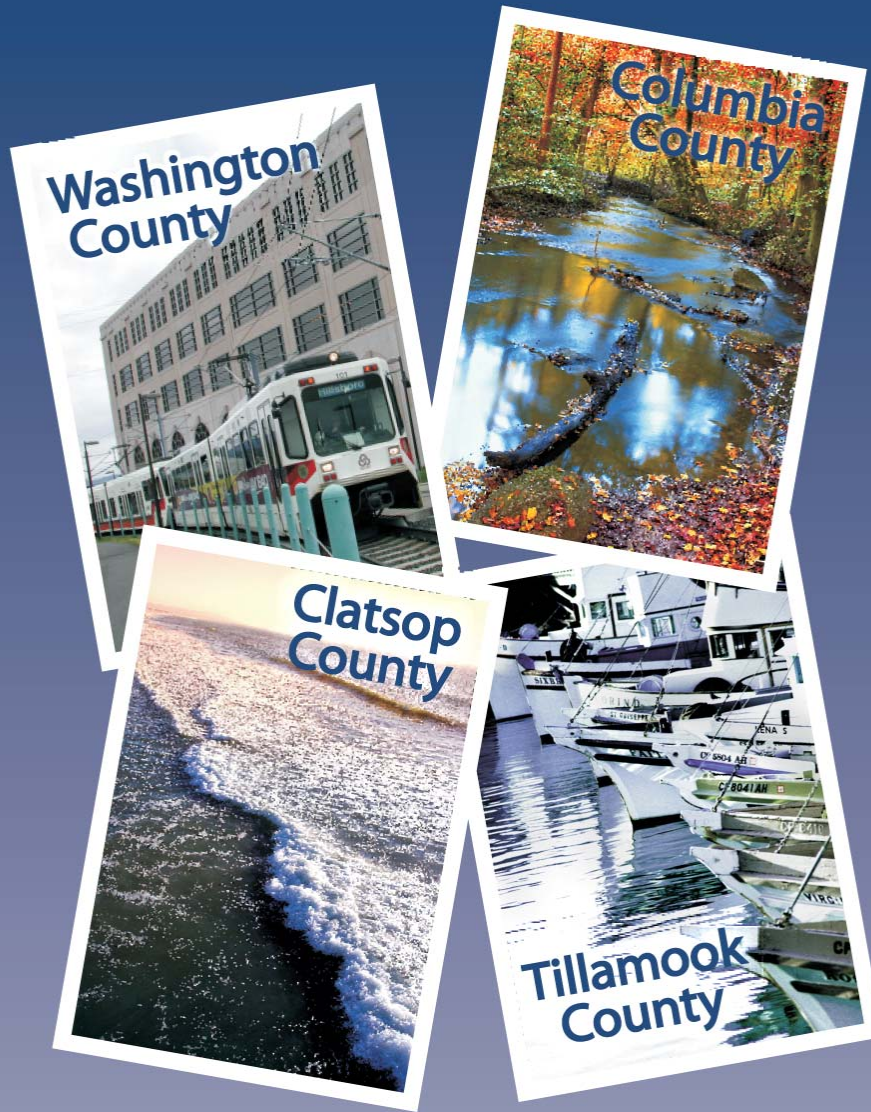


Comprehensive Annual Financial Report

For the year ended June 30, 2008



Northwest Regional Education Service District

“Providing equitable support to our school districts in their mission to educate all students.”

Washington County, Oregon



Prepared by: Fiscal Services | Jim Mabbott, Superintendent | Tim Collier, Chief Financial Officer



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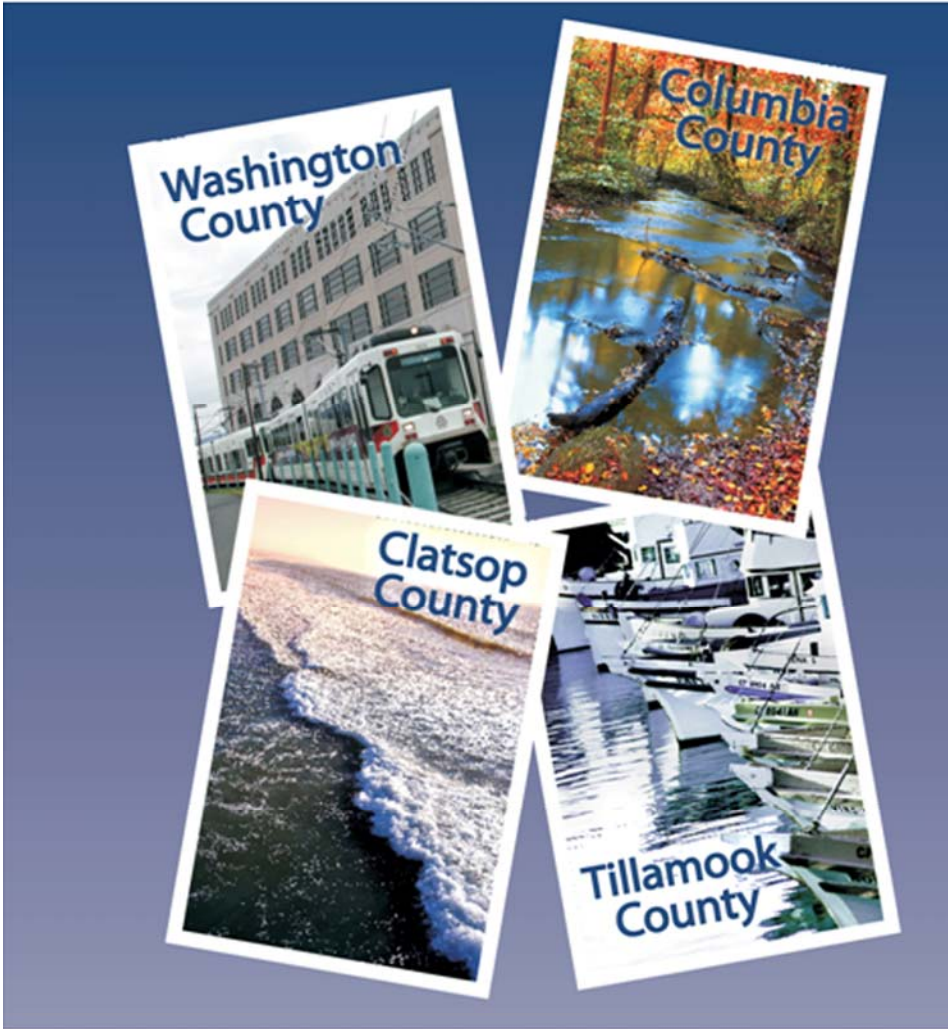


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Introductory Section



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NORTHWEST REGIONAL EDUCATION SERVICE DISTRICT

5825 NE Ray Circle
Hillsboro OR 97124
Phone: 503-614-1428 Fax: 503-614-1440

October 9, 2008

**To the Board of Directors and
Residents of Washington County
Hillsboro, Oregon**

Oregon Municipal Law requires that an independent audit be made of all District funds within six months following the close of the fiscal year. Pursuant to this requirement, the Comprehensive Annual Financial Report of Northwest Regional Education Service District (the ESD) for the fiscal year ended June 30, 2008 is hereby submitted.

The District Office of Fiscal Service prepared this report, management assumes the responsibility for the completeness, reliability, and accuracy of all the information presented. The District's management has established a comprehensive internal control framework that is designed both to protect the assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the District's financial statements in conformity with Generally Accepted Accounting Principles (GAAP). Because the cost of internal controls should not outweigh their benefits, the District's comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

REPORT CONTENTS

The Comprehensive Annual Financial Report is presented in five sections. These sections and their components area as follows:

- The **Introductory Section** includes this Letter of Transmittal, list of the Board of Directors and the District's organizational chart.
- The **Financial Section** includes the Independent Auditors' Report, Management's Discussion and Analysis, Basic Financial Statements, Notes to Basic Financial Statements and required supplemental information.
- The **Statistical Section** includes government wide summary financial data, summary financial trends, revenue capacity, debt capacity, demographic and economic information and operation information.
- The **Auditors' Comments and Disclosures Required by Oregon State Regulations** section.



- The **Grant Compliance Review** section includes Schedule of Federal Awards, Report of Internal Control Structure over Financial Reporting, Report of Compliance with Requirements Applicable to each Major Program and Schedule of Prior and Current Year Audit Findings and Questioned Costs Relative to Federal Awards.

MANAGEMENT’S DISCUSSION AND ANALYSIS

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

PROFILE OF THE ESD

The Northwest Regional ESD is the largest and most diverse education service district in the state. Two of Oregon’s largest school districts - Beaverton and Hillsboro - reside in the urban parts of Washington County while many smaller, more rural districts reside along the Columbia River, Coast Range Mountains and Pacific Ocean. The ESD service area includes more than 170 public schools in Clatsop, Columbia, Tillamook, and Washington counties - spanning approximately 3,500 square miles across the northwest corner of Oregon. The Regional Office is located in Hillsboro, with additional service centers located in Astoria, St. Helens, and Tillamook.

Education service districts originated in Oregon's first laws establishing a general system of common schools - a system that has maintained but changed the responsibilities and names of Oregon's mid-level education service entity. Throughout the history of Oregon's regional services system, local governance and state statutes concerning the mission of ESDs has remained somewhat constant: "Education Service Districts assist school districts and the State of Oregon achieving Oregon's education goals by providing excellent and equitable educational opportunities for all Oregon public school students." Today, there are 20 ESDs serving Oregon’s 36 counties.

Major periods in the development of Oregon's ESDs:

1849-1871	Origination and foundation established
1872-1944	The County Unit as regulatory arm of the state
1945-1962	Rural School Districts and equalization
1963-1976	Intermediate Education Districts and Advent of Services
1977-Present	Education Service Districts
1994	Passage of SB 26, the ESD Reorganization Act
1997	Passage of Ballot Measure 47 and 50 converted ESD tax bases to "rates"
1998-Present	The era of funding regional services on an equity-based formula
2005	Passage of HB 3184 implementing ESD funding and governance reforms

1945 - The Legislature created the county "rural school district." In the early 1960s, rural school districts began to provide special education services for disabled children. The Legislature studied the role of the county school superintendent's office and its potential for the future. In 1963, it replaced the "rural school district" title with "Intermediate Education District" (IED).



1977 - The Legislature changed the name of the intermediate education district to "education service district." This change reflected the growing recognition that the county office had become a major service center for local districts. Also, the passage of the Public Law 94-142, the federal legislation guaranteeing to all students with handicaps the right to a free and appropriate education, made the ESD's role as a provider of special education services even more important and necessary, as did the State's increased interest in early intervention and early childhood education programs, the same of which was occurring on a national basis.

1991 - The Legislature authorized a task force to study regional services on a statewide basis. The 1993 Legislature passed SB 26, the ESD Reorganization Act, which required the merger of 29 ESDs down to 21, including the annexation of six county units (Crook, Klamath, Lincoln, Morrow, Hood River, and Josephine) into one of the remaining 21 ESDs, i.e., Linn-Benton ESD annexed Lincoln County School District and became a three-county unit named Linn-Benton-Lincoln ESD; and Clatsop, Columbia, Tillamook, and Washington ESDs began the merger process to become the Northwest Regional ESD. (In 2003 Yamhill ESD voluntarily merged with Willamette ESD to further reduce the number of ESDs in the state to 20.)

1996 - Clatsop, Columbia, Tillamook, and Washington ESDs officially consolidated to become the Northwest Regional ESD. The consolidation resulted in the formation of one of the largest and most diverse education service districts in the state. Two of Oregon's largest school districts—Beaverton and Hillsboro—reside in the urban parts of Washington County while many smaller, more rural districts reside along the Columbia River, Coast Range Mountains and Pacific Ocean. This diversity in culture, size, landscape and geography creates an area where supplemental services provided by NWRESD are in great demand by schools large and small.

2000 - The Legislature completed an interim task force study of ESDs. As a result of that study, the Legislature passed two major pieces of legislation: SB 259 and SB 260. Senate Bill 259 reestablished the primary mission of ESDs: "The mission of Education Service Districts is to assist school districts and the Department of Education in achieving Oregon's educational goals by providing equitable, high quality, cost-effective and locally responsive educational services at a regional level."

SB 259 also establishes that ESDs exist to help:

- Ensure an equitable and excellent education for all children in the state
- Implement the Oregon Educational Act for the 21st Century
- Foster the attainment of high standards of performance by all students in Oregon's public schools
- Facilitate interorganizational coordination and cooperation among educational, social service, health care and employment training agencies.

Senate Bill 260 addressed two major issues regarding ESD funding:

- Through a progressive five-year process, funding was equalized across Oregon ESDs in fiscal year 2005-2006.
- ESD funding became connected to local district funding in that a small portion of the State School Fund allocation to a region is distributed to the ESD with the remainder distributed to local districts in accordance with the state funding formula. In fiscal year 2001-2002, 4.888% of the region's State School Fund allocation was used to fund the ESD. That percentage



increased gradually over the next four years, such that in the fiscal year 2004-2005, 5.097% of the regional State School Fund allocation was used to fund ESDs.

2005 - The Legislature passed House Bill 3184 which implemented reforms to ESD funding and governance.

Beginning with the 2006-2007 school year, the K-12 state budget formula changed: School districts now receive 95.25% of the region's State School Fund allocation and ESDs will receive 4.75%.

High Desert ESD, Willamette ESD and Northwest Regional ESD were selected to pilot the governance reform portion of the new law:

For the purpose of modifying the governance of the ESD's involved in the pilot project, their regions were divided up into zones of approximately equal population and the zones could not cross district boundaries. From each of these zones, each school district board within the zone had one vote to cast to determine representation on the ESD board. That process will produce five ESD board members who took office July 1, 2006. They in turn appointed one board member from each of the following regional groups: higher education, social services, the business community, and one at-large member.

The appointees took office on August 8, 2006. The result was a new nine-member ESD boards whose terms were to all expire on June 30, 2010.

2007 - The Legislature passed Senate Bill 755 which staggers terms of office for Northwest Regional ESD board members, effective Jan. 1, 2008. In addition, the bill allows for ESD appointed board members to take a stance on political issues.

The ESD is governed by a nine-member board consisting of five elected directors, each representing a specific geographic zone in the region, and four appointed directors from each of the following regional groups: higher education, social services, the business community, and one at-large member. Together, these volunteer community members work closely with the ESD's superintendent to determine district policies and ensure the highest quality programs and services are being delivered to schools in the region. The terms of all members will expire on June 30, 2010, according to **HB 3184**, a state law passed by the 2005 Oregon Legislature.

The Board of Directors has legal authority transacting all business coming within the jurisdiction of the education service district within the framework set by the State Legislature and State Board of Education. The Board also acts to provide Resolution Plan supported by the component districts in the area of programs and services that are identified to meet high priorities. The daily functioning of the ESD is under the supervision of the Superintendent. The Board is responsible for employing the Superintendent to administer the ESD.

LOCAL ECONOMY

Located on the western edge of the City of Portland, Washington County is the second largest and fastest growing urban county in Oregon, with approximately 500,585 citizens. The community is Oregon's most ethnically diverse, drawing immigrants from Europe, Central and South America, Asia, Indo-China, the



Pacific nations and Africa. The result of that diversity is that residents and institutions alike reflect a global perspective

Washington County is 727 square miles and includes a portion of the City of Portland and eleven incorporated cities including Hillsboro, Beaverton, Tigard and Tualatin. Focused residential and industrial growth has enabled the county to preserve more than 75% of its agricultural and forestlands through utilization of the nationally acclaimed Urban Growth Boundary.

Washington County residents are the youngest, most affluent, and most highly educated in Oregon. The community enjoys excellent schools, and a uniquely diverse array of cultural and recreational activities. Only an hour's drive from the beach and mountains and less than a half-hour to downtown Portland, Washington County enjoys the benefits of a healthy urban and rural environment.

The county's developed regions are home to traditional suburban and new mixed-use neighborhoods, electronics leaders such as Intel, IBM and Tektronix, and world headquarters for both Nike and Columbia Sportswear. Intel's investment in Washington County exceeds that of any Intel site worldwide. Outside the Urban Growth Boundary, the county transitions to nurseries, wineries and other farm and forest enterprises. Washington County ranks first in manufacturing and third in agriculture production in Oregon.

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

LOCAL SERVICE PLAN

The 2005 Legislature changed the fundamental structure of the prior ESD resolution plan with the passage of House Bill 3184. Each ESD's component school districts are to pass the Local Service Plan following the same guidelines of the former resolution plan. It must be passed by two-thirds of the districts representing more than 50 percent of the student population. The Local Service Plan must contain, and every ESD must provide, the following services:

Special Student Services. Early Intervention (Birth to 3) Early Childhood Special Education program (3-5) (EI/ECSE) enhances services to our four county region with comprehensive birth-to-kindergarten services and programs for young children with disabilities, as well as their families. The EI/ECSE program cooperates with the ODE and component school districts to see that children and families can access exemplary, state-of-the-art evaluation, classroom and home based services.

Behavioral Programs (K-12) staff collaborates with each of the 20 component school districts to ensure all students with disabilities, kindergarten through graduation from high school, receive a free appropriate public education. The ESD ensures the provision of itinerant specialist personnel, across numerous professional discipline areas that work with students and component district staff in the student's home school. Specialized classroom instruction is provided in both on and off campus settings depending on requirements for satisfactory student learning.



Related Services (Birth to 21) provide service to students with low incidence, high impact disabilities receive requisite instructional and support services. ESD provides services from birth to age 21 that are specifically designed to provide access to specialists with training and experience in working with students with autism spectrum disorder (ASD), severe orthopedic impairments, vision impairments, and hearing impairments. Programs and services include: assessments to determine special education eligibility and education planning, audio logical services, physical therapy and occupational therapy services, specialized classrooms for deaf and hard of hearing students, itinerant services (educational consultation and direct services) for students who are blind or visually impaired, deaf or hard of hearing, or have severe orthopedic impairments, and interpreter services for students who are deaf or hard of hearing.

Instructional Services. Curriculum and Staff Development; School Improvement Services; Professional Development; Migrant/English Language Learner (ELL) Services; Northwest Outdoor Science School, Terra Nova High School; CAPITAL Center High School Technology Institute; Tillamook County Health Services Academy and Hospitality, Tourism and Recreation Program; GED Testing Services; and Title VII Indian Education Services.

Technology Services. Technical support services to the ESD and the twenty component school districts in Clatsop, Columbia, Tillamook and Washington Counties. The department's responsibilities range from desktop services to wide-area network support. The network support staff maintains the "backbone" on which most services are delivered. We specialize in local and wide area network consulting, design, installation, configuration, and support.

Software and Application Support (SAS) provides software support for student email accounts, media booking, student and fiscal systems, list servers, domain name servers, home school tracking, web development, special education early intervention census tracking, testing services, class registration system, web-based surveys, and other system-wide data systems.

Management Information Services (MIS) is dedicated to identifying and addressing district needs and priorities. Our programs and services are high quality, cost-effective and are readily accessible to those being served.

Instructional Media Services (IMS) provides teachers and school districts instructional staff with online access to current, curriculum-relevant instructional videos that are delivered to schools by ESD couriers

Administrative and Support. Services for component school districts, including but not limited to services designed to consolidate component school district business functions, liaison services between the Department of Education and component school districts and registration of children being taught by private teachers, parents or legal guardians pursuant to ORS 339.035.

Other Support Services: Truancy Enforcement; Home School Registration; Printing & Graphics Services; and Courier Services.



RELEVANT FISCAL POLICIES

The preparation of the annual budget is not a periodic activity but is an on-going process involving the ESD personnel at all levels and the concerns and input of the component school districts and the citizens of the ESD. Included in the budget preparation for the next fiscal year is the analysis and evaluation of the current year's budget and preliminary studies of future budget proposals. Such study should include a review and updating of the long-term planning of the Board, administration, and staff, including a review of both educational planning and financial planning.

The budget officer is expected to have the budget needs compiled early enough in the fiscal year to give the budget committee ample time for deliberations, in accordance with the budget calendar.

The budget document should be in a form understandable to those who must work with it. The preparation of the budget is the responsibility of the budget officer. In the preparation of the budget document, the superintendent shall require the assistance and cooperation of ESD personnel in submitting whatever suggestions, materials, and estimates as may be required.

ESD budget committee will consist of the five elected and four appointed members of the Board and ten members of component school district boards appointed by the Board, or designees of component school district boards, as required by law. Terms of the appointed members will be three years each with appointments made so that, as nearly as possible, the terms of one third of the members expire each year.

The term of office shall expire for not less than three, nor more than four, members in any one year. The Board will establish appropriate timelines and procedures for appointment of budget committee members. A majority of the constituted committee is required for passing an action item. Majority for a 19-member budget committee is 10. Therefore, if only 10 members are present, a unanimous vote is needed for passing an action item. In case of vacancy in the membership of the appointed budget committee prior to the expiration of the term of office of any such member, the ESD Board shall appoint a replacement to fill the unexpired term.

The budget committee shall hold one or more meetings to receive the budget message, the budget document and to provide members of the public with an opportunity to ask questions about and comment on the budget document. The budget officer shall announce the time and place for all such meetings, as provided by law. All meetings of the budget committee are open to the public. Minutes shall be taken, made available and retained in accordance with the Public Meetings Law.

It is the function of the budget committee to approve budget estimates for a fiscal plan for the ensuing fiscal year, July 1 through June 30 inclusive. No new program should be considered for the budget estimate that has not previously been submitted to the Board and approved as a part of the strategic plan and Local Service Plan. The budget committee will determine levels of spending, but will not determine programs.

The budget committee will approve an estimated budget document for submission to the Board. After the public hearing on the budget and any modifications of the budget deemed necessary as a result of that hearing, the Board will approve the proper resolutions to adopt and appropriate the budget. The Board will further determine, make and declare the ad valorem property tax amount or rate to be certified to the



assessor for the ensuing year, and itemize and categorize the ad valorem property tax amount or rate, as provided in ORS 310.060.

The superintendent will ensure all necessary documentation is submitted to the county assessor's office as required by the Local Budget Law.

Financial Reporting. The financial statements of the ESD are prepared in accordance with generally accepted accounting principles (GAAP) of the United States of America. In addition to presenting the financial position, results of operations and changes in financial position of the ESD funds, the financial statement reconciles differences in reporting activities between the budgetary basis as presented in the annual approved budget and the basis according to GAAP.

Cash Management. Through the year, cash not required for current operations was invested in the State of Oregon Local Government Investment Pool, U.S. Treasury securities and demand deposits. Deposits with banking institutions are 100 percent collateralized at 25 percent of value, as required by Oregon Revised Statutes.

AWARDS

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to Northwest Regional Education Service District for its comprehensive annual financial report for the year ended June 30, 2007. This was the first year that the ESD has received this prestigious award. In order to be awarded a Certificate of Achievement, the ESD must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles of the United States of America and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current Comprehensive Annual Financial Report continues to meet the Certificate of Achievement Program's requirements and we will be submitting it to GFOA to determine its eligibility for another certificate.

ACKNOWLEDGEMENTS

We would like to express our appreciation to all ESD staff that played a part during the fiscal year ended June 30, 2008 in maintaining the ESD records in a manner so that this report's production was made efficient. In particular, to our Fiscal Service Department, Communications Editor, Central Management Team and our Board Members for their unfailing support for maintaining the highest standards of professionalism in the management of the Northwest Regional Education Service District.

Respectfully submitted,

Jim Mabbott
Superintendent

Tim Collier
Chief Financial Officer

Certificate of Achievement for Excellence in Financial Reporting

Presented to

Northwest Regional
Education Service District
Oregon

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2007

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



Oliver S. Cox

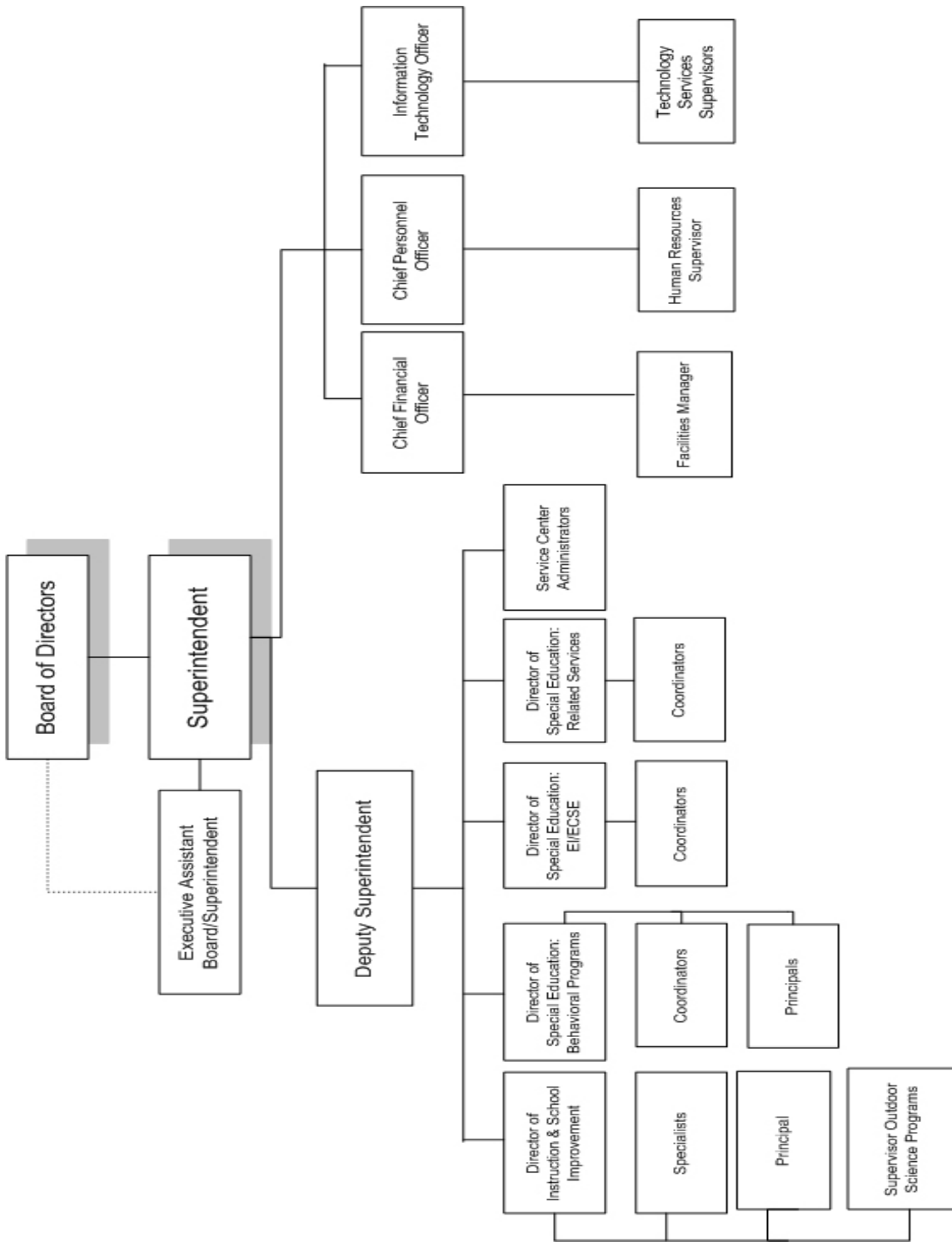
President

Jeffrey R. Emery

Executive Director



Northwest Regional Education Service District Organizational Chart





Northwest Regional Education Service District

5825 NE Ray Circle
Hillsboro, OR 97124

Jim Mabbott - Superintendent
Mickey Odin - Deputy Superintendent

Tim Collier - Chief Financial Officer
Darcy Rourk - Chief Personnel Officer
Rick Wahlstrom - Chief Technology Officer

Board of Directors as of June 30, 2008

Larry Spier - Chair Zone 3
19995 SW Newcastle Dr.
Aloha, OR 97007
503-642-2303

Greg Hamann - Higher Ed
1860 SE 3rd St.
Astoria, OR 97103
503-338-9573

Gail Young, Vice Chair - Zone 1
10445 SW Meier Dr.
Tualatin, OR 97062
503-692-4259

Marilyn McGlasson - At-Large
382 NE Hillwood Dr.
Hillsboro, OR 97124
503-648-7312

Ann Samuelson - Business
80672 HWY 202
Seaside, OR 97138
503-755-2540

Doug Montgomery - Zone 2
916 S Island St.
Rockaway Beach, OR 97136
503-355-3088

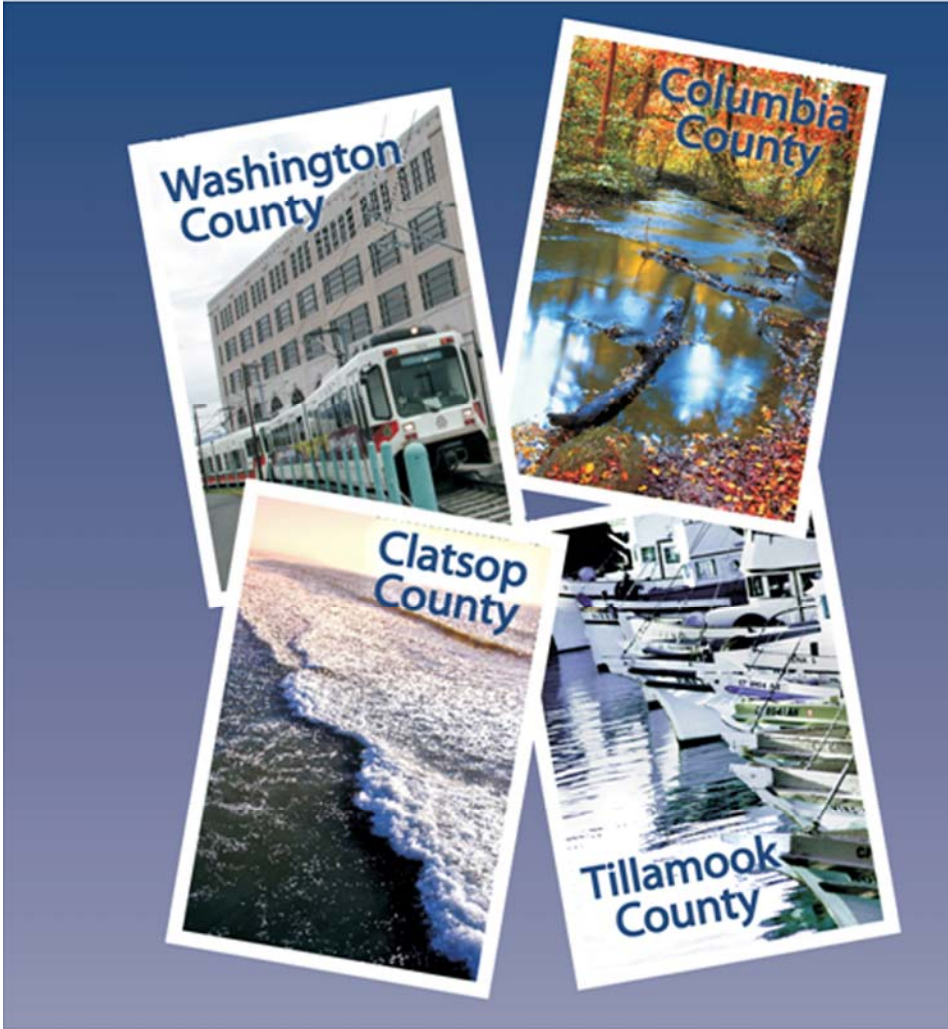
Michael Ingalls - Zone 5
15890 SW Caldera Ct
Beaverton, OR 97007
503-504-9885

Katie Riley - Social Services
250 NE Hillwood Dr.
Hillsboro, OR 97124
503-349-2965

Earl Fisher - Zone 4
19509 Swedetown Rd.
Clatskanie, OR 97016
503-728-2450



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Financial Section



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PAULY, ROGERS AND CO., P.C.

CERTIFIED PUBLIC ACCOUNTANTS

- 12700 SW 72ND AVENUE • TIGARD, OREGON 97223
- (503) 620-2632 • FAX (503) 684-7523

November 12, 2008

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

INDEPENDENT AUDITORS' REPORT

We have audited the accompanying financial statements of the governmental activities, business-type activities, budgetary comparison schedules, each major fund and the aggregate remaining fund information of Northwest Regional Education Service District, Washington County, Oregon, as of and for the year ended June 30, 2008, as listed in the table of contents. These financial statements are the responsibility of the District's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Northwest Regional Education Service District, Washington County, Oregon, at June 30, 2008, and the results of its operations and cash flows for the year then ended, in conformity with generally accepted accounting principles in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our reports dated November 12, 2008, on our consideration of Northwest Regional Education Service District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. Those reports are an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

The Management's Discussion and Analysis, as listed on the table of contents, is not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise Northwest Regional Educational Service District's basic financial statements. The Supplementary Information, including budgetary comparison schedules as listed in the Table of Contents, is presented for purposes of additional analysis and are not a required part of the basic financial statements. The Schedule of Expenditures of Federal Awards, as listed in the table of contents, is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audit of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the basic financial statements. The Supplementary Information and the Schedule of Expenditures of Federal Awards have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated, in all material respects, in relation to the basic financial statements taken as a whole, except as noted below.

The Revenue and Expenditure Summaries, as listed on pages 37 through 43 and Supplemental Information on page 45, are presented as supplemental schedules for the Oregon Department of Education, and are not a required part of the basic financial statements. We have applied certain limited procedures, which consisted principally of inquiries of management about this supplementary information. However, we did not audit the information and do not express an opinion on it.

The introductory section and statistical section have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

Pauly, Rogers and Co. P.C.

PAULY, ROGERS AND CO., P.C.



MANAGEMENT'S DISCUSSION AND ANALYSIS



MANAGEMENT'S DISCUSSION AND ANALYSIS YEAR ENDED JUNE 30, 2008

As management of Northwest Regional ESD (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, 2008.

FINANCIAL HIGHLIGHTS

- In the government-wide statements, the assets of the District exceeded its liabilities at June 30, 2008 by \$15.2 million. Of this amount, \$1 million represents the District's investment in capital assets net of related debt, \$9.6 million is restricted, \$4.5 million is unrestricted and available to meet the District's ongoing obligations to citizens and creditors.
- The District's total net assets increased by \$1.8 million. This is mainly attributable monies in the Special Revenue Funds.
- The District's governmental funds report combined ending fund balance of \$13.7 million, an increase of \$1.9 million in comparison with the prior year. Approximately 29 percent of this total amount, \$4.0 million, is available for spending at the District's discretion.
- At the end of the fiscal year, unreserved fund balance for the general fund was \$4.0 million, or about 10.1 percent of total general fund expenditures and other financing uses.

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 similar to a private-sector business. These statements include:

The Statement of Net Assets. The *Statement of Net Assets* presents information on all of 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 or decreases in net assets may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

The Statement of Activities. The *Statement of Activities* presents information showing how the net assets of the District changed over the year by tracking revenues, expenses and other transactions that increase or reduce net assets. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave). In the government-wide financial statements, the District's activities are shown in two categories, governmental and business type.



MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2008

Governmental Activities. Most of the District's basic functions are shown here, such as regular and special education, administration, and facilities acquisition and construction. These activities are primarily financed through property taxes, Oregon's State School Fund and other intergovernmental revenues.

The government-wide financial statements can be found on pages 10 and 11.

Fund Financial Statements. The *fund financial statements* provide more detailed information about the District's funds, focusing on its most significant or "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. The Northwest Regional ESD, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the District can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

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

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund Balance Sheet and Statement of Revenues, Expenditures and Changes in Fund Balances are reconciled to the government-wide Statements of Net Assets and Activities

The District maintains three 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 and Capital Projects Funds, all of which are considered to be major funds.

The basic governmental fund financial statements can be found on pages 12 and 14.

Proprietary Funds. The District maintains one proprietary fund type (enterprise fund). This fund is an accounting device used to allow entrepreneurial activities to be tracked separately from other functions. Entrepreneurial functions include primarily contracted technology services. These funds are combined into a single, aggregated presentation in the basic financial statements.

The basic proprietary fund financial statements can be found on pages 18 - 20.



MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2008

Fiduciary Fund. 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 proprietary funds. These funds are mostly held for the District's component school districts.

The basic fiduciary fund financial statement can be found on pages 21 - 22.

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

The notes to the basic financial statements can be found on pages 23 – 33.

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

Supplementary information can be found on pages 34 - 45.

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

Statistical Section information can be found on pages 46 – 61.

GOVERNMENT – WIDE FINANCIAL ANALYSIS

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the District, assets exceeded liabilities by \$15.2 million at June 30, 2008.

Capital assets, which consist of the District's land, buildings, and building improvements, construction in progress, vehicles, and equipment, represent about 36% percent of total assets. The remaining assets consist mainly of cash and grants and accounts receivable.

	Statement of Net Assets		June 30, 2007	
	Governmental Activities	Business-type Activities	Governmental Activities	Business-type Activities
Current and other assets	\$ 18,695,433	\$ 28,868	\$ 16,885,405	\$ 196,164
Capital assets	9,056,206	-	9,401,688	-
Total Assets	<u>27,751,639</u>	<u>28,868</u>	<u>26,287,093</u>	<u>196,164</u>
Current liabilities	4,469,847	14,852	4,560,800	26,576
Long-term debt	8,053,445	13,550	8,448,661	-
Total Liabilities	<u>12,523,292</u>	<u>28,402</u>	<u>13,009,461</u>	<u>26,576</u>
Net assets:				
Invested in capital assets, net of related debt	1,002,761	-	953,027	-
Unrestricted	4,551,612	466	6,076,774	169,588
Restricted	9,673,974	-	6,247,831	-
Total Net Assets	<u>\$ 15,228,347</u>	<u>\$ 466</u>	<u>\$ 13,277,632</u>	<u>\$ 169,588</u>



MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2008

The District's largest liability (64 percent) is for the repayment of certificates of participation. Current liabilities, representing about 36 percent of the District's total liabilities, consist almost entirely of payables on accounts, salaries and benefits, and the current portion of long-term debt.

During the current fiscal year, the District's net assets increased by \$1.8 million. Reasons for the increase include the funds held in county allocations and State contracts in the first year of a biennium.

GOVERNMENTAL ACTIVITIES. A comparative analysis discussing and analyzing significant differences follows below. The key elements of the change in the District's net assets for the year ended June 30, 2008 are as follows:

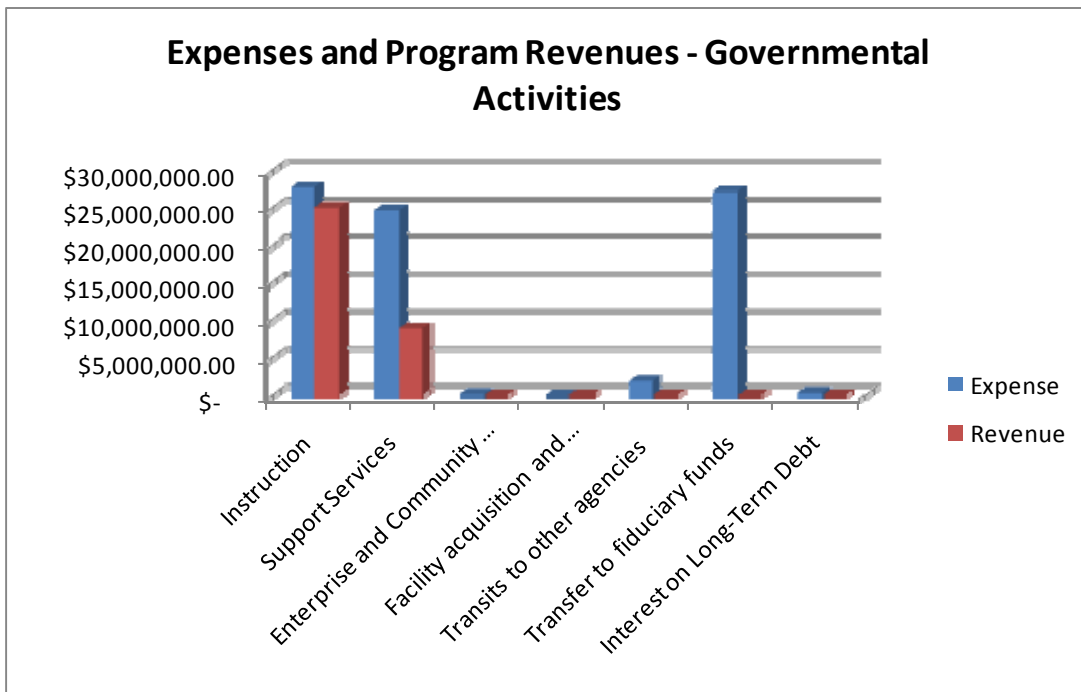
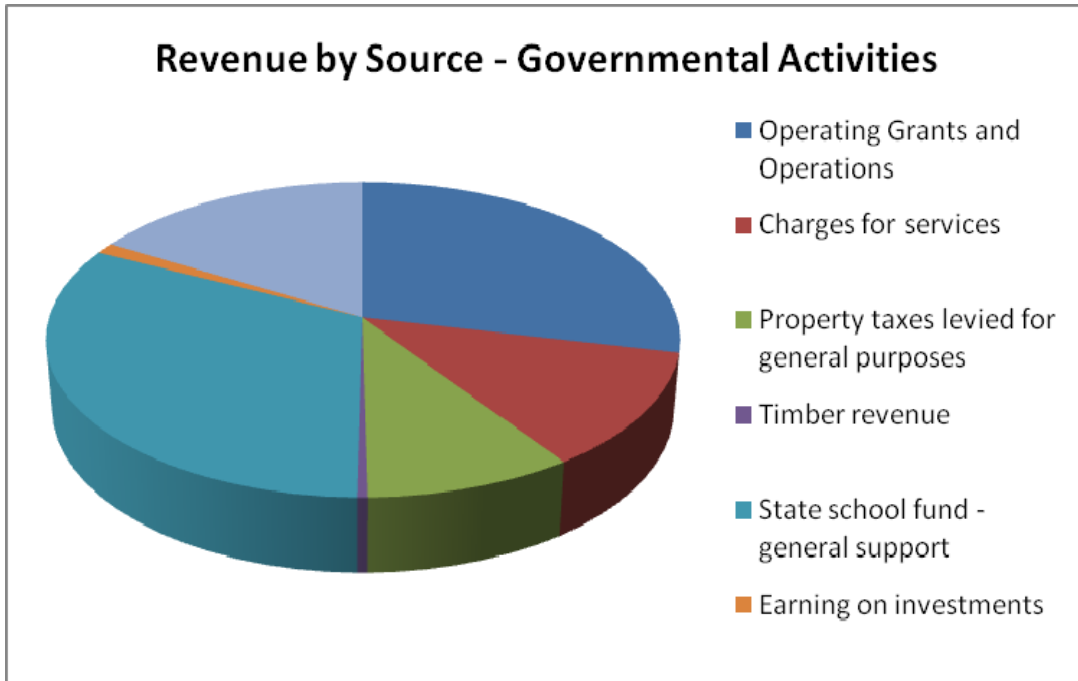
- Spending previously held county allocations for districts.

Statement of Activities

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total June 30, 2008</u>	<u>Total June 30, 2007</u>
Revenues:				
Program revenues:				
Charges for services	\$ 10,003,425	\$ 1,036,090	\$ 11,039,515	\$ 10,277,609
Operating grants and operations	23,999,610	-	23,999,610	17,195,233
General revenue:				
Property taxes	7,835,156	-	7,835,156	7,523,350
Timber revenue	377,403	-	377,403	354,305
State school fund - general support	26,993,071	-	26,993,071	25,527,959
Earnings on investments	926,980	-	926,980	1,093,097
Service credits transfers	13,895,572	-	13,895,572	12,625,874
Total Revenues	<u>\$ 84,031,217</u>	<u>\$ 1,036,090</u>	<u>\$ 85,067,307</u>	<u>\$ 74,597,427</u>
Expenses:				
Instruction	27,733,733	-	27,733,733	25,186,946
Support services	24,739,416	-	24,739,416	22,081,299
Enterprise and community services	204,783	-	204,783	188,227
Facility acquisition and construction	120	-	120	25,026
Transits to other agencies	1,821,639	-	1,821,639	1,464,530
Transfer to fiduciary funds	27,185,567	-	27,185,567	23,928,011
Interest on long-term debt	395,244	-	395,244	411,829
Data processing services	-	1,205,212	1,205,212	571,912
Total Expenses	<u>82,080,502</u>	<u>1,205,212</u>	<u>83,285,714</u>	<u>73,857,780</u>
Change in net assets	<u>1,950,715</u>	<u>(169,122)</u>	<u>1,781,593</u>	<u>739,647</u>
Net Assets, beginning of year	<u>13,277,632</u>	<u>169,588</u>	<u>13,447,220</u>	<u>12,707,573</u>
Net Assets, end of year	<u>\$ 15,228,347</u>	<u>\$ 466</u>	<u>\$ 15,228,813</u>	<u>\$ 13,447,220</u>



MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2008





**MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2008**

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

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

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. In particular, *unreserved fund balance* may serve as a useful measure of a government's net resources available for spending at the end of a fiscal year.

At June 30, 2008, the District's governmental funds reported combined ending fund balances of \$13.7 million, increase of \$1.9 million in comparison with the prior year.

General Fund. The General Fund is the chief operating fund of the District. As of June 30, 2008, unreserved fund balance was \$4.0 million (28 percent) of the Governmental ending fund balance. As a measure of the fund's liquidity, it may be useful to compare total fund balance to total fund expenditures. Fund balance represents 10 percent of total General Fund expenditures and other financing uses. General Fund *unreserved ending fund balance*, is available at the District's discretion.

The fund balance decreased by \$1.6 million during the current fiscal year. This decrease is due to the purchase of region wide financial system in fiscal year 2007-08.

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, 2008, the District had invested over \$9.06 million in capital assets, net of depreciation, as shown in the following table on the following page:

	Capital Assets	
	(Net of Depreciation)	
	Governmental Activities	
	June 30, 2008	June 30, 2007
Land	\$ 467,500	\$ 467,500
Buildings and improvements	7,785,350	7,857,328
Leaseholds improvements	18,818	22,678
Vehicles and equipments	784,538	1,054,182
	<u>\$ 9,056,206</u>	<u>\$ 9,401,688</u>

Additional information of the District's capital assets can be found in Note 4 on page 30.



**MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2008**

Long - Term Debt. At the end of the current fiscal year, the District had total bonded debt outstanding of \$8.1 million, consisting of certificates of participation debt net of unamortized premium/discount.

Additional information on the District's long-term debt can be found in Note 6 on page 31.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

The most significant economic factor for the District is the State of Oregon's State School Fund. For the year ended June 30, 2008, the State School Fund – General Support provided 63 percent of the District's program resources. As such a large percentage any impact on the states economy could impact the District's funding. The second year of a biennium is normally fairly stable from a funding side, however with recent impacts to the economy 2009-10 financial situation is unclear at this time.

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 the District's Chief Financial Officer of Fiscal Services at 5825 NE Ray Circle Hillsboro, Oregon 97124.



BASIC FINANCIAL STATEMENTS

NORTHWEST REGIONAL EDUCATION SERVICE DISTRICT

Hillsboro, Oregon

STATEMENT OF NET ASSETS

JUNE 30, 2008

	Governmental Activities	Business-type Activities	Total
<u>ASSETS</u>			
Cash and cash equivalents	\$ 5,000,059	\$ (100,403)	\$ 4,899,656
Cash held by County	39,122	-	39,122
Receivables	13,311,467	129,271	13,440,738
Bond issuance costs, net of accumulated amortization	344,785	-	344,785
Capital assets:			
Not being depreciated	467,500	-	467,500
Being depreciated, net of accumulated depreciation	8,588,706	-	8,588,706
TOTAL ASSETS	27,751,639	28,868	27,780,507
<u>LIABILITIES</u>			
Accounts payable	1,524,485	14,852	1,539,337
Accrued payroll and related liabilities	2,876,774	13,550	2,890,324
Accrued interest payable	32,937	-	32,937
Accrued compensated absences payable	35,651	-	35,651
Long-term debt:			
Due within one year	415,216	-	415,216
Due in more than one year	7,638,229	-	7,638,229
TOTAL LIABILITIES	12,523,292	28,402	12,551,694
<u>NET ASSETS</u>			
Invested in capital assets, net of related debt	1,002,761	-	1,002,761
Unrestricted	4,551,612	466	4,552,078
Restricted for			
Special Revenues	9,566,029	-	9,566,029
Capital Projects	107,945	-	107,945
TOTAL NET ASSETS	\$ 15,228,347	\$ 466	\$ 15,228,813

See notes to basic financial statements

NORTHWEST REGIONAL EDUCATION SERVICE DISTRICT

Hillsboro, Oregon

STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2008

Functions/Programs	Program Revenues			Net (Expense) Revenue and Change in Net Assets		
	Expenses	Charges for Services	Operating Grants and Contributions	Governmental Activities	Business- type Activities	Total
Governmental activities:						
Instruction:						
Regular programs	\$ 2,137,889	767,703	\$ 147,525	\$ (1,222,661)	\$ -	\$ (1,222,661)
Special programs	25,595,844	994,816	23,207,927	(1,393,101)	-	(1,393,101)
Support services:						
Students services	12,274,694	4,949,290	307,744	(7,017,660)	-	(7,017,660)
Instructional staff services	2,021,671	298,589	247,223	(1,475,859)	-	(1,475,859)
General administration	1,747,366	-	-	(1,747,366)	-	(1,747,366)
School administration	430,120	88,965	-	(341,155)	-	(341,155)
Business services	2,393,518	2,859,131	-	465,613	-	465,613
Central activities	5,872,047	44,931	66,944	(5,760,172)	-	(5,760,172)
Enterprise and community services	204,783	-	22,247	(182,536)	-	(182,536)
Facility acquisition and construction	120	-	-	(120)	-	(120)
Transits to other agencies	1,821,639	-	-	(1,821,639)	-	(1,821,639)
Transfer to fiduciary funds	27,185,567	-	-	(27,185,567)	-	(27,185,567)
Interest on long-term debt	395,244	-	-	(395,244)	-	(395,244)
Total governmental activities	\$ 82,080,502	\$ 10,003,425	\$ 23,999,610	(48,077,467)	-	(48,077,467)
Business-type activities:						
Data processing services	1,205,212	1,036,090	-	-	(169,122)	(169,122)
Total business-type activities	\$ 1,205,212	\$ 1,036,090	\$ -	-	(169,122)	(169,122)
GENERAL REVENUES:						
Property taxes levied for general purposes				7,835,156	-	7,835,156
Timber revenue				377,403	-	377,403
State school fund - general support				26,993,071	-	26,993,071
Earning on investments				926,980	-	926,980
Service credits transfers				13,895,572	-	13,895,572
Total general revenues				50,028,182	-	50,028,182
CHANGE IN NET ASSETS				1,950,715	(169,122)	1,781,593
NET ASSETS, July 1, 2007				13,277,632	169,588	13,447,220
NET ASSETS, June 30, 2008				\$ 15,228,347	\$ 466	\$ 15,228,813

See notes to basic financial statements

NORTHWEST REGIONAL EDUCATION SERVICE DISTRICT

Hillsboro, Oregon

GOVERNMENTAL FUNDS

BALANCE SHEET

JUNE 30, 2008

	General Fund	Special Revenue Fund	Capital Projects Fund	Total
ASSETS				
Cash and investments	\$ 4,074,780	\$ 817,642	\$ 107,637	\$ 5,000,059
Cash held by County	39,122	-	-	39,122
Receivables:				
Taxes	316,689	-	-	316,689
Accounts	298,320	12,696,458	-	12,994,778
TOTAL ASSETS	\$ 4,728,911	\$ 13,514,100	\$ 107,637	\$ 18,350,648
LIABILITIES AND FUND BALANCES				
LIABILITIES:				
Accounts payable	\$ 451,181	\$ 1,073,612	\$ (308)	\$ 1,524,485
Payroll liabilities	2,315	2,874,459	-	2,876,774
Deferred revenue	273,245	-	-	273,245
TOTAL LIABILITIES	726,741	3,948,071	(308)	4,674,504
FUND BALANCES:				
Unreserved:				
General Fund	4,002,170	-	-	4,002,170
Special Revenue Fund	-	9,566,029	-	9,566,029
Capital Projects Fund	-	-	107,945	107,945
TOTAL FUND BALANCES	4,002,170	9,566,029	107,945	13,676,144
TOTAL LIABILITIES AND FUND BALANCES	\$ 4,728,911	\$ 13,514,100	\$ 107,637	\$ 18,350,648

See notes to basic financial statements

NORTHWEST REGIONAL EDUCATION SERVICE DISTRICT

Hillsboro, Oregon

**RECONCILIATION OF GOVERNMENTAL FUNDS
BALANCE SHEET TO STATEMENT OF NET ASSETS**

JUNE 30, 2008

TOTAL FUND BALANCES \$ 13,676,144

Capital assets are not financial resources and therefore are not reported in the governmental funds:

Cost	\$ 14,826,217	
Accumulated depreciation	<u>(5,770,011)</u>	9,056,206

A portion of the District's property taxes are collected after the year-end but are not available soon enough to pay for the current year's operations, and therefore are not reported as revenue in the governmental funds .

273,245

Long-term liabilities not payable in current year are not reported as governmental fund liabilities. Interest on long-term debt is not accrued in the governmental funds, but rather is recognized as an expenditure when due.

These liabilities consist of:

Accrued interest payables	(32,937)	
Compensated absences	(35,651)	
Bonds payable	(8,285,000)	
Bond issuance costs, net of amortization	344,785	
Bond discount/premiums, net of amortization	<u>231,555</u>	<u>(7,777,248)</u>

TOTAL NET ASSETS

\$ 15,228,347

See notes to basic financial statements

NORTHWEST REGIONAL EDUCATION SERVICE DISTRICT

Hillsboro, Oregon

GOVERNMENTAL FUNDS

STATEMENT OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCES

FOR YEAR ENDED JUNE 30, 2008

	General Fund	Special Revenue Fund	Capital Projects Fund	Total
REVENUES				
Local sources:				
Property taxes	\$ 7,835,156	\$ -	\$ -	\$ 7,835,156
Charges for services	1,662,872	8,672,578	-	10,335,450
Earnings on investments	851,685	-	1,663	853,348
Other	-	-	11,735	11,735
State sources	27,370,474	523,990	-	27,894,464
Federal contracts	-	18,546,310	-	18,546,310
Federal sources	-	4,724,070	-	4,724,070
Total revenues	37,720,187	32,466,948	13,398	70,200,533
EXPENDITURES				
Current:				
Instruction	-	27,674,241	-	27,674,241
Support services	9,470,449	15,531,905	213,479	25,215,833
Enterprises and community services	-	4,772	-	4,772
Facilities acquisition and construction	-	-	120	120
Capital outlay	23,302	234,718	-	258,020
Debt service:				
Principal	410,000	-	-	410,000
Interest	395,244	-	-	395,244
Transfers to fiduciary funds	23,791,050	-	-	23,791,050
Total expenditures	34,090,045	43,445,636	213,599	53,958,230
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	3,630,142	(10,978,688)	(200,201)	16,242,303
OTHER FINANCING SOURCES (USES):				
Transfers in	501,631	19,351,404	305,092	20,158,127
Transfers out	(5,482,084)	(3,442,522)	-	(8,924,606)
Transits to other agencies	(212,697)	(1,608,942)	-	(1,821,639)
Total other financing sources (uses)	(5,193,150)	14,299,940	305,092	9,411,882
NET CHANGE IN FUND BALANCES	(1,563,008)	3,321,252	104,891	1,863,135
FUND BALANCES, July 1, 2007	5,565,178	6,244,777	3,054	11,813,009
FUND BALANCES, June 30, 2008	\$ 4,002,170	\$ 9,566,029	\$ 107,945	\$ 13,676,144

See notes to basic financial statements

NORTHWEST REGIONAL EDUCATION SERVICE DISTRICT

Hillsboro, Oregon

**RECONCILIATION OF GOVERNMENTAL FUNDS STATEMENT OF
REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
TO STATEMENT OF ACTIVITIES**

FOR THE YEAR ENDED JUNE 30, 2008

NET CHANGES IN FUND BALANCES	\$ 1,863,135
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Governmental funds report capital outlay as expenditures. However, in the Statement of Activities the cost of those activities is allocated over their estimated useful lives and reported as depreciation expense.

This is the amount by which depreciation exceed capital outlay:

Capital outlay capitalized	\$ 178,666	
Depreciation	<u>(524,148)</u>	(345,482)

Long-term debt principal payment are recorded as expenditures in the governmental funds but reduce the liability in the Statement of Net Assets

	410,000
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Governmental funds report the effect of issuance costs and discounts when debt is first issued, whereas these amounts are deferred and amortized in the Statement of Activities:

Amortization of discount	(14,784)	
Amortization of issuance costs	<u>(18,406)</u>	(33,190)

In the Statement of Activities interest is accrued on long-term debt whereas in the governmental funds it is recorded as an expenditure when paid.

	1,382
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Revenues that do not meet the measurable and available criteria are not recognized in the current year in the governmental funds. In the Statements of Activities revenues are recognized when earned

	48,887
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Compensated absences are recognized as an expenditure in the governmental funds when they are paid. In the Statement of Activities compensated absences are recognized as expenses when earned.

	5,983
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CHANGE IN NET ASSETS	<u><u>\$ 1,950,715</u></u>
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See notes to basic financial statements

NORTHWEST REGIONAL EDUCATION SERVICE DISTRICT

Hillsboro, Oregon

GENERAL FUND

STATEMENT OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

FOR YEAR ENDED JUNE 30, 2008

	<u>Budget</u>		<u>Actual</u>	<u>Variance with Final Budget Over (Under)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Local sources:				
Property taxes	\$ 7,397,028	\$ 7,397,028	\$ 7,835,156	\$ 438,128
Charges for services	1,832,000	1,832,000	1,662,872	(169,128)
Earnings on investments	700,000	700,000	851,685	151,685
State sources	27,542,472	27,542,472	27,370,474	(171,998)
Total revenues	37,471,500	37,471,500	37,720,187	248,687
EXPENDITURES				
Current:				
Support services	9,535,110	9,535,110 (1)	9,493,751	41,359
Debt service *	868,000	868,000	805,244	62,756
Contingency	500,000	500,000 (1)	-	500,000
Transfers to fiduciary funds	23,791,050	23,791,050	23,791,050	-
Total expenditures	34,694,160	34,694,160	34,090,045	(604,115)
EXCESS OF REVENUES OVER EXPENDITURES	2,777,340	2,777,340	3,630,142	852,802
OTHER FINANCING USES:				
Transfers in	320,000	320,000	501,631	181,631
Transfers out *	(5,127,340)	(5,127,340)	(5,482,084)	(354,744)
Transits to other agencies *	(970,000)	(970,000)	(212,697)	757,303
Total other financing uses	(5,777,340)	(5,777,340)	(5,193,150)	402,559
NET CHANGE IN FUND BALANCE	(3,000,000)	(3,000,000)	(1,563,008)	1,436,992
FUND BALANCE, July 1, 2007	5,500,000	5,500,000	5,565,178	65,178
FUND BALANCE, June 30, 2008	\$ 2,500,000	\$ 2,500,000	\$ 4,002,170	\$ 1,502,170

* Appropriated as other uses.

(1) Appropriation level

See notes to basic financial statements

NORTHWEST REGIONAL EDUCATION SERVICE DISTRICT

Hillsboro, Oregon

SPECIAL REVENUE FUND

STATEMENT OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

FOR YEAR ENDED JUNE 30, 2008

	<u>Budget</u>		<u>Actual</u>	<u>Variance with Final Budget Over (Under)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Local sources:				
Charges for services	\$ 6,632,050	\$ 8,694,600	\$ 8,672,578	\$ (22,022)
Other	-	-	-	-
State sources	11,449,006	9,849,006	523,990	(9,325,016)
Federal sources	8,069,246	8,006,696	23,270,380	15,263,684
Total revenues	26,150,302	26,550,302	32,466,948	5,916,646
EXPENDITURES				
Current:				
Instruction	28,781,240	25,681,240 (1)	27,674,241	(1,993,001)
Support services	17,925,568	19,425,568 (1)	15,766,623	3,658,945
Enterprise and community services	195,134	195,134 (1)	4,772	190,362
Facilities acquisition and construction	400,000	- (1)	-	-
Total expenditures	47,301,942	45,301,942	43,445,636	1,856,306
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(21,151,640)	(18,751,640)	(10,978,688)	7,772,952
OTHER FINANCING SOURCES (USES):				
Transfers in	19,726,769	19,726,769	19,351,404	(375,365)
Transfers out *	(323,517)	(1,317,627)	(3,442,522)	(2,124,895)
Transits to other agencies *	(1,902,398)	(2,908,288)	(1,608,942)	1,299,346
Total other financing sources (uses)	17,500,854	15,500,854	14,299,940	(1,200,914)
NET CHANGE IN FUND BALANCE	(3,650,786)	(3,250,786)	3,321,252	6,572,038
FUND BALANCE, July 1, 2007	3,650,786	3,250,786	6,244,777	2,993,991
FUND BALANCE, June 30, 2008	\$ -	\$ -	\$ 9,566,029	\$ 9,566,029

* Appropriated as other uses.

(1) Appropriation level

See notes to basic financial statements

NORTHWEST REGIONAL EDUCATION SERVICE DISTRICT

Hillsboro, Oregon

ENTERPRISE FUND

STATEMENT OF NET ASSETS

JUNE 30, 2008

<u>ASSETS</u>	
Cash and cash equivalents	\$ (100,403)
Receivables	<u>129,271</u>
TOTAL ASSETS	<u>28,868</u>
<u>LIABILITY</u>	
Accounts payable	14,852
Payroll liabilities	<u>13,550</u>
TOTAL LIABILITY	<u>28,402</u>
<u>NET ASSETS</u>	
Unrestricted	<u><u>\$ 466</u></u>

See notes to basic financial statements

NORTHWEST REGIONAL EDUCATION SERVICE DISTRICT

Hillsboro, Oregon

ENTERPRISE FUND

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS

YEAR ENDED JUNE 30, 2008

REVENUE:	
Charges for service	\$ 218,986
Transfers in	<u>817,104</u>
TOTAL REVENUES	<u>1,036,090</u>
EXPENSES :	
Salaries	196,526
Employee benefits	90,501
Purchases services	26,162
Supplies	890,258
Miscellaneous	<u>1,765</u>
TOTAL EXPENSES	<u>1,205,212</u>
OPERATING AND NET LOSS	(169,122)
NET ASSETS, July 1, 2007	<u>169,588</u>
NET ASSETS, June 30, 2008	<u><u>\$ 466</u></u>

See notes to basic financial statements

NORTHWEST REGIONAL EDUCATION SERVICE DISTRICT

Hillsboro, Oregon

ENTERPRISE FUND

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED JUNE 30, 2008

CASH FLOWS FROM OPERATING ACTIVITIES	
Cash received for services	\$ 95,977
Cash received from interfund services provided	817,104
Cash paid to suppliers for goods and services	(915,033)
Cash paid to employees for services	<u>(288,353)</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES AND NET CHANGE IN CASH AND CASH EQUIVALENTS	(290,305)
CASH AND CASH EQUIVALENTS, July 1, 2007	<u>189,902</u>
CASH AND CASH EQUIVALENTS, June 30, 2008	<u><u>\$ (100,403)</u></u>
RECONCILIATION OF OPERATING LOSS TO NET CASH PROVIDED BY OPERATING ACTIVITIES	
Operating loss	\$ (169,122)
Adjustments to reconcile operating loss to net cash provided by operating activities:	
Change in assets and liabilities:	
Accounts receivable	(123,009)
Accounts payable	3,152
Payroll liabilities	<u>(1,326)</u>
NET CASH FROM OPERATING ACTIVITIES	<u><u>\$ (290,305)</u></u>

See notes to basic financial statements

NORTHWEST REGIONAL EDUCATION SERVICE DISTRICT

Hillsboro, Oregon

AGENCY FUNDS

STATEMENT OF NET ASSETS

JUNE 30, 2008

ASSETS:

Cash and cash equivalents	\$	10,518,759
Accounts receivable		117,429
		<hr/>
	\$	10,636,188
		<hr/> <hr/>

LIABILITY:

Accounts payable	\$	3,687,146
Due to school districts		6,949,042
		<hr/>
	\$	10,636,188
		<hr/> <hr/>

See notes to basic financial statements

NORTHWEST REGIONAL EDUCATION SERVICE DISTRICT

Hillsboro, Oregon

AGENCY FUNDS

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS

YEAR ENDED JUNE 30, 2008

REVENUE:	
Interest	\$ 279,407
Donations	6,499
Revenue in lieu of taxes	1,655,000
Other state revenues	1,537,539
Transfers in	26,053,101
TOTAL REVENUES	29,531,546
EXPENSES :	
Supplies	3,818
Service credits transfers	14,312,676
Transits	14,129,618
TOTAL EXPENSES	28,446,112
OPERATING AND NET LOSS	1,085,434
NET ASSETS, July 1, 2007	5,863,608
NET ASSETS, June 30, 2008	\$ 6,949,042

See notes to basic financial statements



NOTES TO BASIC FINANCIAL STATEMENTS



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NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2008

1. Summary of Significant Accounting Policies

Reporting Entity

The Northwest Regional Education Service District (the District) was formed under ORS 334.020 and Section 25, Chapter 784 Oregon Laws 1993. It provides educational services to school districts in Clatsop, Tillamook, Washington and Columbia counties. The District is a municipal corporation governed by an elected seven-member Board of Directors. Administrative officials are approved by the Board. The daily functioning of the District is under the supervision of the Superintendent-Clerk. As required by accounting principles generally accepted in the United States of America, all activities of the District have been included in these basic financial statements.

The District qualifies as a primary government since it has a separately elected governing body, is a legally separate entity, and is fiscally independent. There are various governmental agencies, school districts, 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 in accordance with GASB 39 or included in these basic financial statements.

Basis of Presentation

Government-wide Financial Statements

The *Statement of Net Assets* and the *Statement of Activities* display information about the District. These statements include the governmental financial activities of the overall District, except fiduciary activities. Eliminations have been made to minimize the double counting of internal activities. Governmental activities are financed through property taxes, intergovernmental revenues, and other nonexchange transactions.

The *Statement of Activities* presents a comparison between direct expenses and program revenues for each function/program. Direct expenses are those that are specifically associated with a function/program and, therefore, are clearly identifiable to that function/program. Indirect expenses are not allocated. Program revenues include charges to students or others for tuition, fees, rentals, materials, supplies or services provided and operating grants and contributions. Revenues that are not classified as program revenues, including property taxes, are presented as general revenues.

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



NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2008

1. Summary of Significant Accounting Policies - (Continued)

Fund Financial Statements

The fund financial statements provide information about the funds including those of a fiduciary nature. Separate statements for each fund category – governmental, business-type and fiduciary - are presented. The emphasis of fund financial statements is on major governmental funds, each displayed in a separate column. The minimum numbers of funds are maintained consistent with legal and managerial requirements.

The District reports the following major funds:

General Fund – The General Fund provides for those programs and services authorized by local school districts through the resolution process or by service agreements. Major sources of revenue are property taxes, state reimbursements and charges to other agencies.

Special Revenue Fund – The Special Revenue Fund provides instructional and support services to local school districts through contracts and reimbursements. Major revenue sources are charges to other education districts and federal and state grants.

Additionally, there are the following fund types:

Capital Projects Fund – This fund accounts for resources to replace or acquire new facilities and capital equipment. The principal resources are transfers from the General Fund and interest earnings.

Proprietary Fund Type – The proprietary fund accounts for services provided by the District, mainly data processing and warehousing, to other governmental agencies. The principal revenue sources are charges for services and supplies.

Fiduciary Fund Type – The agency fund is custodial in nature (assets equal liabilities) and does not involve the measurement of results of operations. This fund accounts for pass through money received from local and county sources and distributed to school districts. The agency funds are accounted for using the full accrual basis of accounting.

Measurement Focus and Basis of Accounting

Government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. The fiduciary fund financial statements are reported using the accrual basis of accounting but does not have a measurement focus. 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 District receives value 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 is recognized in the fiscal year in which all eligibility requirements have been satisfied.



NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2008

1. Summary of Significant Accounting Policies – (Continued)

Measurement Focus and Basis of Accounting-(Continued)

Under terms of grant agreements, the District funds certain programs by a combination of specific cost-reimbursement grants and general revenues. It is the District's policy to first apply cost-reimbursement grant resources to such programs and then general revenues.

Governmental fund financial statements are reported using the current financial resources measurement focus and modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. All revenues reported in the governmental funds are considered to be available if they are collected within sixty days after year-end. Property taxes and interest are considered to be susceptible to accrual. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on long-term debt and claims and judgments, which are recognized as expenditures to the extent they have matured. Capital asset acquisitions are reported as expenditures in the governmental funds and proceeds from long-term debt and acquisitions under capital leases are reported as other financing sources. For purposes of the government-wide and proprietary fund financial statements the District follows private-sector standards of accounting and financial reporting issued on or before November 30, 1989, unless those pronouncements conflict or contradict the guidance of Governmental Accounting Standards Board pronouncements.

The proprietary fund type (Enterprise fund) revenues and expenses generally result from providing services and producing and delivering goods in connection with ongoing operations. The principal revenues are charges to customers for sales and services. Expenses include the costs of sales and services, and administrative expenses. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

Use of Estimates

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

Cash and Cash Equivalents

The cash and cash equivalents consist of cash on hand, demand deposits and short-term investments with original maturities of three months or less. Short-term investments are stated at cost, which approximates fair value.



**NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2008**

1. Summary of Significant Accounting Policies - (Continued)

Property Taxes

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

Receivables

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

Capital Assets

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

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

Compensated Absences

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



NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2008

1. Summary of Significant Accounting Policies - (Continued)

Long-term Debt

In the government-wide financial statements long-term debt (certificates of participation) is reported as a liability in the Statement of Net Assets. Discounts, as well as issuance costs, are deferred and amortized over the life of the certificates of participation using the straight-line method, which approximates the effective interest method. In the fund financial statements discounts, as well as issuance costs, are recognized when incurred and not deferred. The face amount of the debt issued and discounts on debt issuances are reported as other financing sources and uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Pension Plan

Substantially all of the employees are participants in the State of Oregon Public Employees Retirement Fund (OPERF). Contributions to OPERF are made on a current basis as required by the plan.

Budget

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

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

Expenditure budgets are appropriated at the major function level (instruction, supporting services, enterprise and community services, building acquisition, construction and improvement, contingency, and other uses) for each fund.

Appropriations may not be legally over expended, except in the case of grant receipts, which could not be reasonably estimated at the time the budget was adopted. Management must obtain Board of Directors authorization for all appropriation transfers and supplemental budgets. Supplemental budgets less than 10% of the fund's original budget may be adopted by the Board of Directors at a regular Board meeting. A supplemental budget greater than 10% of the fund's original budget requires hearings before the public, publication in newspapers and approval by the Board of Directors.



**NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2008**

Appropriation transfers were made during the year. Expenditures of the various funds were within authorized appropriations except for: the Special Revenue Fund, instruction services was overexpended by \$1,993,001 and transfers by \$825,549. Enterprise Fund, support services was overexpended by \$254,723. Agency Fund, other community services was overexpended by \$3,818. Appropriations lapse at the end of each fiscal year.

2. Deposits and Investments

Cash and Investments consisted of:

Petty Cash	\$ 1,753
Demand Deposits	(322,667)
State of Oregon Treasurer's Local Government Investment Pool	15,739,329
	<u>\$ 15,418,415</u>

Cash and cash equivalents are reported as follows:

Governmental funds	\$ 5,000,059
Proprietary funds	(100,403)
Fiduciary funds	10,518,759
	<u>\$ 15,418,415</u>

Deposits

Deposits with financial institutions include bank demand deposits. The total bank balance per the bank statements is \$121,532 of which \$100,000 is covered by federal depository insurance and \$21,532 was fully collateralized with securities held by financial institutions acting as agents for the District and the remainder was uncollateralized. Oregon Revised Statutes require depository institutions to maintain on deposit, with a collateral pool manager, securities having a value not less than 25% of the outstanding certificates of participation issued by the pool manager.

Investments

Statutes authorize investing 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 P-1 by Moody's Commercial Paper Record (A-2/P-2 if Oregon commercial paper) and the state treasurer's investment pool. The District's investment at June 30, 2008, as listed above was invested in the State Treasurer's Local Investment Pool.

The State Treasurer's Local Government Investment Pool is not registered with the U.S. Securities and Exchange Commission as an investment company. The Oregon Revised Statutes and the Oregon Investment Council govern the State's investment policies. The State Treasurer is the investment officer for the Council and is responsible for all funds in the State Treasury. These funds must be invested, and the investments managed, as a prudent investor would, exercising reasonable care, skill and caution.



**NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2008**

Investments in the Fund are further governed by portfolio guidelines issued by the Oregon Short-Term Fund Board (OSTFB), 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 was in compliance with all portfolio guidelines at June 30, 2008.

Amounts in the State Treasurer's Local Government Investment Pool are not required to be collateralized. There is no material difference between the fair value of the District's position in the State Treasurer's Local Government Investment Pool and the value of the pool shares at June 30, 2008. There were no known violations of legal or contractual provisions for deposits and investments during the fiscal year.

Interest Rate Risk

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. The District does not have any investments that have a maturity date.

Credit Risk

Oregon Revised Statutes does not limit investments as to credit rating for securities purchased from US Government Agencies or USGSE. The State Investment Pool is not rated.

Concentration of Credit Risk

At June 30, 2008, 99% was invested in the State Treasurer's Investment Pool and 1% in Wells Fargo Bank with \$8 million collateral. State statutes do not limit the percentage of investments in those instruments.

3. Receivables

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

Receivable are comprised as follows:

Property taxes	\$ 316,689
Grants	12,696,458
Trade and other	545,020
	<u>\$ 13,558,167</u>

Receivables are reported as follows:

Governmental funds	\$ 13,311,467
Proprietary funds	129,271
Fiduciary funds	117,429
	<u>\$ 13,558,167</u>



**NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2008**

4. Capital Assets

Capital assets activity for the year was as follows:

	Balance June 30, 2007	Increase	Decrease	Balance June 30, 2008
Capital assets not being depreciated:				
Land	\$ 467,500	\$ -	\$ -	\$ 467,500
Capital assets being depreciated:				
Buildings and Improvements	9,991,128	132,788	-	10,123,916
Leasehold improvements	74,155	-	-	74,155
Vehicles and equipment	4,210,521	45,878	(95,753)	4,160,646
Total capital assets being depreciated	<u>14,275,804</u>	<u>178,666</u>	<u>(95,753)</u>	<u>14,358,717</u>
Less accumulated depreciation for:				
Buildings and Improvements	(2,133,800)	(204,766)	-	(2,338,566)
Leasehold improvements	(51,477)	(3,860)	-	(55,337)
Vehicles and equipment	(3,156,339)	(315,522)	95,753	(3,376,108)
Total accumulated depreciation	<u>(5,341,616)</u>	<u>(524,148)</u>	<u>95,753</u>	<u>(5,770,011)</u>
Total capital assets being depreciated, net	<u>8,934,188</u>	<u>(345,482)</u>	<u>-</u>	<u>8,588,706</u>
Total capital assets, net	<u>\$ 9,401,688</u>	<u>\$ (345,482)</u>	<u>\$ -</u>	<u>\$ 9,056,206</u>

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

Instruction:	
Regular programs	\$ 12,370
Special programs	47,121
Support services:	
Student Services	38,158
Instructional staff services	12,789
General administration	23,849
Business services	33,755
Central activities	356,106
	<u>\$ 524,148</u>

5. Risk Management

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. Commercial insurance is purchased to minimize its exposure to these risks. There have not been any losses in the past three years that exceeded their insurance coverage.



NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2008

6. Long-Term Debt

Changes in long-term debt for the year are as follows:

	Outstanding July 1, 2007	Payments	Outstanding June 30, 2008
Certificates of Participation: original issue, \$9,668,779; interest 3.0 - 6.35%	\$ 8,695,000	\$ (410,000)	\$ 8,285,000
	Current	Noncurrent	Total
Maturities - face value	\$ 430,000	\$ 7,855,000	\$ 8,285,000
Less unamortized bond discount	(14,784)	(216,771)	(231,555)
	\$ 415,216	\$ 7,638,229	\$ 8,053,445
Year Ending June 30,	Certificates of Participation	Interest	Total
2009	430,000	590,221	1,020,221
2010	435,000	360,823	795,823
2011	470,000	344,059	814,059
2012	490,000	325,579	815,579
2013	510,000	305,348	815,348
2014-2017	1,955,000	976,870	2,931,870
2018-2021	2,015,000	617,593	2,632,593
2022-2025	1,980,000	207,620	2,187,620
	8,285,000	\$ 3,728,111	\$ 12,013,111
Unamortized discount	(231,555)		
	\$ 8,053,445		

Principal and interest payments on certificates of participation are made from the General Funds. Certificates of participation were issued to finance construction and acquisition of capital assets.

Certificates of Participation	July 1, 2007	Payments	June 30, 2008
Series 1995 Columbia Service Center	\$ 305,000	\$ (20,000)	\$ 285,000
Series 1999 Washington Service Center *	340,000	(165,000)	175,000
Series 2001 Pacific Academy	1,015,000	(110,000)	905,000
Series 2005 Washington	2,860,000	(115,000)	2,745,000
Series 2005 B - Washington	4,175,000	-	4,175,000
Total Long-Term Debt	\$ 8,695,000	\$ (410,000)	\$ 8,285,000



NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2008

7. Interfund Transfers

The following is a reconciliation of interfund transfers.

	General Fund	Special Revenue Fund	Capital Projects Fund	Enterprise Fund	Fiduciary Fund	TOTAL
Transfers In	\$ 501,631	\$ 19,351,404	\$ 305,092	\$ 817,104	\$ 2,262,051	\$ 23,237,282
Transfers Out	\$ (5,482,084)	\$ (3,442,522)	\$ -	\$ -	\$ (14,312,676)	\$ (23,237,282)
	\$ (4,980,453)	\$ 15,908,882	\$ 305,092	\$ 817,104	\$ (12,050,625)	\$ -

General Fund

Transfers In - Recovery of expenses.

Transfers Out - Support to programs. Allocation for service credits to the Fiduciary Funds shows as part of the General Fund expenditures in the Statements of Revenue, Expenditures and Changes in Fund Balance.

Special Revenue Fund

Transfers In - Revenue recorded as charges for services related with service credits and distribution of county allocations.

Transfers Out - Support to programs and discretionary funds to participating school districts to the agency funds.

Capital Projects Fund

Transfers In - Support from General Fund.

Transfer Out - No activity during the fiscal year.

Enterprise Fund

Transfer In - Revenue recorded as charges for services related with service credits.

Transfer Out - No activity during the fiscal year.

Fiduciary Fund

Transfer In - Discretionary funds to participating school districts and service credits allocation.

Transfer Out - Transfer to cover cost associated with services received by school districts.

8. Operating Lease Agreements

The District leases building space at various locations. Approximate future minimum rental commitments under these agreements are as follows:

Year Ending June 30,	Amount
2009	746,651
2010	529,990
2011	505,374
2012	478,736
2013	487,194
2014-15	717,680
	<u>\$ 3,465,625</u>

The total rental expense under these or similar leases was approximately \$928,519 for the year ended June 30, 2008.



**NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2008**

9. Pension Plan

Contributions are made to the Oregon Public Employees Retirement Fund (OPERF), a cost-sharing multiple-employer defined benefit pension plan administered by the Oregon Public Employees Retirement System (PERS). PERS provides retirement and disability benefits, post employment health care benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. PERS is administered under Oregon Revised Statute (ORS) Chapter 238. ORS 238.620 establishes the Public Employees Retirement Board as the governing body of PERS. PERS issues a publicly available financial report that includes financial statements and required supplementary information. That report can be obtained by writing to PERS, P.O. Box 23700, Tigard, OR 97281-3700 or by calling 1-503-598-7377.

Members of PERS are required to contribute 6% of their salary covered under the plan. The District is required by ORS 238.225 to contribute the remaining amounts to pay benefits when due. The current rates are 17.64% (Tier One/Tier Two) and 19.19% (OPSRP) of salary covered under the plans. The contribution requirements for plan members are established by ORS Chapter 238 and may be amended by an act of the Oregon Legislature. Contributions to PERS for the years ended June 30, 2008, 2007, and 2006 was approximately \$5,472,084, \$3,828,695 and \$2,963,396 respectively, equal to the required contribution for each year.

The 2003 Oregon Legislature passed PERS reform legislation and essentially created a new retirement plan for employees hired on or after August 29, 2003. These employees become members of the Oregon Public Service Retirement Plan (OPSRP). OPSRP is a hybrid retirement plan with two components: the Pension Program (defined benefit plan) and the Individual Account Program (defined contribution; established and maintained as a tax-qualified governmental defined contribution plan). OPSRP is administered by PERS.

10. Commitments and Contingencies

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

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

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



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SUPPLEMENTAL INFORMATION



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NORTHWEST REGIONAL EDUCATION SERVICE DISTRICT

Hillsboro, Oregon

CAPITAL PROJECTS FUND

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

YEAR ENDED JUNE 30, 2008

	<u>Budget</u>		<u>Actual</u>	<u>Variance with Final Budget Over (Under)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES:				
Local sources:				
Interest on investments	\$ -	\$ -	\$ 1,663	\$ 1,663
Recouping current expenses	29,549	29,549	11,735	(17,814)
Total revenues	29,549	29,549	13,398	(16,151)
EXPENDITURES:				
Support services *	532,075	532,075 (1)	213,479	318,596
Other uses	50,000	50,000 (1)	120	49,880
Total expenditures	582,075	582,075	213,599	368,476
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(552,526)	(552,526)	(200,201)	352,325
OTHER FINANCING SOURCE				
Transfers in	502,526	502,526	305,092	(197,434)
NET CHANGE IN FUND BALANCE	(50,000)	(50,000)	104,891	154,891
FUND BALANCE, July 1, 2007	50,000	50,000	3,054	(46,946)
FUND BALANCE, June 30, 2008	\$ -	\$ -	\$ 107,945	\$ 107,945

* Appropriated as facilities acquisition and construction
(1) Appropriation level

NORTHWEST REGIONAL EDUCATION SERVICE DISTRICT

Hillsboro, Oregon

ENTERPRISE FUND

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

YEAR ENDED JUNE 30, 2008

	Budget		Actual	Variance with Final Budget Over (Under)
	Original	Final		
REVENUES:				
Local sources:				
Services provided to local districts	\$ 366,992	\$ 366,992	\$ 90,042	\$ (276,950)
In house billing	-	-	35	35
Recouping current expenses	-	-	103,153	103,153
Supplies provided to other agencies	183,497	183,497	25,756	(157,741)
Total revenues	550,489	550,489	218,986	(331,503)
EXPENDITURES:				
Support services				
Technology services	950,489	950,489 (1)	1,205,212	(254,723)
Total expenditures	950,489	950,489	1,205,212	(254,723)
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(400,000)	(400,000)	(986,226)	(586,226)
OTHER FINANCING SOURCE				
Transfers in	400,000	400,000	817,104	417,104
Total other financing sources (uses)	400,000	400,000	817,104	417,104
NET CHANGE IN FUND BALANCE	-	-	(169,122)	(169,122)
FUND BALANCE, July 1, 2007	-	-	169,588	169,588
FUND BALANCE, June 30, 2008	\$ -	\$ -	\$ 466	\$ 466

(1) Appropriation level

NORTHWEST REGIONAL EDUCATION SERVICE DISTRICT

Hillsboro, Oregon

AGENCY FUNDS

**SCHEDULE OF REVENUES, OTHER FINANCING SOURCES (USES)
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**

YEAR ENDED JUNE 30, 2008

	<u>Budget</u>		<u>Actual</u>	<u>Variance with Final Budget Over (Under)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES:				
Local sources:				
Earnings on investments	\$ 60,000	\$ 60,000	\$ 279,407	\$ 219,407
Donations	-	-	6,499	6,499
Revenue in lieu of taxes	1,900,000	1,900,000	\$ 1,655,000	(245,000)
Other state revenues	1,300,000	1,300,000	1,537,539	237,539
Total revenues	3,260,000	3,260,000	3,478,445	218,445
EXPENDITURES:				
Other community services	-	-	3,818	3,818
Service credits transfers *	13,427,210	13,427,210 (1)	14,312,676	885,466
Total expenditures	13,427,210	13,427,210	14,316,494	889,284
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(10,167,210)	(10,167,210)	(10,838,049)	(670,839)
OTHER FINANCING SOURCE				
Transfers in	23,791,050	23,791,050	26,053,101	2,262,051
Transits to other agencies *	(15,723,840)	(15,723,840) (1)	(14,129,618)	1,594,222
Total other financing sources (uses)	8,067,210	8,067,210	11,923,483	3,856,273
NET CHANGE IN FUND BALANCES	(2,100,000)	(2,100,000)	1,085,434	3,185,434
FUND BALANCE, July 1, 2007	2,100,000	2,100,000	5,863,608	3,763,608
FUND BALANCE, June 30, 2008	\$ -	\$ -	\$ 6,949,042	\$ 6,949,042

* Appropriated as other uses.

(1) Appropriation level

NORTHWEST REGIONAL EDUCATION SERVICE DISTRICT

Hillsboro, Oregon

**REVENUE SUMMARY - ALL FUNDS
YEAR ENDED JUNE 30, 2008**

Revenue from Local Sources	Fund 100	Fund 200	Fund 400	Fund 500	Fund 700	TOTAL
1111 Taxes - current year's levy	\$ 7,547,304	\$ -	\$ -	\$ -	\$ -	\$ 7,547,304
1112 Taxes - prior year's levies	184,368	-	-	-	-	184,368
1114 Tax offsets	87,940	-	-	-	-	87,940
1190 Penalties and interest on taxes	15,544	-	-	-	-	15,544
1311 Tuition from other districts within the state	-	39,267	-	-	-	39,267
1312 Tuition from regional districts	-	824,473	-	-	-	824,473
1314 Tuition from IN/ST Out/Regional	-	396,994	-	-	-	396,994
1410 Transportation fees	-	24,523	-	-	-	24,523
1510 Earnings on investments	851,685	73,340	1,663	-	279,407	1,206,095
1620 Nonreimbursable daily meals	-	5,389	-	-	-	5,389
1629 Visitor's meals	-	200	-	-	-	200
1811 GED fees	-	36,048	-	-	-	36,048
1910 Rentals	2,520	17,250	1,500	-	-	21,270
1920 Contributions and donations from private sources	-	96,374	-	-	6,499	102,873
1922 Grants from private sources	-	149,371	-	-	-	149,371
1941 Services provided other district within the state	53,576	818,923	-	90,042	-	962,541
1945 In house billings	91,162	4,724,469	-	35	-	4,815,666
1961 Recouping current expenses	16,083	239,024	10,235	103,153	-	368,495
1966 MAC	-	757,730	-	-	-	757,730
1980 Fees charges to grants	1,483,161	-	-	-	-	1,483,161
1990 Miscellaneous	8,948	259,464	-	216	-	268,628
1993 Services to other agencies	7,422	29,032	-	25,540	-	61,994
1994 NWRES D third-party billing	-	159,443	-	-	-	159,443
1995 District third-party billing	-	6,592	-	-	-	6,592
1998 HTR Catering Services	-	14,672	-	-	-	14,672
Total Revenue from Local Sources	\$ 10,349,713	\$ 8,672,578	\$ 13,398	\$ 218,986	\$ 285,906	\$ 19,540,581
Revenue from Intermediate Sources	Fund 100	Fund 200	Fund 400	Fund 500	Fund 700	TOTAL
2800 Revenue in lieu of taxes	-	-	-	-	1,655,000	1,655,000
Total Revenue from Intermediate Sources	\$ -	\$ -	\$ -	\$ -	\$ 1,655,000	\$ 1,655,000

NORTHWEST REGIONAL EDUCATION SERVICE DISTRICT

Hillsboro, Oregon

REVENUE SUMMARY - ALL FUNDS (Continued)
YEAR ENDED JUNE 30, 2008

Revenue from State Sources

	Fund 100	Fund 200	Fund 400	Fund 500	Fund 700	TOTAL
3101 State School Support	\$ 26,993,071	\$ -	\$ -	\$ -	\$ -	\$ 26,993,071
3104 State Timber Revenue	377,403	-	-	-	-	377,403
3250 Oregon Youth Conservation Corp.	-	15,456	-	-	-	15,456
3270 Committee on children and families	-	450	-	-	-	450
3299 Other restricted grants-in-aid	-	478,797	-	-	-	478,797
3990 Other state sources	-	26,287	-	-	1,537,539	1,563,826
3999 Other	-	3,000	-	-	-	3,000
Total Revenue from State Sources	\$ 27,370,474	\$ 523,990	\$ -	\$ -	\$ 1,537,539	\$ 29,432,003

Revenue from Federal Sources

	Fund 100	Fund 200	Fund 400	Fund 500	Fund 700	TOTAL
4312 Implementation of Mental Health/Children	-	239,068	-	-	-	239,068
4325 US Fish & Wildlife	-	5,000	-	-	-	5,000
4504 National School Breakfast Program	-	10,115	-	-	-	10,115
4505 National School Lunch Program	-	16,021	-	-	-	16,021
4508 IDEA	-	22,767,584	-	-	-	22,767,584
4510 Title II Math and Science	-	3,818	-	-	-	3,818
4514 Title III NCLB Grant	-	28,530	-	-	-	28,530
4515 Title IC Migrant Project	-	53,572	-	-	-	53,572
4517 Youth Transition	-	5,332	-	-	-	5,332
4525 State Imp ESD Assess Supp	-	11,208	-	-	-	11,208
4526 Alternate Assessment Training	-	(15,440)	-	-	-	(15,440)
4540 Oregon Deaf/Blind Project	-	2,950	-	-	-	2,950
4580 Vocational Education Technology Prep	-	18,744	-	-	-	18,744
4581 Vocational Education Basic Grant	-	73,878	-	-	-	73,878
4582 Commission for the Blind	-	50,000	-	-	-	50,000
Total Revenue from Federal Sources	\$ -	\$ 23,270,380	\$ -	\$ -	\$ -	\$ 23,270,380

Revenue from Other Sources

	Fund 100	Fund 200	Fund 400	Fund 500	Fund 700	TOTAL
5200 Interfund Transfers	235,346	5,722,117	305,092	400,000	26,053,101	32,715,656
5202 Service Credits Transfers	266,285	13,629,287	-	417,104	-	14,312,676
5400 Resources - Beginning Fund Balance	5,565,178	6,244,777	3,054	169,588	5,863,608	17,846,205
Total Revenue from Other Sources	\$ 6,066,809	\$ 25,596,181	\$ 308,146	\$ 986,692	\$ 31,916,709	\$ 64,874,537
Total	\$ 43,786,996	\$ 58,063,129	\$ 321,544	\$ 1,205,678	\$ 35,395,154	\$ 138,772,501

NORTHWEST REGIONAL EDUCATION SERVICE DISTRICT

Hillsboro, Oregon

GENERAL FUND

**EXPENDITURE SUMMARY
YEAR ENDED JUNE 30, 2008**

Fund: 100 General Funds

Support Services Expenditures

	Object 100	Object 200	Object 300	Object 400	Object 500	Object 600	Object 700	TOTAL
2112 Attendance services	\$ 222,786	\$ 54,395	\$ 6,090	\$ 6,673	\$ -	\$ -	\$ -	\$ 289,944
2119 Other attendance and social work	-	-	10,982	90	-	426	-	11,498
2190 Service direction, student support services	790,263	322,415	42,102	13,825	-	42,511	-	1,211,116
2191 Special education administration	22,121	8,411	-	4	-	-	-	30,536
2212 School improvement administration	446,563	186,944	43,728	12,407	-	17,051	-	706,693
2214 Assessment and performance	-	-	168,499	538	-	-	-	169,037
2219 Other improvement of instruction services	95,745	42,961	7,669	7,101	-	1,843	-	155,319
2223 Multimedia services	58,389	35,237	918	20,750	-	51,203	-	166,497
2224 Educational television services	58,585	26,003	-	-	-	852	-	85,440
2310 Board of education services	-	-	91,974	5,314	-	21,787	-	119,075
2321 Office of the superintendent services	236,681	88,920	37,973	25,813	-	8,720	657	398,764
2322 Deputy superintendents office	181,047	68,460	13,360	2,973	-	2,765	-	268,605
2325 Superintendent relations	-	-	600	2,679	-	-	-	3,279
2329 Other executive administration services	486,562	230,178	101,978	22,512	-	92,565	-	933,795
2510 Direction of business support services	419,643	199,923	42,924	13,779	-	134,196	-	810,465
2540 Operation and maintenance of plant services	156,021	82,240	233,573	54,461	23,302	19,604	656	569,857
2573 Warehousing and distributing services	117,536	68,791	4,114	19,838	-	2,555	-	212,834
2574 Printing, publishing and duplicating services	78,055	42,619	87,386	21,788	-	2,406	-	232,254
2575 Warehouse services	-	-	-	-	-	426	-	426
2579 Other internal services	30,827	19,177	-	-	-	852	-	50,856
2633 Public information services	51,975	24,245	10,320	6,263	-	1,626	-	94,429
2640 Staff services	300,277	127,677	63,210	18,137	-	10,088	-	519,389
2661 Service area direction	162,349	65,375	24,407	2,249	-	2,368	-	256,748
2662 Systems analysis services	422,454	167,051	241,122	20,034	-	26,715	-	877,376
2663 Programming services	280,684	106,520	28,619	19,564	-	2,268	-	437,655
2664 Operation services	448,850	195,626	21,518	85,780	-	4,811	-	756,585
2690 Other support central	83,939	32,948	4,621	3,036	-	735	-	125,279
Total Support Services Expenditures	\$ 5,151,352	\$ 2,196,116	\$ 1,287,687	\$ 385,608	\$ 23,302	\$ 448,373	\$ 1,313	\$ 9,493,751

Other Uses Expenditures

	Object 100	Object 200	Object 300	Object 400	Object 500	Object 600	Object 700	TOTAL
5110 Debt Service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 805,244	\$ -	\$ 805,244
5200 Transfers of Funds	-	-	-	-	-	-	29,273,134	29,273,134
5300 Apportionment of Funds	-	-	-	-	-	-	212,697	212,697
Total Other Uses Expenditures	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 805,244	\$ 29,485,831	\$ 30,291,075

Total 100 General Funds \$ 5,151,352 \$ 2,196,116 \$ 1,287,687 \$ 385,608 \$ 23,302 \$ 1,253,617 \$ 29,487,144 \$ 39,784,826

NORTHWEST REGIONAL EDUCATION SERVICE DISTRICT

Hillsboro, Oregon

SPECIAL REVENUE FUND

**EXPENDITURE SUMMARY
YEAR ENDED JUNE 30, 2008**

Fund: 200 Special Revenue Funds

Instruction Expenditures

	Object 100	Object 200	Object 300	Object 400	Object 500	Object 600	Object 700	TOTAL
1121 Middle / Junior high programs	\$ 371,513	\$ 117,307	\$ 377,999	\$ 100,201	\$ 7,090	\$ 273	\$ -	974,383
1131 High school programs	510,403	200,839	338,780	94,799	-	6,315	-	1,151,136
1220 Restrictive programs for students with disabilities	290,582	186,801	15,613	2,994	-	-	-	495,990
1221 Students with disabilities - restrictive	1,147,153	579,806	1,257,558	67,447	-	119,764	-	3,171,728
1250 Students with disabilities - less restrictive	4,920,483	2,537,203	2,154,334	190,561	-	460,278	-	10,262,859
1260 Early intervention	3,376,441	1,816,781	4,851,490	238,758	132,788	883,633	-	11,299,891
1281 Public alternative programs	135,378	58,907	6,576	3,843	-	1,575	-	206,279
1294 Youth corrections	-	-	2,068	567	-	-	-	2,635
1299 Other programs	79,288	28,333	1,533	186	-	-	-	109,340
Total Instruction Expenditures	\$ 10,831,241	\$ 5,525,977	\$ 9,005,951	\$ 699,356	\$ 139,878	\$ 1,471,838	\$ -	\$ 27,674,241

Support Services Expenditures

	Object 100	Object 200	Object 300	Object 400	Object 500	Object 600	Object 700	TOTAL
2117 ID/Recruitment migrant	100,072	40,961	46,528	15,363	-	2,527	-	205,451
2134 Nurse service	128,219	59,243	77,200	1,464	-	-	-	266,126
2139 Other health service	1,411,005	599,187	274,691	37,217	-	-	-	2,322,100
2140 Psychological services	1,648,007	690,999	120,494	54,670	-	9,072	-	2,523,242
2152 Speech pathology services	2,825,218	1,169,998	364,515	84,139	-	5,200	-	4,449,070
2153 Audiology services	-	-	858	-	37,990	-	-	38,848
2160 Other student treatment services	150,817	71,770	49,044	-	-	400	-	272,031
2190 Service direction, student support services	1,089,738	437,240	32,457	43,442	-	7,606	-	1,610,483
2191 Special education administration	3,889	27	534	1,103	-	542	-	6,095
2219 Other improvement of instruction services	26,543	10,678	30,191	1,015	-	5,987	-	74,414
2230 Assessment and testing	32,724	22,124	3,097	11,899	-	41,505	-	111,349
2240 Instructional staff development	44,135	5,093	452,521	35,813	-	2,572	-	540,134
2410 Office of principal services	123,690	53,515	575	-	-	-	-	177,780
2490 Other support services - school administration	102,340	48,938	97,587	3,475	-	-	-	252,340
2523 Receiving and disbursing funds services	4,956	645	18,823	30,578	-	-	-	55,002
2529 Other fiscal services	10,161	3,926	1,402	806	-	117,392	-	133,687
2579 Other internal services	23,095	269,271	-	-	-	1,089	-	293,455
2640 Staff services	-	148,894	-	-	-	-	-	148,894
2660 Technology services	308,441	131,611	363,720	1,221,008	56,850	3,028	-	2,084,658
2690 Other support service - central	-	-	1,453	-	-	-	-	1,453
2999 Other support services	76,473	28,565	78,821	16,152	-	-	-	200,011
Total Support Services Expenditures	\$ 8,109,523	\$ 3,792,685	\$ 2,014,511	\$ 1,558,144	\$ 94,840	\$ 196,920	\$ -	\$ 15,766,623

Enterprise and Community Services

	Object 100	Object 200	Object 300	Object 400	Object 500	Object 600	Object 700	TOTAL
3300	900	231	350	119	-	125	-	1,725
3390 Other community services	816	306	1,053	605	-	267	-	3,047
Total Enterprise and Community Services	\$ 1,716	\$ 537	\$ 1,403	\$ 724	\$ -	\$ 392	\$ -	\$ 4,772

Other Uses Expenditures

	Object 100	Object 200	Object 300	Object 400	Object 500	Object 600	Object 700	TOTAL
5200 Transfers of Funds	-	-	-	-	-	-	3,442,522	3,442,522
5300 Apportionment of Funds	-	-	-	-	-	-	1,608,942	1,608,942
Total Other Uses Expenditures	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 5,051,464	\$ 5,051,464
Total 200 Special Revenue Funds	\$ 18,942,480	\$ 9,319,199	\$ 11,021,865	\$ 2,258,224	\$ 234,718	\$ 1,669,150	\$ 5,051,464	\$ 48,497,100

NORTHWEST REGIONAL EDUCATION SERVICE DISTRICT

Hillsboro, Oregon

CAPITAL PROJECTS FUND

**EXPENDITURE SUMMARY
YEAR ENDED JUNE 30, 2008**

Fund: 400 Capital Projects Funds

Support Services Expenditures

2660 Technology Services

Total Support Services Expenditures

Object 100	Object 200	Object 300	Object 400	Object 500	Object 600	Object 700	TOTAL
\$ -	\$ -	\$ 5,882	\$ 165,779	\$ 41,818	\$ -	\$ -	\$ 213,479
\$ -	\$ -	\$ 5,882	\$ 165,779	\$ 41,818	\$ -	\$ -	\$ 213,479

Facilities Acquisition and Construction

4150 Building acquisition, construction and improvement

Total Facilities and Construction Expenditures

Object 100	Object 200	Object 300	Object 400	Object 500	Object 600	Object 700	TOTAL
-	-	-	-	-	120	-	120

\$ -	\$ -	\$ -	\$ -	\$ -	\$ 120	\$ -	\$ 120
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Total 400 Capital Projects Funds

\$ -	\$ -	\$ 5,882	\$ 165,779	\$ 41,818	\$ 120	\$ -	\$ 213,599
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NORTHWEST REGIONAL EDUCATION SERVICE DISTRICT

Hillsboro, Oregon

ENTERPRISE FUND

**EXPENDITURE SUMMARY
YEAR ENDED JUNE 30, 2008**

Fund: 500 Enterprise Funds

Support Services Expenditures

2660 Technology services

Total Support Services Expenditures

Total 500 Enterprise Funds

Object 100	Object 200	Object 300	Object 400	Object 500	Object 600	Object 700	TOTALS
196,526	90,501	26,162	890,258	-	1,765	-	\$1,205,212
\$ 196,526	\$ 90,501	\$ 26,162	\$ 890,258	\$ -	\$ 1,765	\$ -	\$1,205,212
\$ 196,526	\$ 90,501	\$ 26,162	\$ 890,258	\$ -	\$ 1,765	\$ -	\$1,205,212

NORTHWEST REGIONAL EDUCATION SERVICE DISTRICT

Hillsboro, Oregon

AGENCY FUNDS

**EXPENDITURE SUMMARY
YEAR ENDED JUNE 30, 2008**

Fund: 700 Agency Funds

Enterprise and Community Services

3390 Other community services

Total Enterprise and Community Services

Object 100	Object 200	Object 300	Object 400	Object 500	Object 600	Object 700	TOTAL
-	-	-	3,818	-	-	-	3,818
\$ -	\$ -	\$ -	\$ 3,818	\$ -	\$ -	\$ -	\$ 3,818

Other Uses Expenditures

5202 Credits Transfers

5300 Apportionment of Funds

Total Other Uses Expenditures

Object 100	Object 200	Object 300	Object 400	Object 500	Object 600	Object 700	TOTALS
-	-	-	-	-	-	14,312,676	14,312,676
-	-	-	-	-	-	14,129,618	14,129,618
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 28,442,294	\$ 28,442,294

Total 700 Agency Funds

\$ -	\$ -	\$ -	\$ 3,818	\$ -	\$ -	\$ 28,442,294	\$ 28,446,112
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NORTHWEST REGIONAL EDUCATION SERVICE DISTRICT

Hillsboro, Oregon

SCHEDULE OF PROPERTY TAX TRANSACTIONS

YEAR ENDED JUNE 30, 2008

	Tax Year	Uncollected July 1, 2007	Levy	Discounts Allowed	Interest	Adjustments	Collections	Uncollected June 30, 2008
Current:	2007-2008	\$ -	\$ 8,001,492	\$ (201,125)	\$ 22,617	\$ (27,232)	\$ (7,587,093)	\$ 208,659
Prior:	2006-2007	183,857	-	35	2,604	(5,886)	(102,408)	78,202
	2005-2006	16,840	-	70	1,350	(4,173)	(21,224)	(7,137)
	2004-2005	45,981	-	27	1,337	(2,573)	(17,331)	27,441
	2003-2004	9,216	-	23	785	(1,204)	(7,057)	1,763
	2002-2003	3,972	-	(9)	129	(499)	(1,168)	2,425
	2001-2002 and prior	7,936	-	-	252	(101)	(2,751)	5,336
Total Prior		267,802	-	146	6,457	(14,436)	(151,939)	108,030
Total Taxes		\$ 267,802	\$ 8,001,492	\$ (200,979)	\$ 29,074	\$ (41,668)	\$ (7,739,032)	\$ 316,689

Reconciliation to Revenue:

Collections	\$ 7,739,032
June 30, 2007 accrual	(43,444)
June 30, 2008 accrual	48,887
Tax offsets and other	90,681
Property tax revenue	<u>\$ 7,835,156</u>

Northwest Regional Education Service District
Hillsboro, Oregon

**SUPPLEMENTAL INFORMATION REQUIRED BY THE STATE OF OREGON
DEPARTMENT OF EDUCATION
YEAR ENDED JUNE 30, 2008**

School District Business Managers and Auditors:

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

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

A. Energy Bill for Heating - **All Funds:**

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

	Objects 325 & 326
Function 2540	\$ 0.00
Function 2550	\$ 0.00

B. Replacement of Equipment – **General Fund:**

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

Exclude these functions:

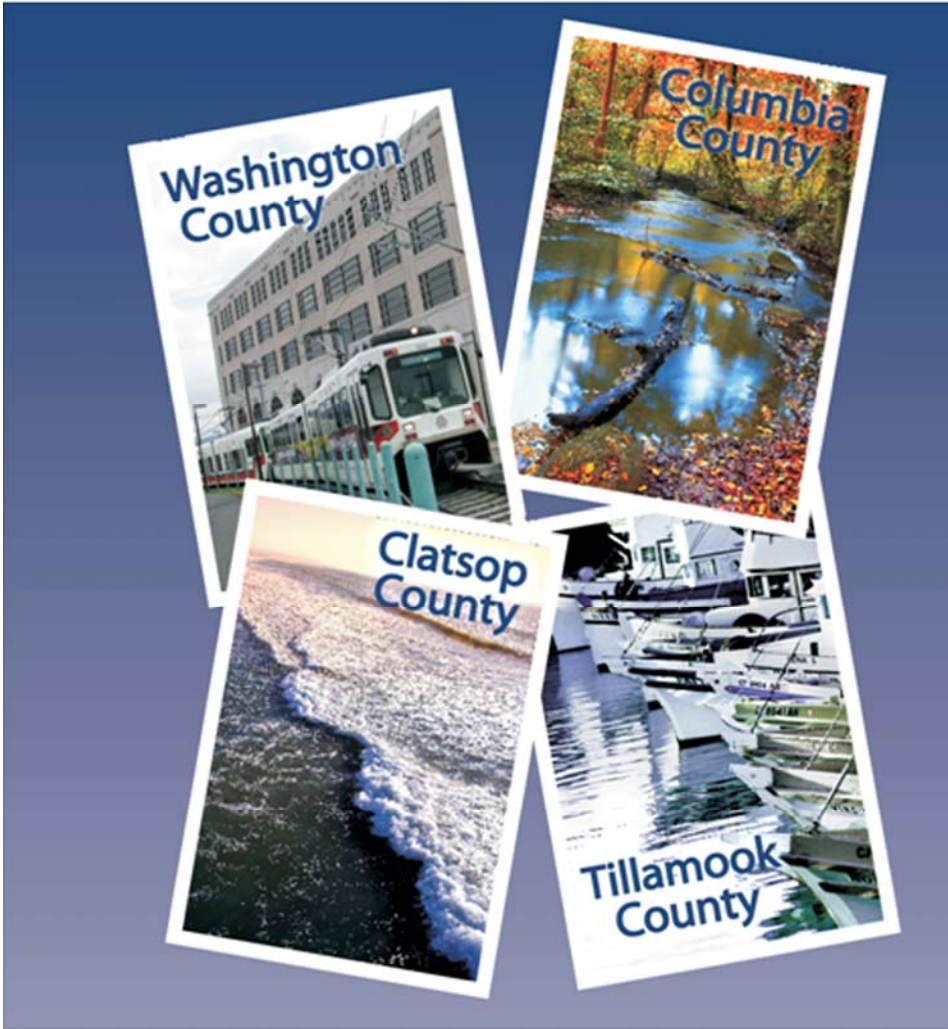
1113, 1122 & 1132 Co-curricular Activities
1140 Pre-Kindergarten
1300 Continuing Education
1400 Summer School

Exclude these functions:

4150 Construction
2550 Pupil Transportation
3100 Food Service
3300 Community Services

\$ 0.00

Fund	Audit Pg #	Amount
		\$ 0.00
		\$ 0.00



Statistical Section



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STATISTICAL SECTION

This part of the ESD's Comprehensive Annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the ESD's overall financial health.

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<ul style="list-style-type: none"> • These schedules contain trend information to help the reader understand how the ESD's financial performance and well-being have change over the time. 	
REVENUE CAPACITY	52
<ul style="list-style-type: none"> • These schedules contain information to help the reader assess the ESD's most significant local revenue sources, the property taxes. 	
DEBT CAPACITY	56
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DEMOGRAPHIC AND ECONOMIC INFORMATION	58
<ul style="list-style-type: none"> • These schedules offer demographic and economic indicators to help the reader understand the environment within which the ESD's financial activities take place. 	
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<ul style="list-style-type: none"> • These schedules contain service and infrastructure data to help the reader understand how the information in the ESD's financial report relates to the services the ESD's provides and the activities it performs. 	

Sources:

Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year. The ESD's implemented GASB Statement 34 in 2003; schedules presenting government-wide information include information beginning in that year.

NORTHWEST REGIONAL EDUCATION SERVICE DISTRICT

Hillsboro, Oregon

CONDENSED STATEMENT OF NET ASSETS
Last Six Fiscal Years
(accrual basis of accounting)

Governmental Activities	Fiscal Years					
	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08
Assets						
Cash and cash equivalents	\$ 8,439,545	\$ 13,322,792	\$ 11,831,499	\$ 13,560,184	\$ 13,782,279	\$ 5,000,059
Property taxes and other receivables	3,077,273	1,120,180	1,033,715	1,969,668	2,739,934	13,350,589
Prepaid expenses	18,518	-	-	-	-	-
Bond issuance costs, net of accumulated amortization	279,166	266,019	158,646	381,598	363,192	344,785
Capital assets, net of depreciation	9,989,459	10,020,638	9,515,598	9,343,757	8,934,188	8,588,706
Land	467,500	467,500	467,500	467,500	467,500	467,500
Total assets	22,271,461	25,197,129	23,006,958	25,722,707	26,287,093	27,751,639
Liabilities						
Accounts payable	2,313,011	1,756,653	1,026,135	1,652,056	1,638,215	1,524,485
Accrued payroll, taxes, and employee withholdings	1,317,555	1,601,897	2,179,392	2,629,498	2,846,631	2,876,774
Interest payable	44,552	30,847	36,497	43,983	34,319	32,937
Vacation payable	38,137	31,444	38,248	36,638	41,635	35,651
Noncurrent liabilities:						
Due within one year	314,127	329,127	201,892	385,216	395,216	415,216
Due in more than one year	9,659,378	9,330,251	8,252,437	8,448,661	8,053,445	7,638,229
Total liabilities	13,686,760	13,080,219	11,734,601	13,196,052	13,009,461	12,523,292
Net Assets						
Invested in capital assets, net of related debt	483,454	828,760	1,528,769	977,380	953,027	1,002,761
Unrestricted	3,690,203	4,329,026	4,374,990	4,709,939	6,076,774	4,551,612
Restricted for special revenues	3,794,253	6,378,156	5,037,090	6,718,773	6,244,777	9,566,029
Restricted for capital projects	616,791	580,968	331,508	120,563	3,054	107,945
Total Net Assets	\$ 8,584,701	\$ 12,116,910	\$ 11,272,357	\$ 12,526,655	\$ 13,277,632	\$ 15,228,347

Note:
The ESD implemented GASB 34 beginning in 2003. As a result, ten years data is not available. Over time, ten fiscal years will be presented.

Source: Statement of Net Assets Northwest Regional ESD

NORTHWEST REGIONAL EDUCATION SERVICE DISTRICT

Hillsboro, Oregon

**CHANGES IN NET ASSETS
Last Six Fiscal Years
(accrual basis of accounting)**

Governmental Activities	Fiscal Years					
	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08
Expenditures						
Instruction	\$ 18,796,616	\$ 17,854,808	\$ 19,109,050	\$ 23,305,088	\$ 25,186,946	\$ 27,733,733
Support services	15,440,091	13,217,064	15,396,917	20,860,130	22,081,299	24,739,416
Community services	253,514	114,889	99,460	192,577	188,227	204,783
Facilities acquisition	79,694	48,618	-	-	25,026	120
Transits to other agencies	2,991,476	8,762,401	9,912,698	2,389,979	1,464,530	1,821,639
Transfer to school districts	-	-	-	21,888,066	23,928,011	27,185,567
Loss on disposal of capital assets	92,561	17,199	8,772	24,287	-	-
Interest on long-term debt	540,581	508,159	450,811	527,797	411,829	395,244
Total Expenditures	38,194,533	40,523,138	44,977,708	69,187,924	73,285,868	82,080,502
Program Revenues						
Charges for services						
Instruction	2,555,865	1,287,747	1,684,553	1,902,014	2,244,647	25,117,971
Support services	2,029,174	2,372,330	2,285,773	6,225,423	7,469,903	8,862,817
Community services	-	10,189	96	1,264	2,477	22,247
Facilities acquisition	-	-	549	10	-	-
Operating grants and contributions						
Instruction	11,748,521	12,021,607	13,186,614	17,442,189	16,267,335	-
Support services	1,133,692	539,390	425,744	347,375	758,666	-
Community services	-	158,927	113,263	112,103	169,232	-
Total Program Revenues	17,467,252	16,390,190	17,696,592	26,030,378	26,912,260	34,003,035
Net (Expenditures)	(20,727,281)	(24,132,948)	(27,281,116)	(43,157,546)	(46,373,608)	(48,077,467)
General Revenues						
Taxes:						
Property taxes, levied for general purposes	6,320,101	6,401,043	7,101,134	7,125,307	7,523,350	7,819,917
Timber revenue	424,080	244,125	301,627	409,994	354,305	377,403
State school fund for general support	11,902,938	20,094,033	18,614,032	24,817,632	25,527,959	26,993,071
Service credits transfers	-	-	-	12,073,209	12,625,874	13,895,572
Interest and investment earnings	235,366	224,302	419,770	645,702	1,093,097	942,219
Miscellaneous	6,984	107,425	-	-	-	-
Total General Revenues	18,889,469	27,070,928	26,436,563	45,071,844	47,124,585	50,028,182
Change in Net Assets	\$ (1,837,812)	\$ 2,937,980	\$ (844,553)	\$ 1,914,298	\$ 750,977	\$ 1,950,715

Note:

The ESD implemented GASB 34 beginning in 2003. As a result, ten years data is not available. Over time, ten fiscal years will be presented

Source: Statement of Activities Northwest Regional ESD

NORTHWEST REGIONAL EDUCATION SERVICE DISTRICT

Hillsboro, Oregon

FUND BALANCES OF GOVERNMENTAL FUNDS

Last Ten Fiscal Years

(modified accrual basis of accounting)

	Fiscal Years				
	<u>1998-99</u>	<u>1999-00</u>	<u>2000-01</u>	<u>2001-02</u>	<u>2002-03</u>
Fund Balances					
Unreserved, reported in:					
General fund	\$ 7,030,845	\$ 6,419,537	\$ 6,003,816	\$ 3,841,710	\$ 3,206,319
Special revenue funds	4,649,347	6,479,531	6,080,548	5,397,227	3,794,771
Capital projects funds	<u>5,774,758</u>	<u>4,171,034</u>	<u>1,468,141</u>	<u>940,422</u>	<u>616,791</u>
Total Fund Balances	<u>\$ 17,454,950</u>	<u>\$ 17,070,102</u>	<u>\$ 13,552,505</u>	<u>\$ 10,179,359</u>	<u>\$ 7,617,881</u>

Source: Northwest Regional ESD financial records

NORTHWEST REGIONAL EDUCATION SERVICE DISTRICT

Hillsboro, Oregon

FUND BALANCES OF GOVERNMENTAL FUNDS - Continued
Last Ten Fiscal Years
(modified accrual basis of accounting)

	Fiscal Years				
	<u>2003-04</u>	<u>2004-05</u>	<u>2005-06</u>	<u>2006-07</u>	<u>2007-08</u>
Fund Balances					
Unreserved, reported in:					
General fund	\$ 3,850,350	\$ 4,048,967	\$ 4,211,140	\$ 5,565,178	\$ 4,002,170
Special revenue funds	6,378,156	5,037,090	6,718,773	6,244,777	9,566,029
Capital projects funds	<u>580,968</u>	<u>331,508</u>	<u>120,563</u>	<u>3,054</u>	<u>107,945</u>
Total Fund Balances	<u>\$ 10,809,474</u>	<u>\$ 9,417,565</u>	<u>\$ 11,050,476</u>	<u>\$ 11,813,009</u>	<u>\$ 13,676,144</u>

Source: Northwest Regional ESD financial records

NORTHWEST REGIONAL EDUCATION SERVICE DISTRICT

Hillsboro, Oregon

CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
Last Ten Fiscal Years
(modified accrual basis of accounting)

	Fiscal Years				
	1998-99	1999-00	2000-01	2001-02	2002-03
Revenues					
Property Taxes	\$ 4,981,267	\$ 5,192,182	\$ 5,641,265	\$ 5,997,674	\$ 6,249,505
Charges for services	1,195,070	1,456,069	1,742,588	1,487,381	5,294,066
Earnings from investments	681,305	1,178,084	1,074,085	353,641	235,366
Other	-	-	-	-	471,126
Local government entities	4,919,007	4,053,943	4,363,735	3,792,246	-
Private grants and others	4,239,823	1,236,593	1,418,731	1,212,475	-
Intermediate sources	518,647	202,209	-	-	1,459
State sources	13,865,404	18,253,199	20,160,061	21,667,176	21,060,996
Federal Sources	2,204,125	3,236,972	3,570,334	3,539,242	34,799
Total Revenues	32,604,648	34,809,251	37,970,799	38,049,835	33,347,317
Expenditures					
Current Operating					
Instruction	14,808,159	17,979,619	20,840,719	21,842,266	5,121,811
Support services	14,135,605	11,289,752	14,318,365	16,066,046	11,075,092
Community services	92,656	58,975	209,530	276,073	-
Capital outlay	980,052	4,453,056	2,147,144	1,002,854	-
Building acquisition and improvement	-	-	4,687,924	296,212	-
Debt Service					
Principal	69,856	89,272	213,806	280,000	-
Interest	270,166	489,134	489,923	559,676	590,649
Transfer to fiduciary funds	-	-	-	-	-
Total Expenditures	30,356,494	34,359,808	42,907,411	40,323,127	16,787,552
Excess (deficiency) of revenues over (under) expenditures	2,248,154	449,443	(4,936,612)	(2,273,292)	16,559,765
Other Financing Sources (Uses)					
Bond proceeds	5,327,912	-	1,523,265	-	-
Operating transfers in	1,955,616	3,131,975	3,328,201	2,453,180	-
Operating transfers out	(2,271,316)	(3,305,588)	(3,532,475)	(2,739,622)	(3,005,949)
Transfer to other local district/agencies	-	(660,678)	(211,538)	(813,412)	(2,943,095)
Total other financing sources (uses)	5,012,212	(834,291)	1,107,453	(1,099,854)	(5,949,044)
Net change in fund balances	\$ 7,260,366	\$ (384,848)	\$ (3,829,159)	\$ (3,373,146)	\$ 10,610,721
Debt Services as a percentage of noncapital expenditures	1.2%	1.9%	1.7%	2.1%	3.5%

Source: Northwest Regional ESD financial records

NORTHWEST REGIONAL EDUCATION SERVICE DISTRICT

Hillsboro, Oregon

CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS - Continued

Last Ten Fiscal Years

(modified accrual basis of accounting)

	Fiscal Years				
	2003-04	2004-05	2005-06	2006-07	2007-08
Revenues					
Property Taxes	\$ 6,473,226	\$ 6,789,999	\$ 7,125,307	\$ 7,523,350	\$ 7,835,156
Charges for services	3,956,943	4,233,039	8,177,570	10,045,388	10,335,450
Earnings from investments	224,302	378,027	588,525	970,605	853,348
Other	300	7,319	23,432	9,523	11,735
Local government entities	-	-	-	-	-
Private grants and others	-	-	-	-	-
Intermediate sources	1,604	6,399	-	14,135	-
State sources	28,641,486	24,639,629	36,551,975	27,021,607	27,894,464
Federal Sources	4,334,197	7,782,003	6,594,305	15,790,874	23,270,380
Total Revenues	43,632,058	43,836,415	59,061,114	61,375,482	70,200,533
Expenditures					
Current Operating					
Instruction	17,786,111	19,027,979	23,231,185	25,201,616	27,674,241
Support services	12,653,277	14,787,595	20,197,876	21,344,512	25,215,833
Community services	114,891	99,460	192,577	188,227	4,772
Capital outlay	74,305	161,062	689,132	257,488	258,020
Building acquisition and improvement	48,617	175,839	117,605	25,026	120
Debt Service					
Principal	320,000	365,000	267,194	400,000	410,000
Interest	521,864	450,811	527,797	411,829	395,244
Transfer to fiduciary funds	-	-	-	-	23,791,050
Total Expenditures	31,519,065	35,067,746	45,223,366	47,828,698	77,749,280
Excess (deficiency) of revenues over (under) expenditures	12,112,993	8,768,669	13,837,748	13,546,784	(7,548,747)
Other Financing Sources (Uses)					
Bond proceeds	-	-	-	-	-
Operating transfers in	4,919,666	5,970,393	15,348,912	15,435,063	20,158,127
Operating transfers out	(9,299,433)	(8,792,271)	(25,163,770)	(26,754,784)	(8,924,606)
Transfer to other local district/agencies	(4,541,633)	(7,338,689)	(2,389,979)	(1,464,530)	(1,821,639)
Total other financing sources (uses)	(8,921,400)	(10,160,567)	(12,204,837)	(12,784,251)	9,411,882
Net change in fund balances	\$ 3,191,593	\$ (1,391,898)	\$ 1,632,911	\$ 762,533	\$ 1,863,135
Debt Services as a percentage of noncapital expenditures	2.7%	2.3%	1.8%	1.7%	1.0%

Source: Northwest Regional ESD financial records

NORTHWEST REGIONAL EDUCATION SERVICE DISTRICT

Hillsboro, Oregon

ASSESSED VALUES OF TAXABLE PROPERTY WITHIN DISTRICT BOUNDARIES
Last Ten Fiscal Years

Market Value

<u>Fiscal Year Ending</u> <u>June 30</u>	<u>Real Property</u>	<u>Manufactured</u> <u>Property</u>	<u>Personal</u> <u>Property</u>	<u>Public Utility</u>
1999	\$ 29,818,442,729	\$ 199,848,649	\$ 1,410,325,881	\$ 806,646,380
2000	32,565,455,923	215,602,892	1,475,768,078	883,166,545
2001	35,148,157,789	205,553,037	1,537,733,927	1,058,559,634
2002	39,213,035,209	182,945,347	1,642,962,638	1,152,984,941
2003	41,433,321,891	158,576,502	1,758,689,067	1,179,157,905
2004	47,022,912,288	147,151,412	1,657,373,559	1,169,457,132
2005	49,170,418,265	138,941,792	1,611,390,027	1,131,554,989
2006	54,717,215,231	123,796,779	1,716,902,411	1,147,440,348
2007	66,019,951,803	121,840,570	1,730,537,667	1,198,412,508
2008	72,741,520,546	114,307,360	1,826,016,636	1,312,459,475

Note:

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

Source: Washington County Department of Assessment and Taxation

NORTHWEST REGIONAL EDUCATION SERVICE DISTRICT

Hillsboro, Oregon

ASSESSED VALUES OF TAXABLE PROPERTY WITHIN DISTRICT BOUNDARIES - Continued
Last Ten Fiscal Years

Assessed Value (not including exempt property)

<u>Total Market Value</u>	<u>Total Taxable Assessed Value</u>	<u>Total Direct Tax Rate</u>	<u>Amount tax rate will raise</u>	<u>Less: Reduction and Adjustments</u>	<u>Total Taxes Imposed (Net Levy)</u>
\$ 32,235,263,639	\$ 24,919,310,163	0.1538	\$ 3,733,075	\$ (19,155)	\$ 3,713,920
35,139,993,438	26,766,776,057	0.1538	4,000,569	(25,987)	3,974,582
37,950,004,387	28,788,127,441	0.1538	4,298,232	(31,597)	4,266,635
42,191,928,135	30,839,738,114	0.1538	4,703,406	(40,012)	4,663,394
44,529,745,365	32,690,332,868	0.1538	4,986,356	(42,587)	4,943,769
49,996,894,391	33,885,020,349	0.1538	5,152,086	(41,331)	5,110,755
52,052,305,073	35,376,943,223	0.1538	5,378,441	(41,456)	5,336,985
57,705,354,769	37,194,261,108	0.1538	5,652,411	(43,952)	5,608,459
69,070,742,548	39,118,648,605	0.1538	5,941,945	(41,691)	5,900,254
75,994,304,017	41,208,902,026	0.1540	6,259,018	(41,106)	6,217,912

Note:

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

Source: Washington County Department of Assessment and Taxation

NORTHWEST REGIONAL EDUCATION SERVICE DISTRICT

Hillsboro, Oregon

PROPERTY TAX LEVIES AND COLLECTIONS
Last Ten Fiscal Years

Fiscal Year Ending June 30	Net Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
1999	\$ 4,957,423	\$ 4,637,339	93.54	\$ 216,498	\$ 4,853,837	97.91
2000	5,267,640	4,915,996	93.32	212,109	5,128,105	97.35
2001	5,648,018	5,301,446	93.86	184,711	5,486,157	97.13
2002	5,990,078	5,622,454	93.86	204,009	5,826,463	97.27
2003	6,390,277	6,006,912	94.00	216,293	6,223,205	97.39
2004	6,609,656	6,214,814	94.03	192,507	6,407,321	96.94
2005	6,862,558	6,471,216	94.30	218,702	6,689,918	97.48
2006	7,132,100	6,800,793	95.35	190,749	6,991,542	98.03
2007	7,654,506	7,271,834	95.00	163,387	7,435,221	97.14
2008	8,001,492	7,587,093	94.82	151,939	7,739,032	96.72

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

NORTHWEST REGIONAL EDUCATION SERVICE DISTRICT

Hillsboro, Oregon

PRINCIPAL PROPERTY TAX PAYERS FOR WASHINGTON COUNTY
Current Year and Nine Years Ago

Taxpayer	2008			1999		
	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value
Ten Largest Taxpayers						
Intel Corporation	\$ 1,073,118,274	1	2.60%	\$ 794,012,466	1	3.20%
Verizon Northwest, Inc.	345,285,461	2	0.84%			
Nike, Inc	348,297,116	3	0.85%	182,807,534	4	0.73%
Portland General Electric	330,799,810	4	0.80%	187,275,600	5	0.75%
Pacific Realty Associates	261,692,224	5	0.64%	168,195,170	6	0.67%
Northwest Natural Gas Co.	275,283,690	6	0.67%	147,999,600	8	0.59%
Maxim Integrated Products	169,355,293	7	0.41%			
Sprint Nextel Corporation	133,617,362	8	0.32%			
Tektronix Inc	137,506,673	9	0.33%	161,861,270	7	0.65%
ERP Operating Systems	112,051,390	10	0.27%			
GTE Northwest				268,432,871	2	1.08%
Komatsu Silicon America Inc.				215,343,283	3	0.86%
IDT/Sumitomo Bank				106,090,000	9	0.43%
Fred Meyer Inc.				83,251,550	10	0.33%
Subtotal of Ten Largest Taxpayers	<u>3,187,007,293</u>		<u>7.73%</u>	<u>2,315,269,344</u>		<u>9.29%</u>
All Other Taxpayers	<u>38,021,894,733</u>		<u>92.27%</u>	<u>22,604,040,819</u>		<u>90.71%</u>
Total All Taxpayers	<u>\$41,208,902,026</u>		<u>100.00%</u>	<u>\$ 24,919,310,163</u>		<u>100.00%</u>

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

Source: Washington County Department of Assessment and Taxation.

NORTHWEST REGIONAL EDUCATION SERVICE DISTRICT

Hillsboro, Oregon

DEBT CAPACITY
Last Ten Fiscal Years

<u>Fiscal Year Ending June 30</u>	<u>Long Term Obligations</u>	<u>Total Taxable Assessed Value</u>	<u>Percentage of Actual Assessment Value</u>	<u>Percentage of Personal Income</u>
1999	\$ 9,385,000	\$ 24,919,310,163	0.038%	0.08%
2000	9,315,000	26,766,776,057	0.035%	0.06%
2001	10,665,000	28,788,127,441	0.037%	0.07%
2002	10,385,000	30,839,738,114	0.034%	0.07%
2003	10,080,000	32,690,332,868	0.031%	0.07%
2004	9,760,000	33,885,020,349	0.029%	0.06%
2005	9,315,000	35,376,943,223	0.026%	0.06%
2006	9,095,000	37,194,261,108	0.024%	0.05%
2007	8,695,000	39,118,648,605	0.022%	N/A*
2008	8,285,000	41,208,902,026	0.020%	N/A*

Source: ESD's Financial Records

Oregon Department of Education - ESD Revenues

* Data unavailable for time period specified

NORTHWEST REGIONAL EDUCATION SERVICE DISTRICT

Hillsboro, Oregon

DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT

June 30, 2008

<u>Overlapping Issuer</u>	<u>Net Property-tax Backed Debt¹</u>	<u>Percent Overlapping</u>	<u>Overlapping Debt</u>
City of Cornelius	\$ 240,318	32.69%	\$ 78,560
Washington County	6,705,582	18.23%	1,222,428
Portland Community College	3,514,389	7.91%	277,988
Tri-Met Transportation	2,857,973	6.44%	184,053
Metro	13,086,493	6.36%	832,301
Tualatin Valley Fire and Rescue	104,504	20.74%	21,674
Banks RFPD	38,297	2.75%	1,053
Tualatin Hills Park and Recreation Depar	345,184	2.08%	7,180
Forest Grove RFPD	2,204	0.89%	20
Sherwood School District	15,305,480	11.70%	1,790,741
City of Tigard	8,848,471	83.89%	7,422,982
Subtotal, overlapping debt			<u>\$ 11,838,980</u>
Direct District net property-tax backed debt			<u>8,285,000</u>
Total direct and overlapping debt			<u><u>\$ 3,553,980</u></u>

Source: Oregon State Treasury, Debt Management Division

NORTHWEST REGIONAL EDUCATION SERVICE DISTRICT

Hillsboro, Oregon

DEMOGRAPHIC AND ECONOMIC STATISTICS
Last Ten Calendar Years

<u>Year</u>	<u>Population (1)</u>	<u>Personal Income</u>	<u>Per Capita Personal Income (2)</u>	<u>Unemployment Rate</u>
1999	404,750	12,497,870,500	30,878	3.8%
2000	445,342	14,774,220,850	33,175	4.0%
2001	455,800	14,619,785,000	32,075	3.1%
2002	463,050	14,674,054,500	31,690	5.1%
2003	472,600	15,189,364,000	32,140	6.7%
2004	480,200	15,879,733,800	33,069	6.8%
2005	489,785	16,904,929,275	34,515	7.5%
2006	500,585	18,150,711,515	36,259	7.5%
2007	511,075	N/A*	N/A*	4.8%
2008	N/A*	N/A*	N/A*	4.9%

Notes:

1. For Washington County in its entirety.
2. Estimated using per capita information and population.

* Data unavailable for time period specified

Source: Oregon Employment Department/Labor Market Information/qualityinfo.org

NORTHWEST REGIONAL EDUCATION SERVICE DISTRICT

Hillsboro, Oregon

LICENSED, CLASSIFIED AND ADMINISTRATIVE EMPLOYEES
Last Ten Fiscal Years

<u>Year</u>	<u>Licensed</u>	<u>Classified</u>	<u>Administration</u>	<u>Total</u>
1999	197	257	41	495
2000	209	281	57	547
2001	216	313	46	575
2002	225	329	46	600
2003	181	290	39	510
2004	192	248	39	479
2005	202	258	39	499
2006	228	303	46	577
2007	226	313	48	587
2008	223	362	55	640

Source: Northwest Regional ESD payroll records.

NORTHWEST REGIONAL EDUCATION SERVICE DISTRICT

Hillsboro, Oregon

PRINCIPAL EMPLOYERS FOR THE PORTLAND METRO AREA
2008 and Ten Years Ago

Employer	2008			1999		
	Employees	Rank	Percentage of Total Employment	Employees	Rank	Percentage of Total Employment
Ten Largest Employers						
Intel Corp.	16,740	1	0.86%	12,000	1	0.67%
Providence Health	14,639	2	0.76%	8,900	2	0.49%
Safeway Inc.	13,000	3	0.67%	7,930	3	0.44%
OHSU	11,500	4	0.59%	7,100	4	0.39%
Fred Meyer Stores Inc	8,500	5	0.44%	5,185	5	0.29%
Kaiser Permanente NW	8,221	6	0.42%	5,100	6	0.28%
Legacy Health System	8,196	7	0.42%	5,000	7	0.28%
NIKE	7,648	8	0.39%	3,700	8	0.21%
State of Oregon	6,750	9	0.35%	4,150	9	0.23%
Portland State University	6,105	10	0.31%	3,725	10	0.21%
Subtotal of Ten Largest Employers	101,299		5.21%	62,790		3.49%
All Other Employers	1,836,901		94.77%	1,737,110		96.51%
Total Portland MSA Employment	1,938,200		99.98%	1,799,900		100.00%

Source: Oregon.gov/Labor Market Info

NORTHWEST REGIONAL EDUCATION SERVICE DISTRICT

Hillsboro, Oregon

SCHOOL DISTRICTS PARTICIPATION IN PROGRAMS AND SERVICES
Last Nine Fiscal Years

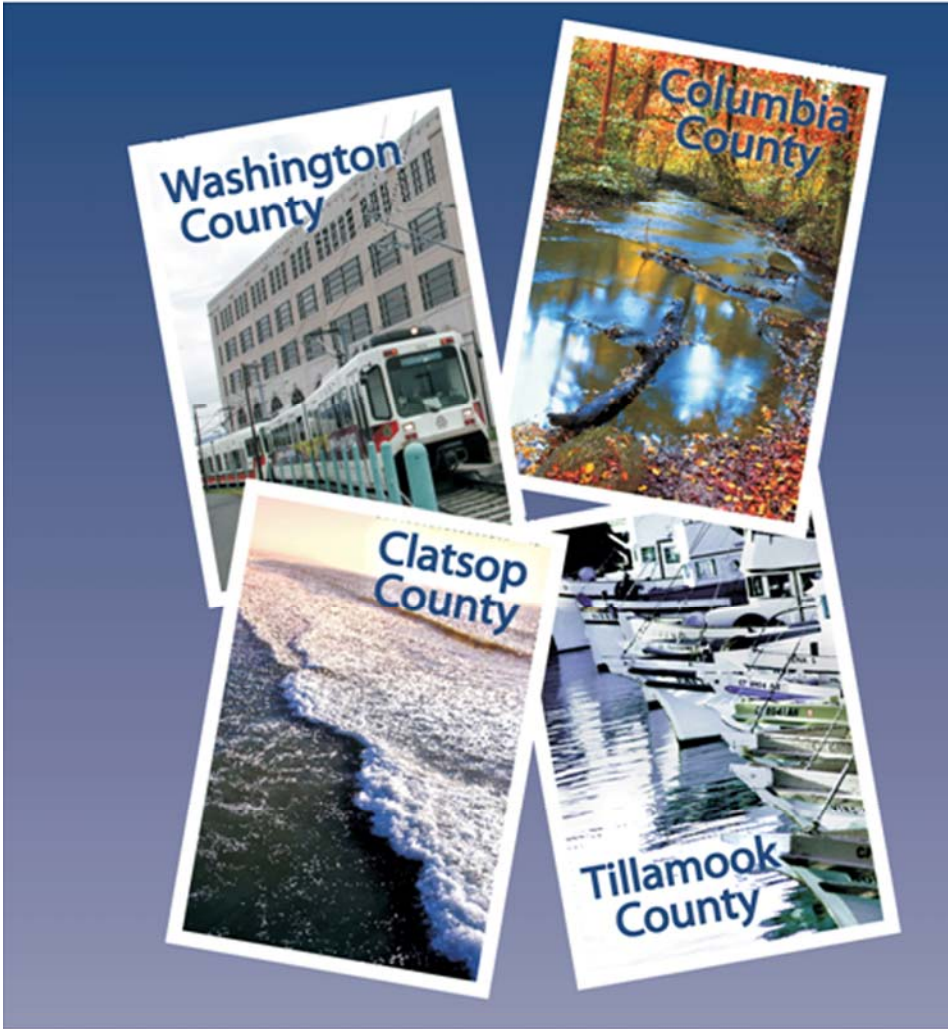
<u>Fiscal Years</u>	<u>Special Students Services</u>	<u>Instructional Services</u>	<u>Technology Services</u>	<u>Other Support Services*</u>	<u>Total</u>
1999-00	\$ 8,813,053	\$ 133,629	\$ 342,287	\$ 602,090	\$ 9,891,059
2000-01	11,417,745	805,348	551,012	308,198	13,082,303
2001-02	11,311,322	2,364,213	1,330,985	122,033	15,128,553
2002-03	11,044,196	849,049	1,080,083	227,975	13,201,303
2003-04	10,555,405	789,032	815,443	98,189	12,258,069
2004-05	10,690,294	934,372	924,869	275,067	12,824,602
2005-06	11,515,185	1,806,135	771,221	300,210	14,392,751
2006-07	14,231,788	2,182,112	1,145,764	468,293	18,027,957
2007-08	12,887,399	1,980,260	948,253	330,430	16,146,342

Note: Information for fiscal year prior to 2000 are not available in detail.
Over time, ten fiscal years of data will be presented.

Source: Northwest Regional ESD Annual Reports



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Single Audit Section



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NORTHWEST REGIONAL EDUCATION SERVICE DISTRICT

Hillsboro, Oregon

Schedule of Federal Awards
Year Ended June 30, 2008

Federal Grantor	Program Title	Grant Period	CFDA Number	Grant Amount	2007-08 Revenues	2007-08 Expenditures
Pass through Grantor						

U.S. Department of Education - Special Revenue Fund:

Passed through Oregon State Department of Education:

Title IIB Eisenhower Grant:	2006-07	84.366B	\$ 177,000	\$ 3,818	\$ 3,818
Total			\$ 177,000	\$ 3,818	\$ 3,818
Title I-C	2006-2007	84.011	\$ 121,500	\$ 48,910	\$ 48,910
	2007-2008	84.011	\$ 328,929	\$ 25,364	\$ 25,364
			\$ 450,429	\$ 74,274	\$ 74,274
Perkins Basic/Reserve	2007-2008	84.048	\$ 59,941	\$ 59,941	\$ 59,941
			\$ 59,941	\$ 59,941	\$ 59,941
Tech Prep Education	2007-2008	84.243	\$ 19,189	\$ 18,744	\$ 18,744
			\$ 19,189	\$ 18,744	\$ 18,744
Oregon Deafblind Project	2007-2008	84.326	\$ 2,950	\$ 2,950	\$ 2,950
			\$ 2,950	\$ 2,950	\$ 2,950
Title III	2006-2007	84.365	\$ 85,680	\$ 35,151	\$ 35,151
	2007-2008	84.365	\$ 98,682	\$ -	\$ -
			\$ 184,362	\$ 35,151	\$ 35,151
Total U.S. Department of Education			\$ 893,871	\$ 194,878	\$ 194,878

Direct Federal Grants

Improve Mental Health in Children	2007-08	84.215M	\$ 350,000	\$ 239,068	\$ 239,068
			\$ 350,000	\$ 239,068	\$ 239,068

Total Special Revenue Funds

\$ 1,243,871 \$ 433,946 \$ 433,946

Direct Federal Grants - General Fund:

U.S. Department of Agriculture - Special Revenue Fund:

Passed through Oregon State Department of Education:

National School Lunch	2007-08	10.555	\$ 19,604	\$ 19,604	\$ 19,604
National School Breakfast	2007-08	10.553	\$ 8,126	\$ 8,126	\$ 8,126
Commodities	2007-08	10.550	\$ 6,777	\$ 6,777	\$ 6,777
Total			\$ 34,507	\$ 34,507	\$ 34,507

Contracts with State

Early Intervention	2007-2009	84.027A	\$ 4,255,617		
Early Intervention	2007-2009	84.173 (1)		\$ 858,385	\$ 858,385
Early Intervention	2007-2009	84.181		\$ 690,612	\$ 690,612
Low Incidence Regional Programs	2007-2009	84.027 (1)		\$ 2,684,421	\$ 2,684,421
Long-term Care and Treatment	2007-2009	84.013		\$ 22,199	\$ 22,199
Youth Transition Program	2007-2009	84.126			
			\$ 4,255,617	\$ 4,255,617	\$ 4,255,617

Total Federal Financial Assistance

Total Federal Financial Assistance

\$ 5,533,995 \$ 4,724,070 \$ 4,724,070

(1) Major Programs



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November 12, 2008

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

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

We have audited the financial statements of Northwest Regional Education Service District as of and for the year ended June 30, 2008, and have issued our report thereon dated November 12, 2008. 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.

Internal Control Over Financial Reporting

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

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses.

A *control deficiency* 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 misstatements on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the District's financial statements that is more than inconsequential will not be prevented or detected by the District's internal control.

A *material weakness* is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be significant or material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Northwest Regional Education Service District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and 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*.

This report is intended solely for the information and use of management, the Board, and others within the District, and is not intended to be and should not be used by anyone other than these specified parties.

Pauly, Rogers and Co.P.C
PAULY, ROGERS AND CO., P.C.



PAULY, ROGERS AND CO., P.C.

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November 12, 2008

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

Independent Auditors' Report on Compliance With Requirements Applicable to Each Major Program and on Internal Control Over Compliance in Accordance With OMB Circular A-133

Compliance

We have audited the compliance of Northwest Regional Education Service District with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2008. Northwest Regional Education Service District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of Northwest Regional Education Service District's management. Our responsibility is to express an opinion on Northwest Regional Education Service District's compliance based on our audit.

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 OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 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 District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of Northwest Regional Education Service District's compliance with those requirements.

In our opinion, Northwest Regional Education Service District complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2008.

Internal Control Over Compliance

The management of Northwest Regional Education Service District is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered Northwest Regional Education Service District's internal control over compliance with the requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over compliance.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in the District's internal control that might be significant deficiencies or material weaknesses as defined below.

A *control deficiency* in the District's internal control over compliance 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

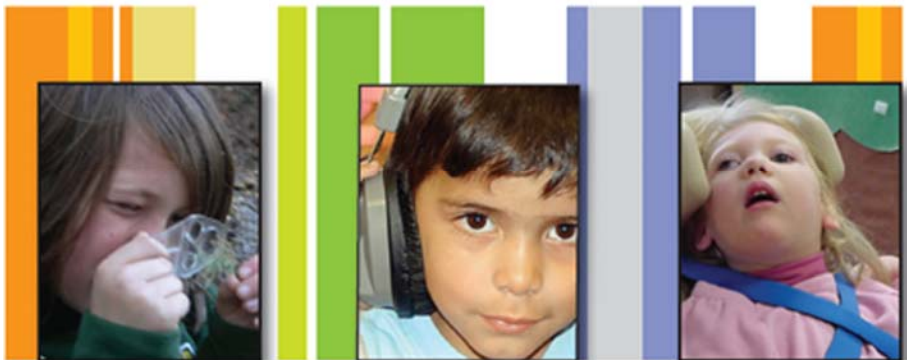
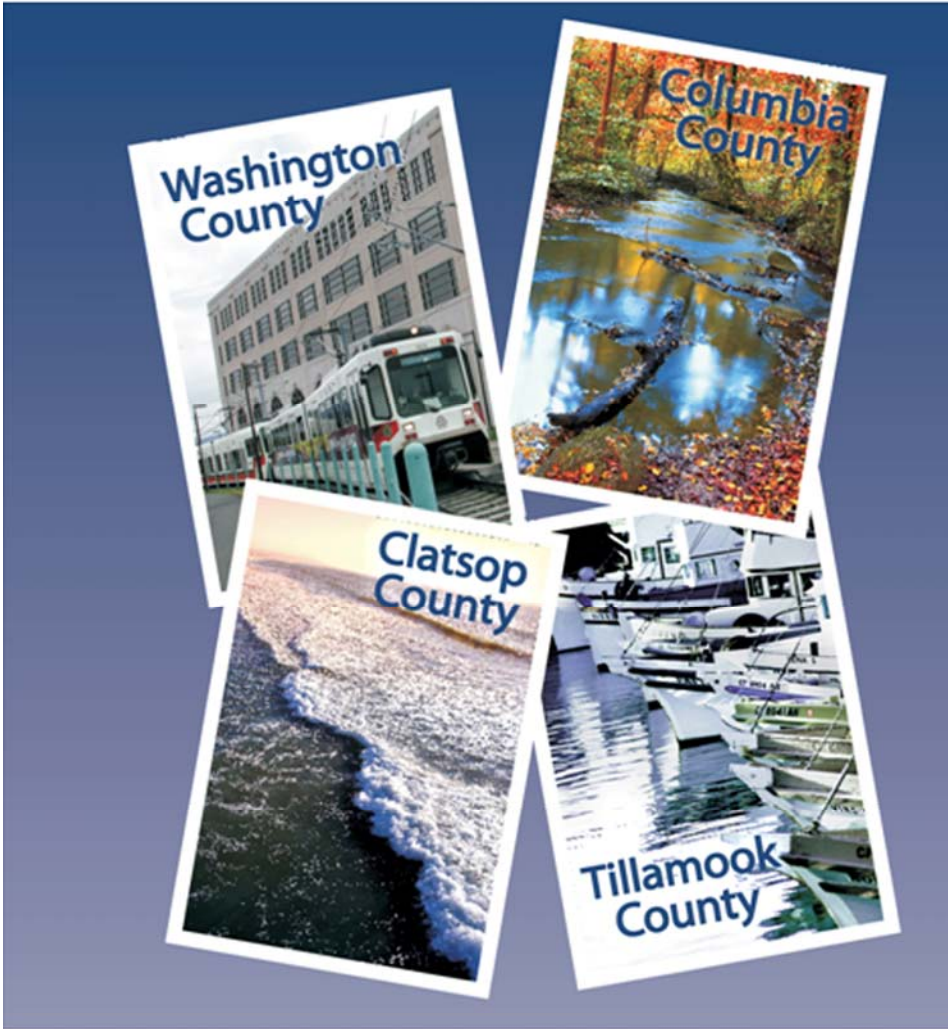
prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the District's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the District's internal control. We did not identify any deficiencies in internal control over compliance that we consider to be significant deficiencies, as defined above.

A *material weakness* is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the District's internal control.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of management, *the Board*, others within the District, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Pauly, Rogers and Co. P.C.
PAULY, ROGERS AND CO., P.C.



**Audits/Comments/
Disclosures Section**



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NORTHWEST REGIONAL EDUCATION SERVICE DISTRICT
WASHINGTON COUNTY, OREGON

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

For the Year Ended June 30, 2008

CURRENT YEAR AUDITORS' REPORT ON THE BASIC FINANCIAL STATEMENTS:

Unqualified Opinion

CURRENT YEAR NONCOMPLIANCE, AUDIT FINDINGS AND QUESTIONED COSTS:

None

CURRENT YEAR AUDITORS' REPORT ON COMPLIANCE FOR MAJOR PROGRAMS:

Unqualified Opinion

PRIOR YEAR AUDIT FINDINGS AND QUESTIONED COSTS:

None

PROGRAM TESTED AS MAJOR FOR THE YEAR ENDED JUNE 30, 2008:

Early Intervention – CFDA # 84.173

Low Incidence – CFDA # 84.027

DOLLAR THRESHOLD FOR DISTINGUISHING BETWEEN TYPE A AND B PROGRAMS:

\$300,000

LOW-RISK AUDIT QUALIFICATION:

The District qualified as a low-risk auditee under section .530. of OMB Circular A-133.

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

1. BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards includes the federal grant activity of Seaside School District No. 10 and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.



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November 12, 2008

AUDITORS' COMMENTS AND DISCLOSURES

Oregon Administrative Rules 162-10-000 through 162-16-000 of the Minimum Standards for Audits of Oregon Municipal Corporations, enumerate the financial statements, schedules, comments and disclosures required in audit reports. The required statements and schedules are set forth in preceding pages of this report. Required comments and disclosures related to our audit of such statements and schedules are set forth as follows.

REPORT ON INTERNAL ACCOUNTING CONTROL

We have audited the basic financial statements of Northwest Regional Education Service District, Washington County, Oregon, as of and for the year ended June 30, 2008, and have issued our report thereon dated November 12, 2008.

We conducted our audit in accordance with auditing standards generally accepted in 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 of material misstatement.

The management of Northwest Regional Education Service District, Washington County, Oregon, is responsible for establishing and maintaining an internal control structure. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of internal control structure policies and procedures. The objectives of an internal control structure are to provide management with reasonable, but not absolute, assurance that assets are safeguarded against loss from unauthorized use or disposition and that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of basic financial statements in accordance with generally accepted accounting principles. Because of inherent limitations in any internal control structure, errors or irregularities may nevertheless occur and not be detected. Also, projection of any evaluation of the structure to future periods is subject to the risk that procedures may become inadequate because of changes in conditions or that the effectiveness of the design and operation of policies and procedures may deteriorate.

In planning and performing our audit of the basic financial statements Northwest Regional Education Service District, Washington County, Oregon, for the year ended June 30, 2008, we obtained an understanding of the internal control structure. With respect to the internal control structure, we obtained an understanding of the design of relevant policies and procedures and whether they have been placed in operation, and we assessed control risk in order to determine our auditing procedures for the purpose of expressing our opinion on the basic financial statements and not to provide an opinion on the internal control structure. Accordingly, we do not express such an opinion.

REPORT ON INTERNAL ACCOUNTING CONTROL (CONTINUED)

A *control deficiency* 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 misstatements on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the District's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the District's financial statements that is more than inconsequential will not be prevented or detected by the District's internal control. We noted no significant deficiencies.

Our consideration of the internal control structure would not necessarily disclose all matters in the internal control structure that might be material weaknesses under standards established by the American Institute of Certified Public Accountants.

A material weakness is a significant deficiency in which the design or operation of one or more of the specific internal control structure elements does not reduce to a relatively low level the risk that errors and irregularities in amounts that would be material in relation to the general purpose financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control structure and its operations that we consider to be material weaknesses as defined above.

This report is intended solely for the information and use of the Board, management, federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

ACCOUNTING RECORDS

The accounting records are adequate for audit.

BUDGET TRANSACTIONS

Expenditures of the various funds were within authorized appropriations except as noted on page 28.

2007-2008 and 2008-2009 BUDGETS

The budgets adopted for the current and ensuing fiscal year were reviewed during the audit. Based on testing, it was determined that budget preparation and adoption procedures followed complied with the Oregon Local Budget law, except we noted a mathematical error in the District's resolution to transfer appropriations within funds.

COLLATERAL SECURING BANK DEPOSITS

Collateral pledged by the depositories appeared adequate at all times during the year to meet requirements of Oregon Law. Each depository is required by ORS Chapter 295 to maintain securities having a value of not less than 25% of the face amount of the collateral certificate issued by the pool manager, for funds deposited in the depository in excess of the amounts insured by the Federal Deposit Insurance Corporation. Deposits in the State Local Government Investment Pool are not required to be collateralized.

INVESTMENTS

Investments for the year ending June 30, 2008, were reviewed and based on our testing, appeared to comply with the legal requirements pertaining to the investment of public funds contained in ORS 294.035.

PUBLIC CONTRACTS AND PURCHASING

Procedures for awarding public contracts were reviewed and appeared to be in compliance with ORS Chapter 279 during 2007-2008.

INSURANCE AND FIDELITY BONDS

Details concerning insurance and fidelity bond coverage were reviewed during the audit. The coverage provided appears to meet legal requirements. We do not have the professional expertise to state whether the insurance coverage is adequate.

STATUTORY BONDED DEBT LIMITATION

Bonded debt outstanding was within the provisions of ORS 552.645.

PROGRAMS FUNDED FROM OUTSIDE SOURCES

We reviewed and tested, to the extent we considered necessary in the circumstances, transactions and reports relative to federal and state grant programs. Our reports concerning grant compliance and a schedule of federal assistance are contained in this report in the grant compliance review section.

STATE HIGHWAY

No State Highway Funds were received during the year ended June 30, 2008.

Pauly, Rogers and Co. P.C.
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