recovered. There is no formal deposit policy for custodial credit risk. As of June 30, 2021, all deposits were insured, or at qualified institutions.

INVESTMENTS

State statutes authorize investment in obligations of the U.S. Treasury and U.S. agencies, bankers' acceptances, repurchase agreements, commercial paper rated A-1 by Fitch Ratings and Standard & Poor's Corporation or P1 by Moody's Commercial Paper Record (A-2/P-2 if Oregon commercial paper) and the state treasurer's investment pool. The investments during the year were invested in the state treasurer's investment pool.

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's compliance with all portfolio guidelines can be found in their annual report when issued.

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. Amounts in the State Treasurer's Local Government Investment Pool are not required to be collateralized. The audited financial reports of the Oregon Short Term Fund can be found here:

[http://www.oregon.gov/treasury/Divisions/Investment/Pages/Oregon-Short-Term-Fund-\(OSTF\).aspx](http://www.oregon.gov/treasury/Divisions/Investment/Pages/Oregon-Short-Term-Fund-(OSTF).aspx)

If the link has expired please contact the Oregon Short Term Fund directly.

At year-end, the investment balances were as follows:

Investment Type	Fair Value	Investment Maturities (in months)		
		Less than 3	3-18	18-59
State Treasurer's Investment Pool	\$ 9,401,461	\$ 9,401,461	\$ -	\$ -
Total	<u>\$ 9,401,461</u>	<u>\$ 9,401,461</u>	<u>\$ -</u>	<u>\$ -</u>

WILLAMETTE EDUCATION SERVICE DISTRICT  
MARION COUNTY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

2. DEPOSITS AND INVESTMENTS (CONTINUED)

Interest Rate Risk – Investments

Oregon Revised Statutes require investments to not exceed a maturity of 18 months, except when the local government has adopted a written investment policy that was submitted to and reviewed by the OSTFB. There are no investments that have a maturity date beyond 3 months.

Custodial Credit Risk - Investments

Custodial credit risk for investments is the risk that, in the event of a failure of the counterparty to a transaction, the value of the deposits will not be recovered. There is no formal investment policy for custodial credit risk. All of the investments are with the LGIP. Oregon Revised Statutes do not limit investments as to credit rating for securities purchased from US Government Agencies or USGSE.

Concentration Risk - Investments

Concentration risk is the risk of loss due to a large portion of investments with a single issuer. To avoid incurring unreasonable risks inherent to over-investing in specific instruments or in individual financial institutions, the LGIP is invested in, which is not required to have a risk rating. State statutes do not limit the percentage of investments in this instrument. As of June 30, 2021, 100% of the investments were in the State Treasurer's Investment Pool.

3. CAPITAL ASSETS

Changes in capital assets for the year ended June 30, 2021 are as follows:

	<u>July 1, 2020</u>	<u>Additions</u>	<u>Deletions</u>	<u>June 30, 2021</u>
Capital Assets not being Depreciated				
Construction in Process	\$ -	\$ -	\$ -	\$ -
Land	<u>1,260,650</u>	<u>-</u>	<u>-</u>	<u>1,260,650</u>
Total Capital Assets Not Being Depreciated	1,260,650	-	-	1,260,650
Capital Assets being Depreciated				
Buildings	11,827,500	-	-	11,827,500
Equipment	<u>8,198,054</u>	<u>701,419</u>	<u>-</u>	<u>8,899,473</u>
Total Capital Assets Being Depreciated	20,025,554	701,419	-	20,726,973
Accumulated Depreciation				
Buildings	(2,838,890)	(292,538)	-	(3,131,428)
Equipment	<u>(5,714,242)</u>	<u>(309,236)</u>	<u>-</u>	<u>(6,023,478)</u>
Total Accumulated Depreciation	<u>(8,553,132)</u>	<u>(601,774)</u>	<u>-</u>	<u>(9,154,906)</u>
Total Capital Assets Being Depreciated, Net	<u>11,472,422</u>	<u>99,645</u>	<u>-</u>	<u>11,572,067</u>
Total Capital Assets, Net Accumulated Depreciation	<u>\$ 12,733,072</u>			<u>\$ 12,832,717</u>

WILLAMETTE EDUCATION SERVICE DISTRICT  
MARION COUNTY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

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3. CAPITAL ASSETS (CONTINUED)

Depreciation expense was charged to functions of the District as follows:

<u>Governmental Activities</u>	
Instruction	\$ 287,017
Support Services	314,361
Enterprise and Community Services	<u>396</u>
 Total Governmental Activities	 <u><u>\$ 601,774</u></u>

4. INTERFUND TRANSFERS AND TRANSIT TRANSFERS

Transfers

Transfers were made to repay debt and fund grant programs. The following schedule summarizes the District's interfund transfer activity:

	<u>Transfers Out</u>	<u>Transfers In</u>
General Fund	\$ 38,742,986	\$ -
Special Revenue Fund	795,476	12,018,508
Debt Service Fund	-	517,781
Capital Projects	731,417	-
Internal Service	-	-
Custodial Fund	<u>11,158,237</u>	<u>38,891,827</u>
 Total Transfers	 <u><u>\$ 51,428,116</u></u>	 <u><u>\$ 51,428,116</u></u>

5. INTERFUND PAYABLES/RECEIVABLES

Due-to/Due-from

Interfund payables/receivables are used to allocate cash between funds:

	<u>Due from Other Funds</u>	<u>Due to Other Funds</u>
General Fund	\$ 824,593	\$ -
Special Revenue Fund	<u>-</u>	<u>824,593</u>
 Total Due to/Due froms	 <u><u>\$ 824,593</u></u>	 <u><u>\$ 824,593</u></u>

WILLAMETTE EDUCATION SERVICE DISTRICT  
MARION COUNTY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

**6. LONG-TERM OBLIGATIONS**

Changes in General Obligation Bonds were as follows for the year ended June 30, 2021:

	<u>Interest Rates</u>	<u>Balances July 1, 2020</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balances June 30, 2021</u>	<u>Balances Due within One Year</u>
<i>Direct Borrowing</i>						
Series 2016 FFC						
Original issue \$6,700,000	1.89%					
15 years; Principal		\$ 5,090,980	-	\$ (420,717)	\$ 4,670,263	\$ 428,668
		<u>\$ 5,090,980</u>	<u>\$ -</u>	<u>\$ (420,717)</u>	<u>\$ 4,670,263</u>	<u>\$ 428,668</u>

In prior years, the District defeased general obligation bonds by placing the proceeds of new bonds in irrevocable trusts to provide for all future debt service payments on the old obligations. As a result, the early refunding bonds are considered to be defeased. Accordingly, the trust account assets and the liabilities for the defeased obligations are not included in the basic financial statements.

Changes in PERS UAL Bonds and the total for long-term obligations for the year ended June 30, 2021 were as follows:

	<u>Interest Rates</u>	<u>Balances July 1, 2020</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balances June 30, 2021</u>	<u>Balances Due within One Year</u>
<i>PERS UAL Bonds</i>						
Series 2003						
Original issue \$15,260,920	1.5-6.27%					
26 years; Principal		\$ 9,171,770	-	\$ (400,343)	\$ 8,771,427	\$ 398,268
Series 2003 (Yamhill ESD)						
Original issue \$3,441,101,	2.76-6.27%					
26 years; Principal		2,120,784	-	(91,882)	2,028,902	91,908
Series 2005						
Original issue \$3,765,000,	4.113-4.759%					
24 years; Principal		2,405,000	-	(230,000)	2,175,000	255,000
Total PERS UAL Bonds		<u>13,697,554</u>	<u>-</u>	<u>(722,225)</u>	<u>12,975,329</u>	<u>745,176</u>
Total Long-Term Obligations		<u>\$ 18,788,534</u>	<u>\$ -</u>	<u>\$ (1,142,942)</u>	<u>\$ 17,645,592</u>	<u>\$ 1,173,844</u>

In the event of default, the lender of the Series 2016 FFC bond reserves the right to increase the interest rate by 1.50%. No other clauses for that bond or any of the above mentioned bonds were found in the debt agreements provided by the lenders.

WILLAMETTE EDUCATION SERVICE DISTRICT  
MARION COUNTY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

6. LONG-TERM OBLIGATIONS (CONTINUED)

Future maturities of bonds outstanding as of June 30, 2021 are as follows:

Fiscal Year Ending	General Obligation Bonds	
	Series 2016	
	Principal	Interest
2022	428,668	88,268
2023	436,770	80,166
2024	445,025	71,911
2025	453,436	63,500
2026	462,006	54,930
2027-2031	2,444,358	140,325
Total	<u>\$ 4,670,263</u>	<u>\$ 499,100</u>

Fiscal Year Ending	PERS UAL Bonds					
	Series 2003		Series 2003 (Yamhill ESD)		Series 2005	
	Principal	Interest	Principal	Interest	Principal	Interest
2022	398,268	1,353,678	91,908	312,655	255,000	103,508
2023	398,160	1,438,786	91,994	332,569	280,000	91,373
2024	1,475,000	451,946	340,000	104,563	310,000	78,048
2025	1,650,000	369,200	380,000	85,484	340,000	63,295
2026	1,840,000	501,544	425,000	116,440	370,000	47,114
2027-2031	3,009,999	226,064	700,000	52,540	620,000	39,738
Total	<u>\$ 8,771,427</u>	<u>\$ 4,341,218</u>	<u>\$ 2,028,902</u>	<u>\$ 1,004,251</u>	<u>\$ 2,175,000</u>	<u>\$ 423,076</u>

WILLAMETTE EDUCATION SERVICE DISTRICT  
MARION COUNTY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

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7. PENSION PLAN

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

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

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

- a. **PERS Pension (Chapter 238).** The ORS Chapter 238 Defined Benefit Plan is closed to new members hired on or after August 29, 2003.
  - i. **Pension Benefits.** The PERS retirement allowance is payable monthly for life. It may be selected from 13 retirement benefit options. These options include survivorship benefits and lump-sum refunds. The basic benefit is based on years of service and final average salary. A percentage (2.0 percent for police and fire employees, and 1.67 percent for general service employees) is multiplied by the number of years of service and the final average salary. Benefits may also be calculated under either a formula plus annuity (for members who were contributing before August 21, 1981) or a money match computation if a greater benefits results. A member is considered vested and will be eligible at minimum retirement age for a service retirement allowance if he or she has had a contribution in each of five calendar years or has reached at least 50 years of age before ceasing employment with a participating employer (age 45 for police and fire members). General service employees may retire after reaching age 55. Police and fire members are eligible after reaching age 50. Tier 1 general service employee benefits are reduced if retirement occurs prior to age 58 with fewer than 30 years of service. Police and fire member benefits are reduced if retirement occurs prior to age 55 with fewer than 25 years of service. Tier 2 members are eligible for full benefits at age 60. The ORS Chapter 238 Defined Benefit Pension Plan is closed to new members hired on or after August 29, 2003.
  - ii. **Death Benefits.** Upon the death of a non-retired member, the beneficiary receives a lump-sum refund of the member's account balance (accumulated contributions and interest). In addition, the beneficiary will receive a lump-sum payment from employer funds equal to the account balance, provided one or more of the following contributions are met:
    - member was employed by PERS employer at the time of death,
    - member died within 120 days after termination of PERS covered employment,
    - member died as a result of injury sustained while employed in a PERS-covered job, or
    - member was on an official leave of absence from a PERS-covered job at 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 COLA is capped at 2.0 percent.

WILLAMETTE EDUCATION SERVICE DISTRICT  
MARION COUNTY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

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7. PENSION PLAN (CONTINUED)

- b. **OPSRP Pension Program (OPSRP DB).** The ORS Chapter 238A Defined Benefit Pension Program provides benefits to members hired on or after August 29, 2003.
- i. **Pension Benefits.** This portion of OPSRP provides a life pension funded by employer contributions. Benefits are calculated with the following formula for members who attain normal retirement age:
- Police and fire:* 1.8 percent is multiplied by the number of years of service and the final average salary. Normal retirement age for police and fire members is age 60 or age 53 with 25 years of retirement credit. To be classified as a police and fire member, the individual must have been employed continuously as a police and fire member for at least five years immediately preceding retirement.
- General service:* 1.5 percent is multiplied by the number of years of service and the final average salary. Normal retirement age for general service members is age 65, or age 58 with 30 years of retirement credit.
- A member of the pension program becomes vested on the earliest of the following dates: the date the member completes 600 hours of service in each of five calendar years, the date the member reaches normal retirement age, and, if the pension program is terminated, the date on which termination becomes effective.
- ii. **Death Benefits.** Upon the death of a non-retired member, the spouse or other person who is constitutionally required to be treated in the same manner as the spouse, receives for life 50 percent of the pension that would otherwise have been paid to the deceased member. The surviving spouse may elect to delay payment of the death benefit, but payment must commence no later than December 31 of the calendar year in which the member would have reached 70½ years.
- iii. **Disability Benefits.** A member who has accrued 10 or more years of retirement credits before the member becomes disabled or a member who becomes disabled due to job-related injury shall receive a disability benefit of 45 percent of the member's salary determined as of the last full month of employment before the disability occurred.

**Contributions** – PERS funding policy provides for monthly employer contributions at actuarially determined rates. These contributions, expressed as a percentage of covered payroll, are intended to accumulate sufficient assets to pay benefits when due. The funding policy applies to the PERS Defined Benefit Plan and the Other Postemployment Benefit Plans. Employer contribution rates during the period were based on the December 31, 2017 actuarial valuation, which became effective July 1, 2019. The state of Oregon and certain schools, community colleges, and political subdivision have made unfunded actuarial liability payments and their rates have been reduced. Effective January 1, 2020, Senate Bill 1049 requires employees to pay contributions on re-employed PERS retirees' salaries as if they were an active member, excluding IAP (6%) contributions. Employer contributions for the year ended June 30, 2021 were \$3,950,224, excluding amounts to fund employer specific liabilities. In addition approximately \$1,202,828 in employee contributions were paid or picked up by the District in fiscal 2020-2021.

**Pension Asset or Liability** – At June 30, 2021, the District reported a net pension liability of \$27,072,597 for its proportionate share of the net pension liability. The pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation dated December 31, 2018. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. As of the measurement dates of June 30, 2020 and 2019, the District's proportion was .124 percent and .095 percent, respectively. Pension expense for the year ended June 30, 2021 was \$4,567,461.

WILLAMETTE EDUCATION SERVICE DISTRICT  
MARION COUNTY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

**7. PENSION PLAN (CONTINUED)**

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

- (1) Tier 1/Tier 2 – 10.86%
- (2) OPSRP general services – 5.41%

	<u>Deferred Outflow of Resources</u>	<u>Deferred Inflow of Resources</u>
Difference between expected and actual experience	\$ 1,191,522	\$ -
Changes in assumptions	1,452,901	50,907
Net difference between projected and actual earnings on pension plan investments	3,183,386	-
Net changes in proportionate share	4,273,313	1,757,303
Differences between District contributions and proportionate share of contributions	-	2,438,347
Subtotal - Amortized Deferrals (below)	<u>10,101,122</u>	<u>4,246,557</u>
District contributions subsequent to measurement date	3,950,224	-
Deferred outflow (inflow) of resources	<u>\$ 14,051,346</u>	<u>\$ 4,246,557</u>

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

Subtotal amounts related to pension as deferred outflows of resources, \$10,101,122, and deferred inflows of resources, (\$4,246,557), net to \$5,854,565 and will be recognized in pension expense as follows:

<u>Year ending June 30,</u>	<u>Amount</u>
2021	\$ 1,201,032
2022	1,587,031
2023	1,409,257
2024	1,481,889
2025	175,356
Thereafter	-
Total	<u>\$ 5,854,565</u>

All assumptions, methods and plan provisions used in these calculations are described in the Oregon PERS system-wide GASB 68 reporting summary dated March 12, 2021. Oregon PERS produces an independently audited CAFR which can be found at:

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

**Actuarial Valuations** – The employer contribution rates effective July 1, 2019 through June 30, 2021, were set using the entry age normal actuarial cost method. For the Tier One/Tier Two component of the PERS Defined Benefit Plan, this method produced an employer contribution rate consisting of (1) an amount for normal cost (estimated amount necessary to finance benefits earned by employees during the current service year), (2) an amount for the amortization unfunded actuarial accrued liabilities, which are being amortized over a fixed period with new unfunded actuarial liabilities being amortized over 20 years.



WILLAMETTE EDUCATION SERVICE DISTRICT  
MARION COUNTY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

7. PENSION PLAN (CONTINUED)

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

**Actuarial Methods and Assumptions:**

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

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

**Assumed Asset Allocation:**

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

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

WILLAMETTE EDUCATION SERVICE DISTRICT  
MARION COUNTY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

7. PENSION PLAN (CONTINUED)

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

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

Asset Class	Target Allocation	Compound Annual (Geometric) Return
Core Fixed Income	9.60%	4.07%
Short-Term Bonds	9.60%	3.68%
Bank/Leveraged Loans	3.60%	5.19%
High Yield Bonds	1.20%	5.74%
Large/Mid Cap US Equities	16.17%	6.30%
Small Cap US Equities	1.35%	6.68%
Micro Cap US Equities	1.35%	6.79%
Developed Foreign Equities	13.48%	6.91%
Emerging Market Equities	4.24%	7.69%
Non-US Small Cap Equities	1.93%	7.25%
Private Equity	17.50%	8.33%
Real Estate (Property)	10.00%	5.55%
Real Estate (REITS)	2.50%	6.69%
Hedge Fund of Funds - Diversified	1.50%	4.06%
Hedge Fund - Event-driven	0.38%	5.59%
Timber	1.13%	5.61%
Farmland	1.13%	6.12%
Infrastructure	2.25%	6.67%
Commodities	1.13%	3.79%
<i>Assumed Inflation - Mean</i>		2.50%

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

**Discount Rate** – The discount rate used to measure the total pension liability as of the measurement dates of June 30, 2020 and 2019 was 7.20 percent for both years 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.

WILLAMETTE EDUCATION SERVICE DISTRICT  
MARION COUNTY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

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7. PENSION PLAN (CONTINUED)

Sensitivity of the District's proportionate share of the net pension liability to changes in the discount rate – The following presents the District's proportionate share of the net pension liability calculated using the discount rate of 7.20 percent, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percent lower (6.20 percent) or one percent higher (8.20 percent) than the current rate.

	1% Decrease (6.20%)	Discount Rate (7.20%)	1% Increase (8.20%)
District's proportionate share of the net pension liability	\$ 40,200,570	\$ 27,072,597	\$ 16,064,182

**Changes Subsequent to the Measurement Date**

As described above, GASB 67 and GASB 68 require the Total Pension Liability to be determined based on the benefit terms in effect at the Measurement Date. Any changes to benefit terms that occurs after that date are reflected in amounts reported for the subsequent Measurement Date. However, Paragraph 80f of GASB 68 requires employers to briefly describe any changes between the Measurement Date and the employer's reporting date that are expected to have a significant effect on the employer's share of the collective Net Pension Liability, along with an estimate of the resulting change, if available. There are no changes subsequent to the June 30, 2020 Measurement Date that meet this requirement.

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

*Plan Description:*

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

*Pension Benefits:*

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

WILLAMETTE EDUCATION SERVICE DISTRICT  
MARION COUNTY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

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7. PENSION PLAN (CONTINUED)

*Death Benefits:*

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

*Contributions:*

Employees of the District pay six (6) percent of their covered payroll. Effective July 1, 2020, currently employed Tier 1/Tier 2 and OPSERP members earning \$2,500 or more per month will have a portion of their 6 percent monthly IAP contributions redirected to an Employee Pension Stability Account. The Employee Pension Stability Account will be used to pay part of the member's future benefit. Of the 6 percent monthly IAP contribution, Tier 1/Tier 2 will have 2.5 percent redirected to the Employee Pension Stability Account and OPSERP will have 0.75 percent redirected to the Employee Pension Stability Account, with the remaining going to the member's existing IAP account. Members may voluntarily choose to make additional after-tax contributions into their IAP account to make a full 6 percent contribution to the IAP. The District did not make any optional contributions to member IAP accounts for the year ended June 30, 2021.

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

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

8. OTHER POST-EMPLOYMENT BENEFITS - RHIA

**Plan Description:**

As a member of Oregon Public Employees Retirement System (OPERS) the District contributes to the Retirement Health Insurance Account (RHIA) for each of its eligible employees. RHIA is a cost-sharing multiple-employer defined benefit other postemployment benefit plan administered by OPERS. RHIA pays a monthly contribution toward the cost of Medicare companion health insurance premiums of eligible retirees. Oregon Revised Statute (ORS) 238.420 established this trust fund. Authority to establish and amend the benefit provisions of RHIA reside with the Oregon Legislature. The plan is closed to new entrants after January 1, 2004. OPERS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to Oregon Public Employees Retirement System, PO Box 23700, Tigard, OR 97281-3700.

**Funding Policy:**

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

WILLAMETTE EDUCATION SERVICE DISTRICT  
MARION COUNTY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

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**8. OTHER POST-EMPLOYMENT BENEFITS – RHIA (CONTINUED)**

Participating employers are contractually required to contribute to RHIA at a rate assessed each year by OPERS, and the District currently contributes 0.06% of annual covered OPERF payroll and 0.00% of OPSRP payroll under a contractual requirement in effect until June 30, 2021. Consistent with GASB Statement 75, the OPERS Board of Trustees sets the employer contribution rates as a measure of the proportionate relationship of the employer to all employers consistent with the manner in which contributions to the OPEB plan are determined. The basis for the employer's portion is determined by comparing the employer's actual, legally required contributions made during the fiscal year to the plan with the total actual contributions made in the fiscal year of all employers. The District's contributions to RHIA for the years ended June 30, 2019, 2020 and 2021 were \$79,437, \$15,837, and \$3,747, respectively, which equaled the required contributions each year. These amounts are combined and presented with the District's contributions to PERS in the Required Supplementary Information PERS Schedule of Contributions on Page 43.

At June 30, 2021, the District reported a net OPEB liability/(asset) of (\$451,879) for its proportionate share of the net OPEB liability/(asset). The OPEB liability/(asset) was measured as of June 30, 2020, and the total OPEB liability/(asset) used to calculate the net OPEB liability/(asset) was determined by an actuarial valuation as of December 31, 2018. Consistent with GASB Statement No. 75, paragraph 59(a), the District's proportion of the net OPEB liability/(asset) is determined by comparing the employer's actual, legally required contributions made during the fiscal year to the Plan with the total actual contributions made in the fiscal year of all employers. As of the measurement dates of June 30, 2020 and 2019, the District's proportion was .22 percent and .16 percent, respectively. OPEB expense/(income) for the year ended June 30, 2021 was (\$121,345).

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

Employer's Proportionate share of collective system OPEB Expense/(Income)	\$ (72,680)
Net amortization of employer-specific deferred amounts from:	
- Changes in proportionate share (per paragraph 64 of GASB 75)	(34,561)
- Differences between employer contributions and employer's proportionate share of system contributions (per paragraph 65 of GASB 75)	-
Employer's Total OPEB Expense/(Income)	<u>\$ (107,241)</u>

WILLAMETTE EDUCATION SERVICE DISTRICT  
MARION COUNTY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

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8. OTHER POST-EMPLOYMENT BENEFITS – RHIA (CONTINUED)

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 46,195
Changes of assumptions	-	24,020
Net Difference between projected and actual earnings on investment	50,252	-
Changes in proportionate share	-	63,896
Differences between employer contributions and employer's proportionate share of system contributions	-	-
Total (prior to post-MD contributions)	50,252	134,111
Contributions subsequent to measurement date	-	-
Net deferred outflow (inflow) of resources	\$ 50,252	\$ 134,111

WILLAMETTE EDUCATION SERVICE DISTRICT  
MARION COUNTY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

**8. OTHER POST-EMPLOYMENT BENEFITS – RHIA (CONTINUED)**

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

Subtotal amounts related to OPEB as deferred outflows of resources, \$50,252, and deferred inflows of resources, (\$134,111), net to (\$83,859) and will be recognized in OPEB expense as follows:

Year ending June 30,	Amount
2021	\$ (79,154)
2022	(39,132)
2023	18,576
2024	15,851
2025	-
Thereafter	-
Total:	\$ (83,859)

All assumptions, methods and plan provisions used in these calculations are described in the Oregon PERS Retirement Health Insurance Account Cost-Sharing Multiple-Employer Other Postemployment Benefit (OPEB) Plan Schedules of Employer Allocations and OPEB Amounts by Employer report, as of and for the Year Ended June 30, 2020. That independently audited report was dated March 12, 2021 and can be found at:

[https://www.oregon.gov/pers/EMP/Documents/GASB/2020/GASB\\_75\\_FYE\\_6.30.2020.pdf](https://www.oregon.gov/pers/EMP/Documents/GASB/2020/GASB_75_FYE_6.30.2020.pdf)

**Actuarial Methods and Assumptions:**

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

WILLAMETTE EDUCATION SERVICE DISTRICT  
MARION COUNTY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

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**8. OTHER POST-EMPLOYMENT BENEFITS – RHIA (CONTINUED)**

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

**Discount Rate:**

The discount rate used to measure the total OPEB liability as of the measurement dates of June 30, 2020 and 2019 was 7.20 and 7.20 percent, respectively. The projection of cash flows used to determine the discount rate assumed that contributions from contributing employers are made at the contractually required rates, as actuarially determined. Based on those assumptions, the RHIA plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on OPEB plan investments for the RHIA plan was applied to all periods of projected benefit payments to determine the total OPEB liability.

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

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



WILLAMETTE EDUCATION SERVICE DISTRICT  
MARION COUNTY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

8. OTHER POST-EMPLOYMENT BENEFITS – RHIA (CONTINUED)

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

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

Sensitivity of the District's proportionate share of the net OPEB liability/(asset) to changes in the discount rate – The following presents the District's proportionate share of the net OPEB liability/(asset) calculated using the discount rate of 7.20 percent, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percent lower (6.20 percent) or one percent higher (8.20 percent) than the current rate.

	1% Decrease (6.20%)	Discount Rate (7.20%)	1% Increase (8.20%)
District's proportionate share of the net OPEB liability (asset)	\$ (364,816)	\$ (451,879)	\$ (526,321)

**Changes Subsequent to the Measurement Date**

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

WILLAMETTE EDUCATION SERVICE DISTRICT  
MARION COUNTY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

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9. OTHER POST EMPLOYMENT BENEFITS (OPEB) – HEALTH BENEFITS

Post-Employment Health Insurance Subsidy

Plan Description - A single-employer retiree benefit plan is maintained that provides postemployment health, dental vision and life insurance benefits to eligible employees and their spouses. There are active and retired members in the plan. Benefits and eligibility for members are established through the collective bargaining agreements.

The post-retirement healthcare plan was established in accordance with Oregon Revised Statutes (ORS) 243.303. ORS stipulated that for the purpose of establishing healthcare premiums, the rate must be based on all plan members, including both active employees and retirees. The difference between retiree claims cost, 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 implicit employer contribution.

No irrevocable trust (or equivalent arrangement) has been established to account for the plan.

Funding Policy – The benefits from this program are paid by individual retirees and the required contribution is based on projected pay-as-you go financing requirements. Employees may choose from multiple insurance plans and have the option to add a spouse at additional cost.

As of July 1, 2019, the following employees were covered by the benefit terms:

Program Participates:

Active	338
Inactive	11
Spouses of Ineligible Retirees	<u>3</u>
Total	<u><u>352</u></u>

**Total OPEB Liability**

The District's total OPEB liability of \$967,781 was measured as of June 30, 2020, and was determined by an actuarial valuation as of July 1, 2019.

**Actuarial Assumptions and Other Inputs**

The District's total OPEB liability in the July 1, 2019 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified.

WILLAMETTE EDUCATION SERVICE DISTRICT  
MARION COUNTY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

9. OTHER POST EMPLOYMENT BENEFITS (OPEB) – HEALTH BENEFITS (CONTINUED)

**Actuarial Assumptions**

Valuation Date	July 1, 2019
Actuarial Cost Method	Entry Age Normal
Discount Rate	2.21%
Election and Lapse Rates	30% of eligible employees. 60% of male members and 35% of females members will elect spouse coverage. 5% annual lapse rate
Mortality	RP-2014 Employee and Healthy Annuitant tables, White collar, sex distinct for members and dependents. For members only, a one year setback is applied. Future mortality improvement is not projected as it would be immaterial to the valuation.
Inflation Rate	2.5% per year
Annual Salary Rate Increases	3.5% per year

**Changes in Total OPEB Liability:**

	<b>Total OPEB Liability</b>
Total OPEB Liability Balance 6/30/2020	\$ <u>868,018</u>
Changes for the year:	
Service cost	109,045
Interest on total OPEB Liability	32,360
Changes to benefit terms	-
Economic/demographic gain or losses	-
Assumptions changes or inputs	64,277
Benefit payments	<u>(105,919)</u>
Total OPEB Liability Balance 6/30/21	<u><u>967,781</u></u>

**Discount Rate Sensitivity:**

	1% Decrease	Current Discount Rate	1% Increase
Total OPEB Liability, as of June 30, 2020	\$ 1,034,072	\$ 967,781	\$ 905,115

**Trend Rate Sensitivity:**

	1% Decrease	Current Trend Rate	1% Increase
Total OPEB Liability, as of June 30, 2020	\$ 870,047	\$ 967,781	\$ 1,083,489

WILLAMETTE EDUCATION SERVICE DISTRICT  
MARION COUNTY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

9. OTHER POST EMPLOYMENT BENEFITS (OPEB) – HEALTH BENEFITS (CONTINUED)

**Schedule of Deferred Inflows and Outflows of Resources**

	Deferred Inflows of Resources	Deferred Outflows of Resources
Differences between expected and actual experience	\$ (85,127)	\$ -
Changes of assumptions or inputs	(32,008)	80,935
Subtotal amortized deferral	(117,135)	80,935
Contributions/(benefits) after measurement date	-	88,054
Deferred outflow (inflow) of resources	\$ (117,135)	\$ 168,989

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

Subtotal amounts related to OPEB as deferred outflows of resources, \$80,935, and deferred inflows of resources, (\$117,135), net to (\$36,200) and will be recognized in OPEB expense as follows:

Year ending June 30,	Amount
2021	\$ (11,182)
2022	(11,182)
2023	(11,182)
2024	(6,727)
2025	(3,025)
Thereafter	7,098
Total	\$ (36,200)

Actuarial calculations of the OPEB plan reflect a long-term perspective and actuarial valuations for OPEB plans involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. Actuarially determined amounts are subject to continual revision as results are compared to past expectations and new estimates are made about the future.

10. COMMITMENTS AND CONTINGENCIES

Federal Programs

A number of federally assisted grant programs are participated in. These programs are subject to program compliance audits by the grantors or their representatives. Accordingly, compliance with grant requirements will be established at some future date. The amount, if any, of expenditures, which may be disallowed by the granting agencies, cannot be determined at this time, although management expects such amounts to be immaterial.

A substantial portion of the operating funding is received from the State of Oregon. State funding is determined through statewide 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 increases or decreases in revenue. Due to these future uncertainties at the state level, the future effect on the operations cannot be determined.

The COVID-19 outbreak in the United States has caused substantial disruption to business and local governments due to mandated and voluntary suspension of operations and stay at home orders. There is considerable uncertainty around the duration of the outbreak and the long-term impact to the overall economy. The ultimate impact on the School's finances is not determinable.

WILLAMETTE EDUCATION SERVICE DISTRICT  
MARION COUNTY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

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10. COMMITMENTS AND CONTINGENCIES (CONTINUED)

*Pending Legal Actions*

The District is a defendant in certain pending legal actions. Although the outcome cannot be determined, the District believes that settlement of these matters will not have a material effect on the District's financial position and results of operations.

11. PROPERTY TAX LIMITATIONS

The voters of the State of Oregon imposed a constitutional limit on property taxes for schools and nonschool government operations. School operations include community colleges, local school districts, and education service districts. The limitation provides that property taxes for school operations are limited to \$5.00 for each \$1,000 of property market value. This limitation does not apply to taxes levied for principal and interest on general obligation bonded debt. The result of this requirement has been that school districts have become more dependent upon state funding and less dependent upon property tax revenues as their major source of operating revenue.

The State voters further reduced property taxes by replacing the previous constitutional limits on tax bases with a rate and value limit in 1997. This reduction is accomplished by rolling property values back to their 1995-96 values less 10% and limiting future tax value growth of each property to no more than 3% per year, subject to certain exceptions. Taxes levied to support bonded debt are exempted from the reductions. The State Constitution sets restrictive voter approval requirements for most tax and many fee increases and new bond issues, and requires the State to minimize the impact to school districts from the impact of the tax cuts.

12. RISK MANAGEMENT

There is exposure to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters for which commercial insurance is purchased. There were no significant reductions in insurance coverage from coverage in prior years in any of the major categories of risk. The amounts of any settlements have not exceeded insurance coverage for the past three fiscal years.

13. OPERATING LEASES

There are operating leases for equipment and buildings. Total net lease expenditures for the year ending June 30, 2021 amounted to \$694,871.

Remaining minimum lease payments are as follows:

<u>Fiscal Year</u>	<u>Amount</u>
2021-22	836,118
2022-23	674,549
2023-24	377,871
2024-25	266,817
2025-26	109,841
	<u>\$ 2,265,196</u>

WILLAMETTE EDUCATION SERVICE DISTRICT  
MARION COUNTY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

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14. TAX ABATEMENTS

As of June 30, 2021, the District potentially had tax abatements through various state allowed programs that impacted levied taxes and would require disclosure under GASB 77. Based on the information available from the county as of the date of issuance of these basic financial statements, the amount of abatements for the year ended June 30, 2021 is deemed immaterial by management.

15. RESTATEMENT FIDUCIARY NET POSITION

During the year ended June 30, 2021, the Willamette Education Service District adopted new accounting guidance by implementing the provisions of GASB Statement No. 84, Fiduciary Activities, which establishes criteria for identifying and reporting fiduciary activities. The implementation of this statement has resulted in changing the presentation of the financial statements by including ending net position in custodial funds not previously required. Beginning net position has been restated to reflect this change.

	<u>Custodial Fund</u>
Net Position - July 1, 2020 as originally reported	\$ -
GASB 84 implementation, restating net position	<u>741,620</u>
Net Position - July 1, 2020 as restated	<u><u>\$ 741,620</u></u>

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WILLAMETTE EDUCATION SERVICE DISTRICT  
MARION COUNTY, OREGON

REQUIRED SUPPLEMENTARY INFORMATION



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WILLAMETTE EDUCATION SERVICE DISTRICT  
MARION COUNTY, OREGON

SCHEDULE OF CHANGES IN TOTAL PENSION LIABILITY AND RELATED RATIOS  
OTHER POST EMPLOYMENT BENEFITS

June 30, 2021

IMPLICIT MEDICAL BENEFIT (OPEB):

SCHEDULE OF CHANGES IN TOTAL PENSION LIABILITY AND RELATED RATIOS

Year Ended June 30,	Total OPEB Liability - Beginning	Service Cost	Interest	Changes of Benefit Terms	Econ/Demo Gains/Losses	Changes of Assumptions	Total OPEB Benefit Payments	Estimated Liability - End of Year	Covered Payroll	Total OPEB Liability as a % of Covered Payroll
2021	\$ 868,018	\$ 109,045	\$ 32,360	\$ -	\$ -	\$ 64,277	\$ (105,919)	\$ 967,781	\$ N/A	N/A %
2020	934,861	78,842	37,284	-	(115,529)	34,086	(101,526)	868,018	N/A	N/A
2019	947,633	78,961	34,837	-	-	(18,652)	(107,918)	934,861	N/A	N/A
2018	1,009,962	82,322	29,326	-	-	(46,497)	(127,480)	947,633	N/A	N/A

SCHEDULE OF EMPLOYER CONTRIBUTIONS

Year Ended June 30,	(a) Actuarially Determined Contribution	(b) Contributions During Year	(b)-(a) Difference	(c) Covered Payroll	(b/c) Contributions as a Percentage of Payroll
2021	\$ 109,045	\$ -	\$ N/A	\$ N/A	N/A %
2020	78,842	-	N/A	N/A	N/A
2019	78,961	-	N/A	N/A	N/A
2018	82,322	-	N/A	N/A	N/A

The above table presents the most recent actuarial valuations for the District's post-retirement pension stipend and it provides information that approximates the funding progress of the plan.

In implementing GASB Statement No. 75, the following changes since the prior valuation were implemented; (i) the actuarial cost method was changed from Projected Unit Credit to Entry Age Normal, (ii) the interest rate for discounting future liabilities was lowered to match municipal bond rates, (iii) premium increase rates were modified to reflect anticipated experience, (iv) the percentage of future retirees covering a spouse on the plan was decreased to reflect the anticipated experience, (v) demographic assumptions were revised to match (as closely as possible) those developed in the most recent experience study for Oregon PERS, and (vi) an implicit rate subsidy is now being valued for participants in the health plans. In prior valuations, the District's participating in the health plans determined to be a community rated arrangement.

**WILLAMETTE EDUCATION SERVICE DISTRICT  
MARION COUNTY, OREGON**

**REQUIRED SUPPLEMENTARY INFORMATION**

**June 30, 2021**

**RHIA**

**SCHEDULE OF THE PROPORTIONATE SHARE OF THE NET OTHER POST-EMPLOYMENT BENEFITS (OPEB) ASSET**

Year Ended June 30,	(a) Employer's proportion of the net OPEB asset/ (liability) (NOA/(L))	(b) Employer's proportionate share of the net OPEB asset/ (liability) (NOA/(L))	(c) Employer's covered payroll	(b/c) NOA/(L) as a percentage of covered payroll	Plan fiduciary net position as a percentage of the total OPEB liability
2021	0.222 %	\$ 451,879	\$ 18,807,314	2.4 %	150.1 %
2020	0.160	309,713	17,696,125	1.8	144.4 %
2019	0.156	174,671	16,085,649	1.1	124.0
2018	0.151	63,111	15,830,479	0.4	108.9

The amounts presented for each fiscal year were actuarially determined at 12/31 and rolled forward to the measurement date of 6/30 for each year presented.

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

**SCHEDULE OF CONTRIBUTIONS**

Year Ended June 30,	Statutorily required contribution	Contributions in relation to the statutorily required contribution	Contribution deficiency (excess)	Employer's covered payroll	Contributions as a percent of covered payroll
2021	\$ N/A	\$ N/A	\$ -	\$ 19,576,264	- %
2020	N/A	N/A	-	18,807,314	-
2019	N/A	N/A	-	17,696,125	-
2018	N/A	N/A	-	16,085,649	-

The amounts presented for each fiscal year were actuarially determined at 12/31 and rolled forward to the measurement date of 6/30 for each year presented.

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

All statutorily required contributions were made and are included within PERS contributions (see p. 44).

WILLAMETTE EDUCATION SERVICE DISTRICT  
MARION COUNTY, OREGON

REQUIRED SUPPLEMENTARY INFORMATION  
At June 30, 2020

PERS

SCHEDULE OF THE PROPORTIONATE SHARE OF THE NET PENSION LIABILITY

Year Ended June 30,	(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	(b/c) NPL as a percentage of covered payroll	Plan fiduciary net position as a percentage of the total pension liability
2021	0.12 %	\$ 27,072,597	\$ 18,807,314	143.9 %	75.8 %
2020	0.09	16,428,343	17,696,125	92.8	80.2
2019	0.12	18,058,387	16,085,649	112.3	82.1
2018	0.11	14,368,814	15,830,479	90.8	83.1
2017	0.09	14,129,940	14,752,388	95.8	80.5
2016	0.08	4,577,809	14,542,311	31.5	91.9
2015	0.11	(2,591,864)	13,935,602	(18.6)	103.6
2014	0.11	5,835,169	15,637,984	37.3	92.0

The amounts presented for each fiscal year were actuarially determined at 12/31 and rolled forward to the measurement date of 6/30 for each year presented.

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

SCHEDULE OF CONTRIBUTIONS

Year	Statutorily required contribution	Contributions in relation to the statutorily required contribution	Contribution deficiency (excess)	Employer's covered payroll	Contributions as a percent of covered payroll
2021	\$ 3,950,224	\$ 3,950,224	\$ -	\$ 19,576,264	20.2 %
2020	3,708,754	3,708,754	-	18,807,314	19.7
2019	3,238,768	3,238,768	-	17,696,125	18.3
2018	2,801,048	2,801,048	-	16,085,649	17.4
2017	2,258,580	2,258,580	-	15,830,479	14.3
2016	2,075,084	2,075,084	-	14,752,388	14.1
2015	3,184,010	3,184,010	-	14,542,311	21.9
2014	3,019,726	3,019,726	-	13,935,602	21.7

The amounts presented for each fiscal year were actuarially determined at 12/31 and rolled forward to the measurement date of 6/30 for each year presented.

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

**WILLAMETTE EDUCATION SERVICE DISTRICT  
MARION COUNTY, OREGON**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL**

**For the Year Ended June 30, 2021**

	<u>GENERAL FUND</u>			VARIANCE TO FINAL BUDGET
	BUDGET		ACTUAL	
	ORIGINAL	FINAL		
<b>REVENUES</b>				
Local Sources	\$ 15,008,030	\$ 15,008,030	\$ 14,792,110	\$ (215,920)
Intermediate Sources	-	-	20,313	20,313
State Sources	29,500,790	29,775,790	29,846,749	70,959
Total Revenues	<u>44,508,820</u>	<u>44,783,820</u>	<u>44,659,172</u>	<u>(124,648)</u>
<b>EXPENDITURES</b>				
Support Services	5,802,449	5,802,449	5,096,104	706,345
Contingencies	4,448,724	4,448,724	-	4,448,724
Total Expenditures	<u>10,251,173</u>	<u>10,251,173 (1)</u>	<u>5,096,104</u>	<u>5,155,069</u>
Excess (Deficiency) of Revenues over Expenditures	34,257,647	34,532,647	39,563,068	5,030,421
<b>OTHER FINANCING SOURCES (USES)</b>				
5110 Bond Proceeds	-	-	-	-
R5200 Transfers In	-	-	-	-
5202 Transit Dollars	-	-	-	-
5200 Transfers Out	(666,936)	(516,936)	(558,735)	(41,799)
5201 Apportionment Transfer	<u>(37,890,711)</u>	<u>(38,315,711)</u>	<u>(38,184,251)</u>	<u>131,460</u>
Total Other Financing Sources (Uses)	<u>(38,557,647)</u>	<u>(38,832,647) (1)</u>	<u>(38,742,986)</u>	<u>89,661</u>
Net Change in Fund Balance	(4,300,000)	(4,300,000)	820,082	5,120,082
Beginning Fund Balance	<u>4,300,000</u>	<u>4,300,000</u>	<u>4,267,937</u>	<u>(32,063)</u>
Ending Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,088,019</u>	<u>\$ 5,088,019</u>

(1) Appropriation Level

**WILLAMETTE EDUCATION SERVICE DISTRICT  
MARION COUNTY, OREGON**

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

<u>SPECIAL REVENUE FUND</u>				
	<u>BUDGET</u>		<u>ACTUAL</u>	<u>VARIANCE TO FINAL BUDGET</u>
	<u>ORIGINAL</u>	<u>FINAL</u>		
<b>REVENUES</b>				
Local Sources	\$ 5,339,275	\$ 5,871,585	\$ 6,253,965	\$ 382,380
Intermediate Sources	25,000	25,000	207,842	182,842
State Sources	31,225,851	31,702,033	23,484,804	(8,217,229)
Federal Sources	7,711,953	9,246,970	7,748,212	(1,498,758)
<b>Total Revenues</b>	<u>44,302,079</u>	<u>46,845,588</u>	<u>37,694,823</u>	<u>(9,150,765)</u>
<b>EXPENDITURES</b>				
Instruction	27,001,814	28,587,664 (1)	25,532,883	3,054,781
Support Services	31,314,315	33,346,663 (1)	22,869,242	10,477,421
Community Services	109,427	109,427 (1)	35,222	74,205
<b>Total Expenditures</b>	<u>58,425,556</u>	<u>62,043,754</u>	<u>48,437,347</u>	<u>13,606,407</u>
Excess (Deficiency) of Revenues over Expenditures	(14,123,477)	(15,198,166)	(10,742,524)	4,455,642
<b>OTHER FINANCING SOURCES (USES)</b>				
5110 Bond Proceeds	-	-	-	-
R5200 Interfund Transfers In	179,500	179,500	-	(179,500)
R5202 Resolution Transfers In	13,248,732	15,023,421	12,018,508	(3,004,913)
5200 Transfers Out	(347,467)	(1,047,467) (1)*	(795,476)	251,991
5300 Apportionment Transfer	(6,205)	(6,205)	-	6,205
5301 Transit Dollars Out	-	- (1)*	-	-
5300 Sale of Capital Assets	-	-	-	-
<b>Total Other Financing Sources (Uses)</b>	<u>13,074,560</u>	<u>14,149,249</u>	<u>11,223,032</u>	<u>2,926,217</u>
<b>Net Change in Fund Balance</b>	<u>(1,048,917)</u>	<u>(1,048,917)</u>	<u>480,508</u>	<u>1,529,425</u>
<b>Beginning Fund Balance</b>	<u>1,048,917</u>	<u>1,048,917</u>	<u>3,904,273</u>	<u>2,855,356</u>
<b>Ending Fund Balance</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,384,781</u>	<u>\$ 4,384,781</u>

(1) Appropriation Level

\* Appropriated together as Transfers Out

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WILLAMETTE EDUCATION SERVICE DISTRICT  
MARION COUNTY, OREGON

SUPPLEMENTARY INFORMATION



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**WILLAMETTE EDUCATION SERVICE DISTRICT  
MARION COUNTY, OREGON**

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

	<u>DEBT SERVICE FUND</u>			VARIANCE TO FINAL BUDGET
	BUDGET		ACTUAL	
	ORIGINAL	FINAL		
REVENUES				
Local Sources	\$ 2,380,963	\$ 2,380,963	\$ 2,386,331	\$ 5,368
TOTAL REVENUES	2,380,963	2,380,963	2,386,331	5,368
EXPENDITURES				
Debt Service	2,917,899	2,917,899 (1)	2,917,835	64
Excess (Deficiency) of Revenues over Expenditures	(536,936)	(536,936)	(531,504)	5,432
OTHER FINANCING SOURCES (USES)				
R5200 Interfund Transfers In	516,936	516,936	517,781	845
TOTAL OTHER FINANCING SOURCES (USES)	516,936	516,936	517,781	(845)
Net Change in Fund Balance	(20,000)	(20,000)	(13,723)	6,277
Beginning Fund Balance	20,000	20,000	13,741	(6,259)
Ending Fund Balance	\$ -	\$ -	\$ 18	\$ 18

(1) Appropriation Level

**WILLAMETTE EDUCATION SERVICE DISTRICT  
MARION COUNTY, OREGON**

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

	<u>CAPITAL PROJECTS FUND</u>			VARIANCE TO FINAL BUDGET
	BUDGET		ACTUAL	
	ORIGINAL	FINAL		
REVENUES				
Local Sources	\$ 5,000,000	\$ -	\$ -	\$ -
Total Revenues	<u>5,000,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
EXPENDITURES				
Building Construction and Improvement	<u>5,000,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Expenditures	<u>5,000,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (Deficiency) of Revenues over Expenditures	-	-	-	-
OTHER FINANCING SOURCES (USES)				
5200 Transfers Out	<u>-</u>	<u>(731,500) (1)</u>	<u>(731,417)</u>	<u>83</u>
Total Other Financing Sources (Uses)	<u>-</u>	<u>(731,500)</u>	<u>(731,417)</u>	<u>83</u>
Net Change in Fund Balance	-	(731,500)	(731,417)	83
Beginning Fund Balance	<u>-</u>	<u>731,500</u>	<u>731,417</u>	<u>(83)</u>
Ending Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

(1) Appropriation Level

**WILLAMETTE EDUCATION SERVICE DISTRICT  
MARION COUNTY, OREGON**

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

INTERNAL SERVICE FUND

	BUDGET		ACTUAL	VARIANCE TO FINAL BUDGET
	ORIGINAL	FINAL		
REVENUES				
Local Sources	\$ 2,226,668	\$ 2,384,328	\$ 2,104,095	\$ (280,233)
Intermediate Sources	-	-	-	-
State Sources	-	-	-	-
Federal Sources	-	-	-	-
Total Revenues	<u>2,226,668</u>	<u>2,384,328</u>	<u>2,104,095</u>	<u>(280,233)</u>
EXPENDITURES				
Support Services	2,234,668	2,950,000 (1)	2,153,692	796,308
Contingencies	<u>194,328</u>	<u>194,328 (1)</u>	<u>-</u>	<u>194,328</u>
Total Expenditures	<u>2,428,996</u>	<u>3,144,328</u>	<u>2,153,692</u>	<u>990,636</u>
Excess (Deficiency) of Revenues over Expenditures	(202,328)	(760,000)	(49,597)	710,403
Beginning Fund Balance	<u>202,328</u>	<u>760,000</u>	<u>759,072</u>	<u>(928)</u>
Ending Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 709,475</u>	<u>\$ 709,475</u>

(1) Appropriation Level

WILLAMETTE EDUCATION SERVICE DISTRICT  
MARION COUNTY, OREGON  
STATEMENT OF FIDUCIARY NET POSITION  
Fiduciary Funds  
June 30, 2021

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	<u>Custodial Fund</u>
<u>ASSETS</u>	
Deposits and Investments	<u>\$          2,188,593</u>
Total Assets	<u><u>\$          2,188,593</u></u>
<u>LIABILITIES AND NET POSITION</u>	
Accounts Payable	<u>\$          900,791</u>
Total Liabilities	<u>\$          900,791</u>
<u>NET POSITION</u>	
Restricted - Other Agencies	<u>                  1,287,802</u>
Total Liabilities and Net Position	<u><u>\$          2,188,593</u></u>

**WILLAMETTE EDUCATION SERVICE DISTRICT**  
**MARION COUNTY, OREGON**  
**SCHEDULE OF CHANGES IN FIDUCIARY NET POSITION**  
**BUDGET AND ACTUAL**  
**For the Year Ended June 30, 2021**

	<u>CUSTODIAL FUND</u>			VARIANCE TO FINAL BUDGET
	BUDGET		ACTUAL	
	<u>ORIGINAL</u>	<u>FINAL</u>		
REVENUES				
State	\$ -	\$ -	\$ -	\$ -
TOTAL REVENUES	-	-	-	-
Excess (Deficiency) of Revenues over Expenditures	-	-	-	-
OTHER FINANCING SOURCES (USES)				
R5200 Transfers In	\$ -	\$ -	\$ 707,576	\$ 707,576
R5201 Apportionment Transfers In	37,890,710	38,865,710	38,184,251	(681,459)
5202 Resolution Transfers Out	(37,890,710)	(11,678,302) (1)	(11,158,237)	520,065
5300 Apportionment Transits Out	-	(26,286,617) (1)	(26,286,617)	-
5303 EAC Transits Out	-	(900,791) (1)	(900,791)	-
Total Other Financing Sources (Uses)	-	-	546,182	546,182
Net Change in Due to Other Agencies	-	-	546,182	546,182
Beginning Balance	-	-	741,620	741,620
Ending Balance Due to Agencies	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,287,802</u>	<u>\$ 1,287,802</u>

(1) Appropriation Level

**WILLAMETTE EDUCATION SERVICE DISTRICT  
MARION COUNTY, OREGON**

**SCHEDULE OF PROPERTY TAX TRANSACTIONS AND BALANCES  
OF TAXES UNCOLLECTED - GENERAL FUND  
For the Year Ended June 30, 2021**

TAX YEAR	IMPOSED LEVY OR UNCOLLECTED AT 7-1-20	DEDUCT DISCOUNTS	ADJUSTMENTS TO ROLLS	INTEREST	CASH COLLECTIONS BY COUNTY TREASURER	BALANCE UNCOLLECTED OR UNSEG- REGATED AT 6-30-21
CURRENT:						
2020-21	\$ 12,932,009	\$ 343,644	\$ (30,044)	\$ 4,937	\$ 12,333,264	\$ 229,994
PRIOR YEARS:						
2019-20	251,169	(26)	(11,950)	9,696	153,589	95,352
2018-19	99,930	(24)	(8,387)	8,278	46,990	52,855
2017-18	59,523	(24)	(9,708)	10,239	37,262	22,816
2016-17	22,310	(1)	(4,192)	4,525	13,844	8,800
2015-16 & Prior	36,215	-	(3,691)	3,274	4,632	31,166
Total Prior	469,147	(75)	(37,929)	36,012	256,317	210,989
Total	\$ 13,401,156	\$ 343,569	\$ (67,973)	\$ 40,949	\$ 12,589,581	\$ 440,983

RECONCILIATION OF REVENUE:	GENERAL FUND
Cash Collections by County Treasurer Above	\$ 12,589,581
Accrual of Receivables:	
June 30, 2020	(61,184)
June 30, 2021	146,537
Payments in Lieu of Taxes	(89,731)
Full Accrual Adjustment	(113,517)
Total Revenue	\$ 12,471,686

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

<u>Program Title</u>	<u>Pass Through Organization</u>	<u>Federal AL Number</u>	<u>Pass Through Entity Number</u>	<u>Expenditures</u>	<u>Passed Through to Subrecipients</u>
<b>U.S. Department of Education</b>					
Mathematics and Science Partnerships		84.366		0	
Mathematics and Science Partnerships		84.366		0	
Total Mathematics and Science Partnerships				<u>0</u>	
Title I - Neglected and Delinquent Children	Oregon Department of Education	84.013	12373	\$ 260,500	
Total Title I _ Neglected and Delinquent Children				<u>260,500</u>	
Special Education - Vocational Rehabilitation Grant to State	Oregon Department of Education	84.126	10204	104,531	
Total Special Education - Vocational Rehabilitation Grant to State				<u>104,531</u>	
Title IC - Migrant Education - Basic State Grant Program	Oregon Department of Education	84.011	58945	881,325	
	Oregon Department of Education	84.011	58927	73,380	
	Oregon Department of Education	84.011	66119	22,236	
	Oregon Department of Education	84.011	57324	347,063	
	Oregon Department of Education	84.011	53731	351,454	
	Oregon Department of Education	84.011	53746	61,513	
Total Title I _Migrant Education				<u>1,736,972</u>	
Special Education - Grants to State	Oregon Department of Education	84.027	12385	7,300	
	Oregon Department of Education	84.027	51397	0	
	Oregon Department of Education	84.027	12373	161,800	
	Oregon Department of Education	84.027	11045	2,557,034	
	Oregon Department of Education	84.027	11114	957,602	
	Oregon Department of Education	84.027	12410	3,724	
	Oregon Department of Education	84.027	11067	475,835	
Total Special Education - Grants to State				<u>4,163,295</u>	
Special Education - Preschool Grants	Oregon Department of Education	84.173		0	
		84.173	11190	65,685	
		84.173	11114	116,295	
Total Special Education - Preschool Grants				<u>181,980</u>	
Total Special Education Cluster				<u>4,345,275</u>	
Special Education For Infants and Families		84.181	54983	0	
		84.181	11114	801,761	
Total Special Education For Infants and Families				<u>801,761</u>	
SPIG Personnel Development	Oregon Department of Education	84.323	11479	63,123	
Total SPIG Personnel Development				<u>63,123</u>	
Elementary & Secondary School Emergency Relief Fund		84.425D	66239	25,162	
		84.425D	58436	410,889	
Total Elementary & Secondary School Emergency Relief Fund				<u>436,051</u>	
<b>Total U.S. Department of Education</b>				<u>7,748,212</u>	
<b>U.S. Department of Health &amp; Human Services</b>					
Child Care and Development Block Grant	Oregon Employment Department	93.575	12321	0	
<b>Total U.S. Department of Health &amp; Human Services</b>				<u>0</u>	
<b>Total Grants Expended or Passed Through to Subrecipients</b>				<u>7,748,212</u>	
<b>TOTAL FEDERAL FINANCIAL ASSISTANCE</b>				<u>\$ 7,748,212</u>	



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WILLAMETTE EDUCATION SERVICE DISTRICT  
MARION COUNTY, OREGON

OTHER INFORMATION

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WILLAMETTE EDUCATION SERVICE DISTRICT  
MARION COUNTY, OREGON  
For the Year Ended June 30, 2021  
2020-2021 DISTRICT AUDIT REVENUE SUMMARY

	Fund 100	Fund 200	Fund 300	Fund 400	Fund 600	Fund 700
<b>Revenue from Local Sources</b>						
1110 Ad Valorem Taxes Levied by District	\$ 12,627,007					
1500 Interest on Investments	\$ 137,915		\$ 189	\$ -		\$ -
1740 Student Fees		\$ 51,752				
1910 Rentals	\$ 60	\$ -				
1920 Contributions/Donations from Private Sources	\$ 10	\$ 752,795				
1940 Services Provided Other LEA's	\$ -	\$ 2,743,764		\$ -	\$ 1,698,279	
1960 Recovery of Prior Year's Expenditure	\$ -	\$ 49,016				\$ -
1970 Services Provided Other Funds			\$ 2,386,141			
1980 Fees Charged to Grants	\$ 1,911,092					
1990 Miscellaneous	\$ 116,026	\$ 2,656,638			\$ 405,816	
<b>Total Revenue from Local Sources</b>	\$ 14,792,110	\$ 6,253,965	\$ 2,386,330	\$ -	\$ 2,104,095	\$ -
<b>Revenue from Intermediate Sources</b>						
2199 Other Intermediate Sources	\$ 20,313	\$ -	\$ -	\$ -	\$ -	\$ -
2200 Restricted Revenue	\$ -	\$ 207,842	\$ -	\$ -	\$ -	\$ -
<b>Total Revenue from Intermediate Sources</b>	\$ 20,313	\$ 207,842	\$ -	\$ -	\$ -	\$ -
<b>Revenue from State Sources</b>						
3101 State School Fund - General Support	\$ 29,760,414		\$ -	\$ -		\$ -
3104 State Managed Timber	\$ 86,335		\$ -	\$ -		\$ -
3299 Other Restricted Grants-in-aid		\$ 23,484,805	\$ -	\$ -		\$ -
<b>Total Revenue from State Sources</b>	\$ 29,846,749	\$ 23,484,805	\$ -	\$ -	\$ -	\$ -
<b>Revenue from Federal Sources</b>						
4500 Restricted Revenue from the Fed Govt thru the State	\$ -	\$ 7,748,212	\$ -			\$ -
<b>Total Revenue from Federal Sources</b>	\$ -	\$ 7,748,212	\$ -	\$ -	\$ -	\$ -
<b>Revenue from Other Sources</b>						
5100 Bond Proceeds						
5200 Interfund Transfers		\$ 12,018,508	\$ 517,781	\$ -		\$ 38,891,827
5300 Sale of or Compensation for Loss of Fixed Assets	\$ -		\$ -			
5400 Resources - Beginning Fund Balance	\$ 4,267,937	\$ 3,904,273	\$ 13,741	\$ 731,417	\$ 759,072	\$ 741,620
<b>Total Revenue from Other Sources</b>	\$ 4,267,937	\$ 15,922,781	\$ 531,522	\$ 731,417	\$ 759,072	\$ 39,633,447
<b>Grand Totals</b>	\$ 48,927,109	\$ 53,617,605	\$ 2,917,852	\$ 731,417	\$ 2,863,167	\$ 39,633,447

WILLAMETTE EDUCATION SERVICE DISTRICT  
MARION COUNTY, OREGON  
For the Year Ended June 30, 2021  
2020-2021 DISTRICT AUDIT EXPENDITURE SUMMARY

FUND	100	Totals	Object 100	Object 200	Object 300	Object 400	Object 500	Object 600	Object 700
Support Services Expenditures									
2110 Attendance & Social Work		\$ 9,040	\$ 5,560	\$ 3,475	\$ 5				
2130 Health Service		\$ 5,890	\$ 3,705	\$ 1,033	\$ 1,102	\$ 50			
2240 Instructional Staff Development		\$ -			\$ -	\$ -			
2310 Board of Education Services		\$ 318,826	\$ 16,314	\$ 9,432	\$ 73,735	\$ 3,660	\$ -	\$ 215,685	
2320 Executive Admin Services		\$ 583,785	\$ 378,971	\$ 201,247	\$ 214	\$ 1,008		\$ 2,345	
2520 Fiscal Services		\$ 804,665	\$ 495,644	\$ 257,426	\$ 15,803	\$ 19,342		\$ 16,450	
2540 Operation and Maintenance of Plant		\$ 1,135,441	\$ 389,425	\$ 211,725	\$ 327,010	\$ 78,540	\$ 82,084	\$ 46,657	
2610 Direction of Central Support		\$ 242,537	\$ 113,541	\$ 69,940	\$ 56,718	\$ 2,318		\$ 20	
2620 Plan/Research/Development/Eval		\$ 68,397	\$ 47,157	\$ 20,602	\$ 43	\$ -		\$ 595	
2630 Communication		\$ 278,802	\$ 174,435	\$ 82,866	\$ 835	\$ 20,211		\$ 455	
2640 Human Resources		\$ 742,800	\$ 438,930	\$ 216,010	\$ 44,947	\$ 40,153		\$ 2,760	
2660 Technology		\$ 906,207	\$ 396,234	\$ 206,710	\$ 113,780	\$ 125,988	\$ 49,000	\$ 14,495	
2700 Supplemental Early Retirement		\$ (287)		\$ (287)					
<b>Total Support Services Expenditures</b>		<b>\$ 5,096,103</b>	<b>\$ 2,459,916</b>	<b>\$ 1,280,179</b>	<b>\$ 634,192</b>	<b>\$ 291,270</b>	<b>\$ 131,084</b>	<b>\$ 299,462</b>	<b>\$ -</b>
Other Uses Expenditures									
5200 Transfer of Funds		\$ 38,742,986	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 38,742,986
<b>Total Other used Expenditures</b>		<b>\$ 38,742,986</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 38,742,986</b>
<b>Grand Total</b>		<b>\$ 43,839,089</b>	<b>\$ 2,459,916</b>	<b>\$ 1,280,179</b>	<b>\$ 634,192</b>	<b>\$ 291,270</b>	<b>\$ 131,084</b>	<b>\$ 299,462</b>	<b>\$ 38,742,986</b>

WILLAMETTE EDUCATION SERVICE DISTRICT  
MARION COUNTY, OREGON  
For the Year Ended June 30, 2021  
2020-2021 DISTRICT AUDIT EXPENDITURE SUMMARY

FUND	200	Totals	Object 100	Object 200	Object 300	Object 400	Object 500	Object 600	Object 700
<b>Instruction Expenditures</b>									
1220 Restrictive Program for Students with Disabilities		\$ 350,396	\$ 157,228	\$ 86,333	\$ 9,826	\$ 77,070	\$ -	\$ 19,939	\$ -
1260 Treatment and Habilitation		\$ 17,611,570	\$ 7,413,864	\$ 4,339,358	\$ 3,962,406	\$ 846,978	\$ 106,889	\$ 942,075	\$ -
1280 Alternative Education		\$ 1,415,728	\$ 805,806	\$ 488,208	\$ 55,605	\$ 66,099	\$ -	\$ 10	\$ -
1293 Migrant Education		\$ 1,512,829	\$ 356,388	\$ 173,783	\$ 806,965	\$ 89,022	\$ -	\$ 86,671	\$ -
1294 Youth Corrections Education		\$ 4,642,361	\$ 2,079,269	\$ 1,194,409	\$ 540,086	\$ 513,669	\$ 47,569	\$ 267,359	\$ -
<b>Total Instruction Expenditures</b>		<b>\$ 25,532,884</b>	<b>\$ 10,812,555</b>	<b>\$ 6,282,091</b>	<b>\$ 5,374,888</b>	<b>\$ 1,592,838</b>	<b>\$ 154,458</b>	<b>\$ 1,316,054</b>	<b>\$ -</b>
<b>Support Services Expenditures</b>									
2110 Attendance and Social Work Services		\$ 1,015,968	\$ 570,489	\$ 281,827	\$ 87,921	\$ 38,787	\$ -	\$ 36,944	\$ -
2120 Guidance Services		\$ 769,555	\$ 357,339	\$ 216,877	\$ 126,916	\$ 39,009	\$ -	\$ 29,414	\$ -
2130 Health Services		\$ 696,665	\$ 256,583	\$ 134,844	\$ 273,256	\$ 20,799	\$ -	\$ 11,183	\$ -
2140 Behavior/Sch Psych Services		\$ 345,362	\$ 194,086	\$ 92,268	\$ 46,186	\$ 12,822	\$ -	\$ -	\$ -
2150 Speech, Pathology and Audiology Services		\$ 2,060,573	\$ 788,733	\$ 438,195	\$ 686,814	\$ 145,592	\$ -	\$ 1,239	\$ -
2160 Other Student Treatment Services		\$ 7,032,790	\$ 3,417,981	\$ 1,859,487	\$ 679,174	\$ 722,443	\$ 62,228	\$ 291,477	\$ -
2190 Service Direction, Student Support Services		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2210 Improvement of Instruction Services		\$ 4,620,927	\$ 1,425,366	\$ 694,183	\$ 2,092,206	\$ 215,659	\$ -	\$ 193,513	\$ -
2220 Educational Media Services		\$ 548,532	\$ 160,674	\$ 90,467	\$ 64,382	\$ 210,713	\$ -	\$ 22,296	\$ -
2230 Assessment and Testing		\$ 120,865	\$ 45,190	\$ 24,330	\$ 27,986	\$ 22,548	\$ -	\$ 811	\$ -
2240 Instructional Staff Development		\$ 167,253	\$ 96,117	\$ 47,978	\$ 15,762	\$ -	\$ -	\$ 7,396	\$ -
2310 Board of Education Services		\$ 210,077	\$ 136,074	\$ 61,693	\$ 2,378	\$ 2,098	\$ -	\$ 7,834	\$ -
2320 Executive Administration Services		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2520 Fiscal Services		\$ 1,139,145	\$ -	\$ -	\$ 1,139,145	\$ -	\$ -	\$ -	\$ -
2540 Operation and Maintenance of Plant Services		\$ 189,651	\$ 33,501	\$ 30,581	\$ 7,825	\$ 82,092	\$ 27,649	\$ 8,003	\$ -
2570 Internal Services		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2610 Direction of Central Support Services		\$ 460,096	\$ 219,789	\$ 109,845	\$ 20,168	\$ 9,156	\$ -	\$ 101,138	\$ -
2620 Planning, Research, Development, Evaluation		\$ 1,615,095	\$ 539,496	\$ 238,971	\$ 271,099	\$ 483,731	\$ 69,199	\$ 12,599	\$ -
2630 Communication Services		\$ 20,077	\$ 13,929	\$ 5,006	\$ -	\$ -	\$ -	\$ 1,142	\$ -
2640 Staff Services		\$ 17,200	\$ 8,044	\$ 4,460	\$ 538	\$ -	\$ -	\$ 4,158	\$ -
2660 Technology Services		\$ 1,678,740	\$ 550,383	\$ 302,480	\$ 571,683	\$ 184,972	\$ 57,100	\$ 12,122	\$ -
2670 Record Management Services		\$ 160,671	\$ 94,585	\$ 56,053	\$ 807	\$ 44	\$ -	\$ 9,182	\$ -
<b>Total Support Services Expenditures</b>		<b>\$ 22,869,242</b>	<b>\$ 8,908,359</b>	<b>\$ 4,689,545</b>	<b>\$ 6,114,246</b>	<b>\$ 2,190,465</b>	<b>\$ 216,176</b>	<b>\$ 750,451</b>	<b>\$ -</b>
<b>Enterprise and Community Services Expenditures</b>									
3300 Community Services		\$ 35,222	\$ 21,518	\$ 11,565	\$ 35	\$ 92	\$ -	\$ 2,012	\$ -
<b>Total Enterprise and Community Services Expenditures</b>		<b>\$ 35,222</b>	<b>\$ 21,518</b>	<b>\$ 11,565</b>	<b>\$ 35</b>	<b>\$ 92</b>	<b>\$ -</b>	<b>\$ 2,012</b>	<b>\$ -</b>
<b>Other Uses Expenditures</b>									
5200 Transfers of Funds		\$ 795,476	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 795,476
5300 Apportionment of Funds		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Total Other Uses Expenditures</b>		<b>\$ 795,476</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 795,476</b>
<b>Grand Total</b>		<b>49,232,824</b>	<b>\$ 19,742,432</b>	<b>\$ 10,983,201</b>	<b>\$ 11,489,169</b>	<b>\$ 3,783,395</b>	<b>\$ 370,634</b>	<b>\$ 2,068,517</b>	<b>\$ 795,476</b>

WILLAMETTE EDUCATION SERVICE DISTRICT  
MARION COUNTY, OREGON  
 For the Year Ended June 30, 2021  
 2020-2021 DISTRICT AUDIT EXPENDITURE SUMMARY

FUND	300 Other Uses Expenditures	Totals	Object 100	Object 200	Object 300	Object 400	Object 500	Object 600	Object 700
5100	Debt Service	\$ 2,917,834	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,917,834	\$ -
	Total Other Uses Expenditures	\$ 2,917,834	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,917,834	\$ -
	Grand Total	\$ 2,917,834	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,917,834	\$ -

WILLAMETTE EDUCATION SERVICE DISTRICT  
 MARION COUNTY, OREGON  
 For the Year Ended June 30, 2021  
 2020-2021 DISTRICT AUDIT EXPENDITURE SUMMARY

FUND	400	Totals	Object 100	Object 200	Object 300	Object 400	Object 500	Object 600	Object 700
4150 Building Acquisition, Construction, and Improvement		\$ 731,417	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 0	\$ 731,417
Total Facilities Acquisition and Construction		\$ 731,417	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 0	\$ 731,417
Grand Total		\$ 731,417	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 0	\$ 731,417



WILLAMETTE EDUCATION SERVICE DISTRICT  
MARION COUNTY, OREGON  
For the Year Ended June 30, 2021  
2020-2021 DISTRICT AUDIT EXPENDITURE SUMMARY

FUND	600	Totals	Object 100	Object 200	Object 300	Object 400	Object 500	Object 600	Object 700
2240 Instructional Staff Development		\$ 33,566		\$ 33,566		\$ -			\$ -
2524 Payroll Services		\$ 18,725	\$ 10,940	\$ 7,672	\$ 113	\$ -			
2620 Evaluation Services		\$ 88,700	\$ 57,760	\$ 29,152	\$ 618	\$ 850		\$ 320	
2660 Technology Services		\$ 1,622,547	\$ 646,553	\$ 346,173	\$ 403,114	\$ 215,507	\$ 10,000	\$ 1,200	
2661 Technology Services		\$ 390,154	\$ 224,013	\$ 116,117	\$ 2,968	\$ 28,594	\$ 10,962	\$ 7,500	
Total Support Services Expenditures		\$ 2,153,692	\$ 939,266	\$ 532,680	\$ 406,813	\$ 244,951	\$ 20,962	\$ 9,020	\$ -
Other Uses Expenditures									
5200 Transfers of Funds		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total Other Uses Expenditures		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Grand Total		\$ 2,153,692	\$ 939,266	\$ 532,680	\$ 406,813	\$ 244,951	\$ 20,962	\$ 9,020	\$ -

WILLAMETTE EDUCATION SERVICE DISTRICT  
MARION COUNTY, OREGON  
 For the Year Ended June 30, 2021  
 2020-2021 DISTRICT AUDIT EXPENDITURE SUMMARY

FUND	700 Totals	Object 100	Object 200	Object 300	Object 400	Object 500	Object 600	Object 700
Other Uses Expenditures								
5200 Transfers	\$ 14,778							\$ 14,778
5202 Resolution Transfer Out	\$ 11,143,459	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 11,143,459
5300 Apportionment Transit	\$ 26,286,616	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 26,286,616
5302 Ending Fund Balance Transit	\$ 900,791							\$ 900,791
Total Other Uses Expenditures	\$ 38,345,644	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 38,345,644
Grand Total	\$ 38,345,644	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 38,345,644

**WILLAMETTE EDUCATION SERVICE DISTRICT**  
**MARION COUNTY, OREGON**  
**SUPPLEMENTAL INFORMATION**  
**As Required by The Oregon Department of Education**  
**For the Year Ended June 30, 2021**

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<b>A. Energy bills for heating - all funds:</b>			<u>Objects 325 and 326 and 327</u>
	Function 2540	\$	106,968
	Function 2550		-

<b>B. Replacement of equipment - General Fund:</b>			
Include all General Fund expenditures in Object 542, except for the following exclusions:			
Exclude these functions:			<u>Amount</u>
1113, 1122 & 1132	Co-Curricular Activities	4150	Construction \$ 44,654
1140	Pre-Kindergarten	2550	Pupil Transportation
1300	Continuing Education	3100	Food Service
1400	Summer School	3300	Community Services

WILLAMETTE EDUCATION SERVICE DISTRICT  
MARION COUNTY, OREGON

INDEPENDENT AUDITORS' REPORT REQUIRED BY OREGON STATE REGULATIONS

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

December 13, 2021

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

We have audited the basic financial statements of Willamette Education Service District as of and for the year ended June 30, 2021, and have issued our report thereon dated December 31, 2021. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and Government Auditing Standards.

#### **Compliance**

As part of obtaining reasonable assurance about whether the 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 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, 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 Willamette Education Service District was not in substantial compliance with certain provisions of laws, regulations, contracts, and grants, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules 162-10-000 through 162-10-320 of the Minimum Standards for Audits of Oregon Municipal Corporations.

#### **OAR 162-10-0230 Internal Control**

In planning and performing our audit, we considered the internal controls over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our 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 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 black ink that reads "Roy R. Rogers". The signature is written in a cursive style with a large, prominent "R" in the middle.

Roy R. Rogers, CPA  
PAULY, ROGERS AND CO., P.C.

WILLAMETTE EDUCATION SERVICE DISTRICT  
MARION COUNTY, OREGON

GRANT COMPLIANCE REVIEW



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December 13, 2021

To the Board of Directors  
Willamette Education Service District  
Marion 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, each major fund, and the remaining fund information of Willamette Education Service District as of and for the year ended June 30, 2021 and the related notes to the basic financial statements, which collectively comprise the basic financial statements, and have issued our report thereon dated December 13, 2021.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the basic financial statements, we considered the internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the 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.

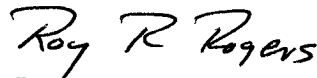
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not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

### **Compliance and Other Matters**

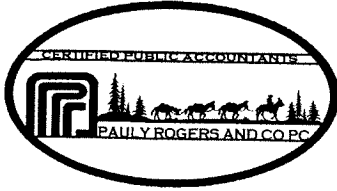
As part of obtaining reasonable assurance about whether the basic financial statements are free from material misstatement, we performed tests of compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect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

### **Purpose of this Report**

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



Roy R. Rogers, CPA  
PAULY, ROGERS AND CO., P.C.



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December 13, 2021

To the Board of Directors  
Willamette Education Service District  
Marion 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**

We have audited Willamette Education Service District's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the major federal programs for the year ended June 30, 2021. The major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

**Management's Responsibility**

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

**Auditors' Responsibility**

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

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

**Opinion on Each Major Federal Program**

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


## Report on Internal Control Over Compliance

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

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

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

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



Roy R. Rogers, CPA  
PAULY, ROGERS AND CO., P.C.

WILLAMETTE EDUCATION SERVICE DISTRICT  
MARION COUNTY, OREGON

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the Year Ended June 30, 2021

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

Type of auditors’ report issued Unmodified

Internal control over financial reporting:

Material weakness(es) identified?  yes  no

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

Noncompliance material to financial statements noted?  yes  no

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

**FEDERAL AWARDS**

Internal control over major programs:

Material weakness(es) identified?  yes  no

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

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

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

**IDENTIFICATION OF MAJOR PROGRAM**

<b><u>AL NUMBER</u></b>	<b><u>NAME OF FEDERAL PROGRAM CLUSTER</u></b>
84.181	Early Intervention
84.011	Migrant Education
84.425D	ESSER

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

Auditee qualified as low-risk auditee?  yes  no

WILLAMETTE EDUCATION SERVICE DISTRICT  
MARION COUNTY, OREGON

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the Year Ended June 30, 2021

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**SECTION II – FINANCIAL STATEMENT FINDINGS**

None

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

None

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

1. BASIS OF PRESENTATION

The schedule of expenditures of federal awards includes the federal grant activity and is presented on the modified accrual basis of accounting. 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). Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the schedule of expenditure of federal awards are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowed or are limited as to reimbursement. Negative amounts shown on the schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years. The District has elected not 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.