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LANE COUNTY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

4. CASH AND INVESTMENTS

Statutes authorize investment in banker's acceptances, time certificates of deposit, repurchase agreements, obligations of the United States and its agencies and instrumentalities, and the Oregon State Treasurer's Local Government Investment Pool. According to District Procedures State statutes govern cash management policies.

Cash and Investments at June 30, 2021, (recorded at fair value) consisted of:

|                                       | <u>2021</u>         |
|---------------------------------------|---------------------|
| Deposits with Financial Institutions: |                     |
| Demand Deposits                       | \$ (16,394)         |
| Petty Cash                            | 400                 |
| Investments                           | <u>5,923,616</u>    |
| Total                                 | <u>\$ 5,907,622</u> |

Investments

Investments in the Local Government Investment Pool (LGIP) are included in the Oregon Short-Term Fund, which is an external investment pool that is not a 2a-7-like external investment pool, and is not registered with the U.S. Securities and Exchange Commission as an investment company. Fair value of the LGIP is calculated at the same value as the number of pool shares owned. The unit of account is each share held, and the value of the position would be the fair value of the pool's share price multiplied by the number of shares held. Investments in the Short-Term Fund are governed by ORS 294.135, Oregon Investment Council, and portfolio guidelines issued by the Oregon Short-Term Fund Board, which establish diversification percentages and specify the types and maturities of investments. The portfolio guidelines permit securities lending transactions as well as investments in repurchase agreements and reverse repurchase agreements. The fund's compliance with all portfolio guidelines can be found in their annual report when issued. The LGIP seeks to exchange shares at \$1.00 per share; an investment in the LGIP is neither insured nor guaranteed by the FDIC or any other government agency. Although the LGIP seeks to maintain the value of share investments at \$1.00 per share, it is possible to lose money by investing in the pool. We intend to measure these investments at book value since it approximates fair value. The pool is comprised of a variety of investments. These investments are characterized as a level 2 fair value measurement in the Oregon Short Term Fund's audited financial report. Amounts in the State Treasurer's Local Government Investment Pool are not required to be collateralized. The audited financial reports of the Oregon Short Term Fund can be found here:

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

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

LANE EDUCATION SERVICE DISTRICT  
LANE COUNTY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

4. CASH AND INVESTMENTS (CONTINUED)

There were the following investments and maturities:

| <u>Investment Type</u>            | <u>Fair Value</u>  | <u>Investment Maturities (in months)</u> |             |              |
|-----------------------------------|--------------------|--|-------------|--------------|
|                                   |                    | <u>Less than 3</u>                       | <u>3-18</u> | <u>18-59</u> |
| State Treasurer's Investment Pool | \$5,923,616        | \$5,923,616                              | \$ -        | \$ -         |
| Total                             | <u>\$5,923,616</u> | <u>\$5,923,616</u>                       | <u>\$ -</u> | <u>\$ -</u>  |

Interest Rate Risk - Investments

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

Credit Risk – Deposits

In the case of deposits, this is the risk that in the event of a bank failure, the deposits may not be returned. There is no deposit policy for custodial credit risk. As of June 30, 2021, \$250,000 of the bank balance of \$624,594 was insured by federal depository (FDIC) insurance, and the remaining balance was collateralized by the Oregon Public Funds Collateralization Program (PFCP).

Credit Risk – Investments

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

Concentration of Credit Risk

Deposits with financial institutions include bank demand deposits. Oregon Revised Statutes require deposits to be adequately covered by federal depository insurance or deposited at an approved depository as identified by the Treasury.

5. GRANTS RECEIVABLE

Special revenue fund grants receivable are comprised of claims for reimbursement of costs under various federal and state grant programs. No provision for bad debts has been made as management believes all amounts are collectible.

LANE EDUCATION SERVICE DISTRICT  
LANE COUNTY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

6. CAPITAL ASSETS

Capital assets activity for the year was as follows:

|  | Balance<br>July 1, 2020 | Increases        | Decreases | Balance<br>June 30, 2021 |
|--|-------------------------|------------------|-----------|--------------------------|
| Capital Assets Not Being Depreciated:            |                         |                  |           |                          |
| Land   | \$ 501,013              | \$ -             | \$ -      | \$ 501,013               |
| Construction in Progress                         | -                       | 419,452          | -         | 419,452                  |
| Capital Assets Being Depreciated:                |                         |                  |           |                          |
| Buildings and Improvements                       | 6,326,372               | 57,527           | -         | 6,383,899                |
| Vehicles   | 320,391                 | -                | -         | 320,391                  |
| Furniture, fixtures, and instructional equipment | 1,031,343               | 80,175           | -         | 1,111,518                |
| Total Capital Assets                             | <u>8,179,119</u>        | <u>557,154</u>   | <u>-</u>  | <u>8,736,273</u>         |
| Less accumulated depreciation for:               |                         |                  |           |                          |
| Buildings & Improvements                         | (4,083,543)             | (147,048)        | -         | (4,230,591)              |
| Vehicles   | (216,662)               | (13,793)         | -         | (230,455)                |
| Furniture, fixtures, and instructional equipment | (881,934)               | (99,800)         | -         | (981,734)                |
| Total Accumulated Depreciation                   | <u>(5,182,139)</u>      | <u>(260,641)</u> | <u>-</u>  | <u>(5,442,780)</u>       |
| Total Capital Assets, Net                        | <u>\$ 2,996,980</u>     |                  |           | <u>\$ 3,293,493</u>      |

Depreciation expense for the year ended June 30, 2021 was allocated to the functions as follows:

| <u>Function</u> | <u>Amount</u>  |
|-----------------|----------------|
| Instruction     | 119,813        |
| Support         | <u>140,828</u> |
| Total           | <u>260,641</u> |

7. RISK MANAGEMENT

There is exposure to various risks of loss related to torts; theft or damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters for which commercial insurance is carried. Settled claims have not exceeded this commercial coverage for any of the past three fiscal years.

8. LONG TERM OBLIGATIONS

In October 2007, the District issued a series 2007 limited tax pension term bond totaling \$8,290,000 with an interest rate of 5.617% and principal payable through 2028. There are no significant default remedy clauses noted in the pension bond agreement that would impact the financial statements or require disclosure under GASB 88.

LANE EDUCATION SERVICE DISTRICT  
LANE COUNTY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

**8. LONG TERM OBLIGATIONS (CONTINUED)**

In January 2020, the District issued a Full Faith and Credit Note Series 2020 for a roof replacement project for \$730,000 with an interest rate of 3.43% and principal payable through 2035. In the event of default, the lender may make a demand for the Early Redemption Value corresponding to the previously received payment (or if none is stated, then 103% of the outstanding principal balance due under the Note), and enforce and perfect its rights in the Project Fund and any other funds and accounts referenced in the agreement. Additionally, in the event of default, the principal amount of the Note then outstanding shall bear interest at the default rate of 9%, and the District will be responsible for interest at the default rate as well as all of the lender's costs of collection and enforcement.

|                                 | Principal               |             |                   |                          |                        |
|---------------------------------|-------------------------|-------------|-------------------|--------------------------|------------------------|
|                                 | Outstanding<br>7/1/2020 | Issued      | Redeemed          | Outstanding<br>6/30/2021 | Due Within<br>One Year |
| <b>Direct Borrowing:</b>        |                         |             |                   |                          |                        |
| Notes Payable                   | \$ 730,000              | \$ -        | \$ 38,028         | \$ 691,972               | \$ 39,333              |
| <b>Bonds Payable:</b>           |                         |             |                   |                          |                        |
| Limited Tax Pension Bond        | 5,310,000               | -           | 495,000           | 4,815,000                | 550,000                |
| <b>Discount Related to Bond</b> |                         |             |                   |                          |                        |
| Issuance discounts              | (21,309)                | -           | (2,663)           | (18,646)                 | -                      |
| Total                           | <u>\$ 6,018,691</u>     | <u>\$ -</u> | <u>\$ 530,365</u> | <u>\$5,488,326</u>       | <u>\$ 589,333</u>      |

|                           | Interest                 |                   |                   |                       |
|---------------------------|--------------------------|-------------------|-------------------|-----------------------|
|                           | Outstanding<br>Beginning | Due               | Paid              | Outstanding<br>Ending |
| Notes Payable             | \$ 216,008               | \$ 25,039         | \$ 25,039         | \$ 190,969            |
| Limited tax pension bonds | 1,409,868                | 298,263           | 298,263           | 1,111,605             |
| Total                     | <u>\$ 1,625,876</u>      | <u>\$ 323,302</u> | <u>\$ 323,302</u> | <u>\$1,302,574</u>    |

Total interest expense for the year was \$323,302 which is included as a direct expense on the Statement of Activities. No interest was capitalized for the year.

Annual Debt Service Requirements to Maturity:

| Fiscal Yr Ending | Limited Tax Pension Bond |                     | Full Faith & Credit Note |                   | Total               |                     |
|------------------|--------------------------|---------------------|--------------------------|-------------------|---------------------|---------------------|
|                  | Principal                | Interest            | Principal                | Interest          | Principal           | Interest            |
| 2022             | \$ 550,000               | \$ 270,459          | \$ 39,333                | \$ 23,735         | \$ 589,333          | \$ 294,193          |
| 2023             | 615,000                  | 239,565             | 40,682                   | 22,386            | 655,682             | 261,951             |
| 2024             | 680,000                  | 205,021             | 42,077                   | 20,990            | 722,077             | 226,011             |
| 2025             | 750,000                  | 166,825             | 43,520                   | 19,547            | 793,520             | 186,372             |
| 2026             | 830,000                  | 124,698             | 45,013                   | 18,054            | 875,013             | 142,752             |
| 2027-2031        | 1,390,000                | 105,038             | 249,311                  | 66,025            | 1,639,311           | 171,063             |
| 2032-2035        | -                        | -                   | 232,036                  | 20,233            | 232,036             | 20,233              |
|                  | <u>\$ 4,815,000</u>      | <u>\$ 1,111,605</u> | <u>\$ 691,972</u>        | <u>\$ 190,969</u> | <u>\$ 5,506,972</u> | <u>\$ 1,302,574</u> |

LANE EDUCATION SERVICE DISTRICT  
LANE COUNTY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

9. DEFINED BENEFIT PENSION

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

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

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

- a. **PERS Pension (Chapter 238).** The ORS Chapter 238 Defined Benefit Plan is closed to new members hired on or after August 29, 2003.
  - i. **Pension Benefits.** The PERS retirement allowance is payable monthly for life. It may be selected from 13 retirement benefit options. These options include survivorship benefits and lump-sum refunds. The basic benefit is based on years of service and final average salary. A percentage (2.0 percent for police and fire employees, and 1.67 percent for general service employees) is multiplied by the number of years of service and the final average salary. Benefits may also be calculated under either a formula plus annuity (for members who were contributing before August 21, 1981) or a money match computation if a greater benefits results. A member is considered vested and will be eligible at minimum retirement age for a service retirement allowance if he or she has had a contribution in each of five calendar years or has reached at least 50 years of age before ceasing employment with a participating employer (age 45 for police and fire members). General service employees may retire after reaching age 55. Police and fire members are eligible after reaching age 50. Tier 1 general service employee benefits are reduced if retirement occurs prior to age 58 with fewer than 30 years of service. Police and fire member benefits are reduced if retirement occurs prior to age 55 with fewer than 25 years of service. Tier 2 members are eligible for full benefits at age 60. The ORS Chapter 238 Defined Benefit Pension Plan is closed to new members hired on or after August 29, 2003.
  - ii. **Death Benefits.** Upon the death of a non-retired member, the beneficiary receives a lump-sum refund of the member's account balance (accumulated contributions and interest). In addition, the beneficiary will receive a lump-sum payment from employer funds equal to the account balance, provided one or more of the following contributions are met:
    - member was employed by PERS employer at the time of death,
    - member died within 120 days after termination of PERS covered employment,
    - member died as a result of injury sustained while employed in a PERS-covered job, or
    - member was on an official leave of absence from a PERS-covered job at the time of death.
  - iii. **Disability Benefits.** A member with 10 or more years of creditable service who becomes disabled from other than duty-connected causes may receive a non-duty disability benefit. A disability resulting from a job-incurred injury or illness qualifies a member (including PERS judge members) for disability benefits regardless of the length of PERS-covered service. Upon qualifying for either a non-duty or duty disability, service time is computed to age 58 (55 for police and fire members) when determining the monthly benefit.
  - iv. **Benefit Changes After Retirement.** Members may choose to continue participation in their variable account after retiring and may experience annual benefit fluctuations due to changes in the fair value of the underlying global equity investments of that account. Under ORS 238.360 monthly benefits are adjusted annually through cost-of-living changes (COLA). The COLA is capped at 2.0 percent.

LANE EDUCATION SERVICE DISTRICT  
LANE COUNTY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

9. DEFINED BENEFIT PENSION PLAN – (CONTINUED)

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

**Contributions** -- PERS funding policy provides for monthly employer contributions at actuarially determined rates. These contributions, expressed as a percentage of covered payroll, are intended to accumulate sufficient assets to pay benefits when due. The funding policy applies to the PERS Defined Benefit Plan and the Other Postemployment Benefit Plans. Employer contribution rates during the period were based on the December 31, 2017 actuarial valuation, which became effective July 1, 2019. The state of Oregon and certain schools, community colleges, and political subdivision have made unfunded actuarial liability payments and their rates have been reduced. Effective January 1, 2020, Senate Bill 1049 requires employees to pay contributions on re-employed PERS retirees' salaries as if they were an active member, excluding IAP (6%) contributions. Employer contributions for the year ended June 30, 2021 were \$2,833,434, excluding amounts to fund employer specific liabilities. In addition approximately \$600,135 in employee contributions were paid or picked up by the District in fiscal 2021.

**Pension Asset or Liability** – At June 30, 2021, the District reported a net pension liability of \$17,663,661 for its proportionate share of the net pension liability. The pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation dated December 31, 2018. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. As of the measurement date of June 30, 2020 and 2019, the District's proportion was .081 percent and .085 percent, respectively. Pension expense for the year ended June 30, 2021 was \$1,790,875.

LANE EDUCATION SERVICE DISTRICT  
LANE COUNTY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

**9. DEFINED BENEFIT PENSION PLAN – (CONTINUED)**

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

- (1) Tier 1/Tier 2 – 23.54%
- (2) OPSRP general services – 18.09%
- (3) PERS UAL - 22.72%

|  | Deferred Outflow<br>of Resources | Deferred Inflow<br>of Resources |
|--|----------------------------------|---------------------------------|
| Difference between expected and actual experience                                | \$ 777,415                       | \$ -                            |
| Changes in assumptions   | 947,953                          | 33,214                          |
| Net difference between projected and actual earnings on pension plan investments | 2,077,017                        | -                               |
| Net changes in proportionate share   | 168,041                          | 553,612                         |
| Differences between City contributions and proportionate share of contributions  | 24,018                           | 218,755                         |
| Subtotal - Amortized Deferrals (below)   | 3,994,444                        | 805,581                         |
| City contributions subsequent to measuring date                                  | 2,833,434                        | -                               |
| Deferred outflow (inflow) of resources   | <u>\$ 6,827,878</u>              | <u>\$ 805,581</u>               |

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

Subtotal amounts related to pension as deferred outflows of resources, \$3,994,444, and deferred inflows of resources, (\$805,581), net to (\$3,188,863) and will be recognized in pension expense as follows:

| <u>Year ending June 30,</u> | <u>Amount</u>       |
|-----------------------------|---------------------|
| 2022                        | \$ 687,597          |
| 2023                        | 1,011,642           |
| 2024                        | 915,301             |
| 2025                        | 597,985             |
| 2026                        | (23,662)            |
| Thereafter                  | -                   |
| Total                       | <u>\$ 3,188,863</u> |

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

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

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

LANE EDUCATION SERVICE DISTRICT  
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NOTES TO BASIC FINANCIAL STATEMENTS

**9. DEFINED BENEFIT PENSION PLAN – (CONTINUED)**

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

**Actuarial Methods and Assumptions:**

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

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

**Assumed Asset Allocation:**

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

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

LANE EDUCATION SERVICE DISTRICT  
LANE COUNTY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

9. DEFINED BENEFIT PENSION PLAN – (CONTINUED)

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

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

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

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

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

LANE EDUCATION SERVICE DISTRICT  
LANE COUNTY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

**9. DEFINED BENEFIT PENSION PLAN – (CONTINUED)**

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

|  | 1%<br>Decrease<br>(6.20%) | Discount<br>Rate<br>(7.20%) | 1%<br>Increase<br>(8.20%) |
|--|---------------------------|-----------------------------|---------------------------|
| District's proportionate share of<br>the net pension liability | \$ 26,229,077             | \$ 17,663,661               | \$ 10,481,162             |

**Changes Subsequent to the Measurement Date**

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

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

*Plan Description:*

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

*Pension Benefits:*

Participants in OPERS defined benefit pension plans also participate in their defined contribution plan. An IAP member becomes vested on the date the employee account is established or on the date the rollover account was established. If the employer makes optional employer contributions for a member, the member becomes vested on the earliest of the following dates: the date the member completes 600 hours of service in each of five calendar years, the date the member reaches normal retirement age, the date the IAP is terminated, the date the active member becomes disabled, or the date the active member dies. Upon retirement, a member of the OPSRP IAP may receive the amounts in his or her employee account, rollover account, and vested employer account as a lump-sum payment or in equal installments over a 5-, 10-, 15-, 20-year period or an anticipated life span option. Each distribution option has a \$200 minimum distribution limit.

*Death Benefits:*

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

LANE EDUCATION SERVICE DISTRICT  
LANE COUNTY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

9. DEFINED BENEFIT PENSION PLAN – (CONTINUED)

*Contributions:*

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

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

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

10. OTHER POST-EMPLOYMENT BENEFIT PLAN - (RHIA)

**Plan Description:**

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

**Funding Policy:**

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

Participating Employers are contractually required to contribute to RHIA at a rate assessed each year by OPERS, and the District currently contributes 0.06% of annual covered OPERF payroll and 0.00% of OPSRP payroll under a contractual requirement in effect until June 30, 2021. Consistent with GASB Statement 75, the OPERS Board of Trustees sets the employer contribution rates as a measure of the proportionate relationship of the employer to all employers consistent with the manner in which contributions to the OPEB plan are determined. The basis for the employer's portion is determined by comparing the employer's actual, legally required contributions made during the fiscal year to the plan with the total actual contributions made in the fiscal year of all employers. The District's contributions to RHIA are included in PERS contributions (see Note 9) for all reporting years and equaled the required contributions each year.

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NOTES TO BASIC FINANCIAL STATEMENTS

10. OTHER POST-EMPLOYMENT BENEFIT PLAN – (RHIA) (CONTINUED)

At June 30, 2021, the District reported a net OPEB liability/(asset) of (\$243,027) for its proportionate share of the net OPEB liability/(asset). The OPEB liability/(asset) was measured as of June 30, 2020, and the total OPEB liability/(asset) used to calculate the net OPEB liability/(asset) was determined by an actuarial valuation as of December 31, 2018. Consistent with GASB Statement No. 75, paragraph 59(a), the District's proportion of the net OPEB liability/(asset) is determined by comparing the employer's actual, legally required contributions made during the fiscal year to the Plan with the total actual contributions made in the fiscal year of all employers. As of the measurement dates of June 30, 2020 and 2019, the District's proportion was .12 percent and .08 percent, respectively. OPEB income for the year ended June 30, 2021 was \$68,462.

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

|   |             |
|---|-------------|
| Employer's proportionate share of collective system OPEB Expense/(Income)   | \$ (39,088) |
| Net amortization of employer-specific deferred amounts from:  |             |
| - Changes in proportionate share (per paragraph 64 of GASB 75)  | (21,789)    |
| - Differences between employer contributions and employer's proportionate share of system contributions (per paragraph 65 of GASB 75) | -           |
| Employer's Total OPEB Expense/(Income)  | \$ (60,877) |

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

|  | Deferred Outflow<br>of Resources | Deferred Inflow<br>of Resources |
|--|----------------------------------|---------------------------------|
| Difference between expected and actual experience                                | \$ -                             | \$ 24,844                       |
| Changes in assumptions   | -                                | 12,918                          |
| Net difference between projected and actual earnings on pension plan investments | 27,026                           | -                               |
| Net changes in proportionate share   | 317                              | 41,888                          |
| Differences between City contributions and proportionate share of contributions  | -                                | -                               |
| Subtotal - Amortized Deferrals (below)   | 27,343                           | 79,650                          |
| City contributions subsequent to measuring date                                  | -                                | -                               |
| Deferred outflow (inflow) of resources   | \$ 27,343                        | \$ 79,650                       |

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

Subtotal amounts related to OPEB as deferred outflows of resources, \$27,343, and deferred inflows of resources, (\$79,650), net to (\$52,307) and will be recognized in OPEB expense as follows:

| Year ending June 30, | Amount      |
|----------------------|-------------|
| 2022                 | \$ (46,017) |
| 2023                 | (24,806)    |
| 2024                 | 9,991       |
| 2025                 | 8,525       |
| 2026                 | -           |
| Thereafter           | -           |
| Total                | \$ (52,307) |

LANE EDUCATION SERVICE DISTRICT  
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NOTES TO BASIC FINANCIAL STATEMENTS

**10. OTHER POST-EMPLOYMENT BENEFIT PLAN – (RHIA) (CONTINUED)**

All assumptions, methods and plan provisions used in these calculations are described in the Oregon PERS Retirement Health Insurance Account Cost-Sharing Multiple-Employer Other Postemployment Benefit (OPEB) Plan Schedules of Employer Allocations and OPEB Amounts by Employer report, as of and for the Year Ended June 30, 2020. That independently audited report was dated March 15, 2021 and can be found at:

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

**Actuarial Methods and Assumptions:**

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

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

**Discount Rate:**

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

LANE EDUCATION SERVICE DISTRICT  
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NOTES TO BASIC FINANCIAL STATEMENTS

10. OTHER POST-EMPLOYMENT BENEFIT PLAN – (RHIA) (CONTINUED)

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

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

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

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

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

|  | 1%<br>Decrease<br>(6.20%) | Discount<br>Rate<br>(7.20%) | 1%<br>Increase<br>(8.20%) |
|--|---------------------------|-----------------------------|---------------------------|
| District's proportionate share of the net OPEB liability (asset) | \$ (196,203)              | \$ (243,027)                | \$ (283,063)              |

LANE EDUCATION SERVICE DISTRICT  
LANE COUNTY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

10. OTHER POST-EMPLOYMENT BENEFIT PLAN – (RHIA) (CONTINUED)

**Changes Subsequent to the Measurement Date**

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

11. OTHER POST EMPLOYMENT BENEFITS

**Plan 1 Description (Health Insurance)**

A single-employer retiree benefit plan is operated that provides postemployment health, dental vision and life insurance benefits to eligible employees and their spouses. There are active and retired members in the plan. The collective bargaining agreements with regular classified and licensed employees include incentives for personnel who have been employed for a minimum of 18 years and retire between the ages of 55 and 65. The District provides up to \$150 per month for four years, to a maximum of \$7,200, to each early retiree for medical, dental, and vision insurance. Benefits are not provided beyond age 65 and no benefits are provided for any retiree whose employment began after October 31, 1999. Managerial and confidential employees age 55 years old with 18 years of service or 58 years old with 12 years of service are eligible to receive the same benefits, subject to the same limitations. As of the actuarial valuation performed June 30, 2021, there were 15 former employees receiving benefits under the plan. Details of the contributions and liability can be found on page 42 of the financial report.

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

An irrevocable trust has not been established (or equivalent arrangement) to account for the plan.

At June 30, 2021 the following employees were covered by the benefit terms:

| <u>Number of Covered Employees</u> |                   |
|------------------------------------|-------------------|
| Actives                            | 212               |
| Retirees                           | <u>15</u>         |
| Total Included in Valuation        | <u><u>227</u></u> |

LANE EDUCATION SERVICE DISTRICT  
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NOTES TO BASIC FINANCIAL STATEMENTS

11. OTHER POST EMPLOYMENT BENEFITS (CONTINUED)

**Actuarial Assumptions**

The District's total Health Insurance liability in the June 30, 2021 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement unless otherwise specified.

|  |   |
|--|---|
| Valuation Date   | June 30, 2020   |
| Actuarial Cost Method  | Entry Age Normal  |
| Investment return assumption<br>(interest discount)  | The 2.21% discount rate assumption is used in the June 30, 2020 rate in the 20-year General Obligation Municipal Bond Index published by Bond Buyer |
| Plan Participation   | 100% assumed will elect coverage at retirement if eligible for District paid insurance, 35% assumed if only eligible for self-pay insurance         |
| Inflation Rate   | 2.5% in all future years  |
| Annual salary rate increases   | 3.5% in all future years  |
| Health care premium  |   |
| Beginning in 2018, a 40% excise tax will be imposed under the Affordable Care Act on employers if the aggregate value of medical coverage exceeds a threshold limit. This excise tax is not included in the calculations because it is believed to be immaterial in regard to the OPEB plan. |   |

**Sensitivity Rates**

The following presents the total OPEB liability and Health Care Cost Trend Rates of the District, as well as what the District's total OPEB liability would be if it were calculated using a discount rate 1 percentage point higher or lower than current rates:

**Discount Rate Sensitivity Analysis**

|                                       | 1% Decrease<br>(1.21%) | Discount<br>Rate<br>(2.21%) | 1% Increase<br>(3.21%) |
|---------------------------------------|------------------------|-----------------------------|------------------------|
| Total OPEB Liability on June 30, 2021 | \$ 406,885             | \$ 381,248                  | \$ 357,189             |

**Health Care Trend Sensitivity Analysis**

|                                       | 1% Decrease | Health Care<br>Trend Rates | 1% Increase |
|---------------------------------------|-------------|----------------------------|-------------|
| Total OPEB Liability on June 30, 2021 | \$ 342,720  | \$ 381,248                 | \$ 427,718  |

LANE EDUCATION SERVICE DISTRICT  
LANE COUNTY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

11. OTHER POST EMPLOYMENT BENEFITS (CONTINUED)

Other Post-employment benefits Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Other Post-employment Benefits

For the year ended June 30, 2021, the District recognized Other Post-employment Benefit income of \$17,241. At June 30, 2021, the District reported deferred outflows and deferred inflows of resources, related to Other Postemployment benefits from the following sources:

| <u>Deferral Source</u>                         | <u>Deferred outflow<br/>of resources</u> | <u>Deferred inflows<br/>of resources</u> |
|--|--|--|
| Diference between expected & actual experience | \$ -                                     | \$ 41,966                                |
| Changes of assumptions or other inputs         | 39,498                                   | -  |
| Totals   | <u>\$ 39,498</u>                         | <u>\$ 41,966</u>                         |

The amount of contributions subsequent to the measurement date will be included as a reduction of the net OPEB liability in the fiscal year ending June 30, 2021. Subtotal amounts reported as deferred outflows \$39,498, and deferred inflows of resources (\$46,163), related to Other Post-employment benefits net to (\$2,468), and will be recognized in Other Post-employment benefit income as follows:

| Year ended June 30: |                   |
|---------------------|-------------------|
| 2022                | (247)             |
| 2023                | (247)             |
| 2024                | (247)             |
| 2025                | (247)             |
| 2026                | (247)             |
| Thereafter          | <u>(1,233)</u>    |
| Total               | <u>\$ (2,468)</u> |

**Plan 2 Description (Stipends)**

A single-employer retiree benefit plan is operated that provides postemployment health, dental vision and life insurance benefits to eligible employees and their spouses. There are active and retired members in the plan. The collective bargaining agreements with regular classified and licensed employees include incentives for personnel who have been employed for a minimum of 18 years and retire between the ages of 55 and 65. The District provides up to \$150 per month for four years, to a maximum of \$7,200, to each early retiree for medical, dental, and vision insurance. Benefits are not provided beyond age 65 and no benefits are provided for any retiree whose employment began after October 31, 1999. Managerial and confidential employees age 55 years old with 18 years of service or 58 years old with 12 years of service are eligible to receive the same benefits, subject to the same limitations. As of the actuarial valuation performed June 30, 2021, there were 15 former employees receiving benefits under the plan. Details of the contributions and liability can be found on page 43 of the financial report.

An irrevocable trust has not been established (or equivalent arrangement) to account for the plan.

LANE EDUCATION SERVICE DISTRICT  
LANE COUNTY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

**11. OTHER POST EMPLOYMENT BENEFITS (CONTINUED)**

**Actuarial Assumptions**

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

|  |   |
|--|---|
| Valuation Date   | June 30, 2020   |
| Actuarial Cost Method  | Entry Age Normal  |
| Investment return assumption (interest discount)   | The 2.21% discount rate assumption is used in the June 30, 2020 rate in the 20-year General Obligation Municipal Bond Index published by Bond Buyer |
| Plan Participation   | 100% assumed will elect coverage at retirement if eligible for District paid insurance, 25% assumed if only eligible for self-pay insurance         |
| Medical premium annual trend rate  | 3.4% in all future years  |
| Dental premium annual trend rate   | 3.40%   |
| Vision premiums annual trend rate  | 3.40%   |
| Inflation Rate   | 2.5% in all future years  |
| Annual salary rate increases   | 3.5% in all future years  |
| Health care premium  |   |
| Beginning in 2018, a 40% excise tax will be imposed under the Affordable Care Act on employers if the aggregate value of medical coverage exceeds a threshold limit. This excise tax is not included in the calculations because it is believed to be immaterial in regard to the OPEB plan. |   |

**Sensitivity Rates**

The following presents the total Stipends Pension Liability, as well as what the District's total Stipend Pension liability would be if it were calculated using a discount rate 1 percentage point higher or lower than current rates:

**Discount Rate Sensitivity Analysis**

|  | 1% Decrease<br>(1.21%) | Discount Rate<br>(2.21%) | 1% Increase<br>(3.21%) |
|--|------------------------|--------------------------|------------------------|
| Total Pension Liability on June 30, 2021 | \$ 59,934              | \$ 58,164                | \$ 56,382              |

**OPEB Expense and Deferred Outflows of Resources and Inflows of Resources**

|   | Deferred<br>Outflows of | Deferred<br>Inflows of | Net             |
|---|-------------------------|------------------------|-----------------|
| 2020-21 Experience (Gain) Loss            | \$ 7,846                | \$ (3,604)             | \$ 4,242        |
| 2020-21 Change in Assumptions (Gain) Loss | 2,271                   | -                      | 2,271           |
| Totals                                    | <u>\$ 10,117</u>        | <u>\$ (3,604)</u>      | <u>\$ 6,513</u> |

LANE EDUCATION SERVICE DISTRICT  
LANE COUNTY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

11. OTHER POST EMPLOYMENT BENEFITS (CONTINUED)

Amounts reported as deferred outflows \$10,117 of resources and deferred inflows (\$3,604) of resources and net to \$6,513 will be recognized in OPEB expense as follows:

| Fiscal Year Ending:  | Deferred Outflow<br>/ (Inflow)<br>Recognized in<br>Pension Expense |
|----------------------|--|
| 2022                 | 1,395  |
| 2023                 | 3,871  |
| 2024                 | 1,247  |
| 2025                 | -  |
| 2026                 | -  |
| All Subsequent Years | -  |
| Total                | \$ 6,513   |

Additional information on the changes in OPEB liability can be found on page 43 of the financial report.

12. INTERFUND TRANSFERS & INTERFUND RECEIVABLE/PAYABLE

Interfund transfers are comprised of the following at June 30, 2021:

| Fund                 | Transfers In | Transfers Out |
|----------------------|--------------|---------------|
| General Fund         | \$ -         | \$ 378,200    |
| Special Revenue Fund | 135,481      | -             |
| Capital Projects     | 242,719      | -             |
|                      | \$ 378,200   | \$ 378,200    |

Interfund receivable/payables are comprised of the following at June 30, 2021:

| Fund            | Interfund<br>Receivable | Interfund<br>Payable |
|-----------------|-------------------------|----------------------|
| General         | \$ 3,175,282            | \$ -                 |
| Special Revenue | -                       | 3,175,282            |
|                 | \$ 3,175,282            | \$ 3,175,282         |

Transfers were made to fund operations, and the interfund receivable/payables are used as a pooling of cash between various funds.

LANE EDUCATION SERVICE DISTRICT  
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NOTES TO BASIC FINANCIAL STATEMENTS

13. PROPERTY TAX LIMITATIONS

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

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

14. COMMITMENTS AND CONTINGENCIES

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 District to either have increases or decreases in revenue. Due to these future uncertainties at the state level, the future effect on operations cannot be determined.

There is participation in a number of federally assisted grant programs. These programs are subject to program compliance audits by the grantors or their representatives. The federal audits for these programs for the year ended June 30, 2021 have not been conducted. Accordingly, compliance with grant requirements will be established at some future date. The amount, if any, of expenditures which may be disallowed by the granting agencies cannot be determined at this time, although such amounts, if any, are expected by management to be immaterial.

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

15. TAX ABATEMENTS

As of June 30, 2021, the District had tax abatements through three programs: Enterprise Zone, Housing for Low Income Rental, Transit Oriented Development - Eugene, that impacted their levied taxes and require disclosure under GASB 77.

LANE EDUCATION SERVICE DISTRICT  
LANE COUNTY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

15. TAX ABATEMENTS (CONTINUED)

**Enterprise Zone (ORS 285C.175):**

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

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

**Housing for Low Income Rental (ORS 307.515 to 307.535):**

- The Low Income Rental Housing exemption is available for qualifying properties which, if occupied, need to be occupied solely by low income persons, and the required rent payment reflects the full value of the property tax exemption. The housing units on the property have to be constructed after the local governing body adopted the provisions of ORS 307.515 to 307.523 .

A person that has only a leasehold interest in property is deemed to be a purchaser of that property if the person is obligated under the terms of the lease to pay the ad valorem taxes on the real and personal property used in this activity on that property or the rent payable has been established to reflect the savings resulting from the exemption.

**Transit Oriented Development – Eugene (ORS 307.600 to 307.637):**

- This law is in the publics' interest to stimulate the construction of transit supportive multiple-unit housing in the core areas of Oregon's urban centers to improve the balance between the residential and commercial nature of those areas, and to ensure full-time use of the areas as places where citizens of the community have an opportunity to live as well as work.

In any District, or in any county with a population of over 300,000, the exemption shall apply only to multiple-unit housing preserved, established, constructed, added to or converted on land within an area designated under ORS 307.606 (Exemption limited to tax levy of District or county that adopts ORS 307.600 to 307.637) (2) or within a designated urban renewal or redevelopment area formed pursuant to ORS chapter 457. This program exempts property taxes for a period of 10 years which doesn't include the land in the exemption.

For the fiscal year ended June 30, 2021, the District had abated property taxes totaling \$101,748 under these programs.

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LANE EDUCATION SERVICE DISTRICT  
LANE COUNTY, OREGON

REQUIRED SUPPLEMENTARY INFORMATION

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LANE EDUCATION SERVICE DISTRICT  
LANE COUNTY, OREGON

OTHER POSTEMPLOYMENT BENEFITS  
SCHEDULE OF CHANGES IN OPEB LIABILITY AND EMPLOYER CONTRIBUTIONS  
June 30, 2021

**HEALTH INSURANCE BENEFIT (OPEB):  
SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY AND RELATED RATIOS**

| Year Ended June 30, | Total OPEB Liability - Beginning | Service Cost | Interest | Experience (Gain)/Loss | Changes of Assumptions | Benefit Payments | Total OPEB Liability - End of Year | Estimated Covered Payroll | Total OPEB Liability as a % of Covered Payroll |
|---------------------|----------------------------------|--------------|----------|------------------------|------------------------|------------------|------------------------------------|---------------------------|--|
| 2021                | \$ 398,242                       | \$ 21,064    | \$ 8,289 | \$ -                   | \$ -                   | \$ (46,347)      | \$ 381,248                         | \$ 10,087,350             | 3.78%  |
| 2020                | 424,489                          | 20,352       | 8,802    | 47,398                 | (50,360)               | (52,439)         | 398,242                            | 9,746,232                 | 4.09%  |
| 2019                | 438,364                          | 18,643       | 16,025   | -                      | -                      | (48,543)         | 424,489                            | 8,318,930                 | 5.10%  |
| 2018                | 439,504                          | 18,013       | 16,322   | -                      | -                      | (35,475)         | 438,364                            | 8,037,614                 | 5.45%  |
| 2017                | N/A                              | -            | -        | -                      | -                      | -                | 439,500                            | 7,765,811                 | 5.20%  |

**SCHEDULE OF EMPLOYER CONTRIBUTIONS**

| Year Ended June 30, | (a) Actuarially Determined Contribution | (b) Contributions During Year | (b)-(a) Difference | (c) Covered Payroll | (b/c) Contributions as a Percentage of Payroll |
|---------------------|---|-------------------------------|--------------------|---------------------|--|
| 2021                | \$ 29,106                               | \$ N/A                        | \$ N/A             | \$ 10,087,350       | N/A  |
| 2020                | 28,907                                  | N/A                           | N/A                | 9,746,232           | N/A  |
| 2019                | 34,668                                  | N/A                           | N/A                | 8,318,930           | N/A  |
| 2018                | 34,335                                  | N/A                           | N/A                | 8,037,614           | N/A  |
| 2017                | N/A                                     | N/A                           | N/A                | 7,765,811           | N/A  |

The above table presents the most recent actuarial valuations for the District's OPEB Health Insurance and it provides information that approximates the funding progress of the plan.

The amounts presented for each fiscal year are actuarially determined and rolled forward.

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

LANE EDUCATION SERVICE DISTRICT  
LANE COUNTY, OREGON

OTHER POSTEMPLOYMENT BENEFITS  
SCHEDULE OF CHANGES IN PENSION LIABILITY AND EMPLOYER CONTRIBUTIONS  
June 30, 2021

**STIPENDS (OPEB):**

**SCHEDULE OF CHANGES IN TOTAL PENSION LIABILITY AND RELATED RATIOS**

| Year Ended June 30, | Total OPEB Liability - Beginning | Service Cost | Interest | Experience (Gain)/Loss | Changes of Assumptions | Benefit Payments | Total OPEB Liability - End of Year | Estimated Covered Payroll | Total OPEB Liability as a % of Covered Payroll |
|---------------------|----------------------------------|--------------|----------|------------------------|------------------------|------------------|------------------------------------|---------------------------|--|
| 2021                | \$ 76,617                        | \$ 957       | \$ 1,463 | \$ -                   | \$ -                   | \$ (20,873)      | \$ 58,164                          | \$ 699,962                | 8.3%   |
| 2020                | 73,697                           | 925          | 1,436    | 14,672                 | 3,287                  | (17,400)         | 76,617                             | 676,292                   | 11.3%  |
| 2019                | 81,165                           | 1,420        | 2,913    | -                      | -                      | (11,801)         | 73,697                             | 1,230,876                 | 6.0%   |
| 2018                | 101,847                          | 1,372        | 3,718    | (16,596)               | 2,374                  | (11,550)         | 81,165                             | 1,189,252                 | 6.8%   |
| 2017                | -                                | -            | -        | -                      | -                      | -                | 101,847                            | 1,149,056                 | 8.9%   |

**SCHEDULE OF EMPLOYER CONTRIBUTIONS**

| Year Ended June 30, | (a)<br>Actuarially Determined Contribution | (b)<br>Contributions During Year | (b)-(a)<br>Difference | (c)<br>Covered Payroll | (b/c)<br>Contributions as a Percentage of Payroll |
|---------------------|--|----------------------------------|-----------------------|------------------------|---|
| 2021                | \$ 3,815                                   | \$ N/A                           | \$ N/A                | \$ 699,962             | N/A   |
| 2020                | 3,756                                      | N/A                              | N/A                   | 676,292                | N/A   |
| 2019                | 1,550                                      | N/A                              | N/A                   | 1,230,876              | N/A   |
| 2018                | 2,307                                      | N/A                              | N/A                   | 1,189,252              | N/A   |
| 2017                | -  | N/A                              | N/A                   | 1,149,056              | N/A   |

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

The amounts presented for each fiscal year are actuarially determined and rolled forward.

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

LANE EDUCATION SERVICE DISTRICT  
LANE COUNTY, OREGON

REQUIRED SUPPLEMENTARY INFORMATION  
June 30, 2021

PERS

SCHEDULE OF THE PROPORTIONATE SHARE OF THE NET PENSION LIABILITY

| Year Ended June 30, | (a)<br>Employer's proportion of the net pension liability (NPL) | (b)<br>Employer's proportionate share of the net pension liability (NPL) | (c)<br>Employer's covered payroll | (b/c)<br>NPL as a percentage of covered payroll | Plan fiduciary net position as a percentage of the total pension liability |
|---------------------|---|--|-----------------------------------|---|--|
| 2021                | 0.081 %   | \$ 17,663,661  | \$ 8,931,397                      | 197.8 %   | 75.8 %   |
| 2020                | 0.085   | 14,682,968   | 8,779,590                         | 167.2   | 80.2   |
| 2019                | 0.084   | 12,659,739   | 8,597,211                         | 147.3   | 82.1   |
| 2018                | 0.082   | 11,038,816   | 8,288,687                         | 133.2   | 83.1   |
| 2017                | 0.085   | 12,789,725   | 7,232,198                         | 176.8   | 80.5   |
| 2016                | 0.091   | 5,230,660  | 6,983,550                         | 74.9  | 91.9   |
| 2015                | 0.157   | (3,553,841)  | 6,318,280                         | (56.2)  | 103.6  |
| 2014                | 0.157   | 8,000,906  | 9,076,084                         | 88.2  | 92.0   |

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

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

SCHEDULE OF CONTRIBUTIONS

| Year | Statutorily required contribution | Contributions in relation to the statutorily required contribution | Contribution deficiency (excess) | Employer's covered payroll | Contributions as a percent of covered payroll |
|------|-----------------------------------|--|----------------------------------|----------------------------|---|
| 2021 | \$ 2,833,434                      | \$ 2,833,434   | \$ -                             | \$ 11,711,634              | 24.2 %  |
| 2020 | 2,619,869                         | 2,619,869  | -                                | 8,931,397                  | 29.3  |
| 2019 | 2,058,026                         | 2,058,026  | -                                | 8,779,590                  | 23.4  |
| 2018 | 2,021,818                         | 2,021,818  | -                                | 8,597,211                  | 23.5  |
| 2017 | 1,611,618                         | 1,611,618  | -                                | 8,288,687                  | 19.4  |
| 2016 | 1,495,096                         | 1,495,096  | -                                | 7,232,198                  | 20.7  |
| 2015 | 1,057,777                         | 1,057,777  | -                                | 6,983,550                  | 15.1  |
| 2014 | 988,356                           | 988,356  | -                                | 6,318,280                  | 15.6  |

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

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

LANE EDUCATION SERVICE DISTRICT  
LANE COUNTY, OREGON

REQUIRED SUPPLEMENTARY INFORMATION  
June 30, 2021

OPEB - RHIA

SCHEDULE OF THE PROPORTIONATE SHARE OF THE NET OPEB ASSET/(LIABILITY) FOR RHIA

| Year Ended<br>June 30, | (a)<br>District's Proportion of the<br>net OPEB<br>asset/(liability) (NOA/(L)) | (b)<br>District's<br>proportionate share<br>of the net OPEB<br>asset/(liability)(NOA/(L)) | (c)<br>District's<br>covered<br>payroll | (b/c)<br>NOA/(L) as a<br>percentage<br>of covered<br>payroll | Plan fiduciary<br>net position as<br>a percentage of<br>the total pension<br>liability |
|------------------------|--|---|---|--|--|
| 2021                   | 0.11927 %  | \$ 243,027  | \$ 8,931,397                            | 2.72 %   | 150.1 %  |
| 2020                   | 0.07824  | 151,195   | 8,779,590                               | 1.72   | 144.4  |
| 2019                   | 0.07935  | 88,573  | 8,597,211                               | 1.03   | 124.0  |
| 2018                   | 0.07666  | 31,995  | 8,288,687                               | 0.39   | 108.9  |
| 2017                   | 0.07429  | (20,175)  | 7,232,198                               | (0.28)   | 90.0   |

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

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

Amounts for covered payroll (c) use the prior year's data to match the measurement date used by the OPEB plan for each year.

SCHEDULE OF CONTRIBUTIONS FOR RHIA

| Year | Statutorily<br>required<br>contribution | Contributions in<br>relation to the<br>statutorily required<br>contribution | Contribution<br>deficiency<br>(excess) | District's<br>covered<br>payroll | Contributions<br>as a percent<br>of covered<br>payroll |
|------|---|---|--|----------------------------------|--|
| 2021 | \$ N/A                                  | \$ N/A  | \$ N/A                                 | \$ 11,711,634                    | N/A %  |
| 2020 | N/A                                     | N/A   | N/A                                    | 8,931,397                        | N/A  |
| 2019 | N/A                                     | N/A   | N/A                                    | 8,779,590                        | N/A  |
| 2018 | N/A                                     | N/A   | N/A                                    | 8,597,211                        | N/A  |
| 2017 | N/A                                     | N/A   | N/A                                    | 8,288,687                        | N/A  |

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

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

Statutorily required contributions prior to 2020 are included within PERS contributions (See p. 36)

LANE EDUCATION SERVICE DISTRICT  
LANE COUNTY, OREGON

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

|  | <u>GENERAL FUND</u> |                    |                     | VARIANCE<br>TO FINAL<br>BUDGET |
|--|---------------------|--------------------|---------------------|--------------------------------|
|  | ORIGINAL<br>BUDGET  | FINAL<br>BUDGET    | ACTUAL              |                                |
| <b>REVENUES</b>                              |                     |                    |                     |                                |
| Local Sources                                | \$ 9,140,825        | \$ 9,140,825       | \$ 9,349,862        | \$ 209,037                     |
| State Sources                                | 14,894,500          | 14,894,500         | 14,967,279 (2)      | 72,779                         |
| Federal Sources                              | -                   | -                  | 3,312               | 3,312                          |
| <b>Total Revenues</b>                        | <u>24,035,325</u>   | <u>24,035,325</u>  | <u>24,320,453</u>   | <u>285,128</u>                 |
| <b>EXPENDITURES</b>                          |                     |                    |                     |                                |
| Instruction                                  | 9,486,801           | 7,786,801 (1)      | 7,422,886           | 363,915                        |
| Support Services                             | 8,222,332           | 8,522,332 (1)      | 8,048,931           | 473,401                        |
| Contingency                                  | 1,512,571           | 1,112,571 (1)      | -                   | 1,112,571                      |
| <b>Total Expenditures</b>                    | <u>19,221,704</u>   | <u>17,421,704</u>  | <u>15,471,817</u>   | <u>1,949,887</u>               |
| Excess of Revenue Over, (Under) Expenditures | 4,813,621           | 6,613,621          | 8,848,636           | 2,235,015                      |
| <b>OTHER FINANCING SOURCES, (USES)</b>       |                     |                    |                     |                                |
| Transfers Out                                | (378,200)           | (378,200)          | (378,200)           | -                              |
| Apportionment of Funds                       | (6,295,421)         | (8,095,421) (1)    | (7,632,951)         | 462,470                        |
| <b>Total Other Financing Sources, (Uses)</b> | <u>(6,673,621)</u>  | <u>(8,473,621)</u> | <u>(8,011,151)</u>  | <u>462,470</u>                 |
| Net Change in Fund Balance                   | (1,860,000)         | (1,860,000)        | 837,485             | 2,697,485                      |
| Beginning Fund Balance                       | 2,460,000           | 2,460,000          | 3,268,372           | 808,372                        |
| Ending Fund Balance                          | <u>\$ 600,000</u>   | <u>\$ 600,000</u>  | <u>\$ 4,105,857</u> | <u>\$ 3,505,857</u>            |

(1) Appropriation level

(2) Included in this is the required state revenue match of \$481 the District must recognize for National School Lunch Support in order to meet the general cash assistance match.

LANE EDUCATION SERVICE DISTRICT  
LANE COUNTY, OREGON

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

| <u>SPECIAL REVENUE FUND</u>                   |                            |                         |                     |   |
|---|----------------------------|-------------------------|---------------------|---|
|   | <u>ORIGINAL<br/>BUDGET</u> | <u>FINAL<br/>BUDGET</u> | <u>ACTUAL</u>       | <u>VARIANCE<br/>TO FINAL<br/>BUDGET</u> |
| <b>REVENUES</b>                               |                            |                         |                     |   |
| Local Sources                                 | \$ 1,812,233               | \$ 1,882,233 (1)        | \$ 2,415,038        | \$ 532,805                              |
| State Sources                                 | 14,687,000                 | 19,517,000 (1)          | 18,845,513          | (671,487)                               |
| Federal Sources                               | 5,339,000                  | 7,239,000 (1)           | 4,985,786           | (2,253,214)                             |
| Total Revenues                                | <u>21,838,233</u>          | <u>28,638,233</u>       | <u>26,246,337</u>   | <u>(2,391,896)</u>                      |
| <b>EXPENDITURES</b>                           |                            |                         |                     |   |
| Instruction                                   | 2,614,949                  | 2,614,949 (1)           | 2,400,158           | 214,791                                 |
| Support Services                              | 6,360,494                  | 7,360,494 (1)           | 7,481,600           | (121,106)                               |
| Enterprise and Community Services             | 65,500                     | 65,500 (1)              | -                   | 65,500                                  |
| Total Expenditures                            | <u>9,040,943</u>           | <u>10,040,943</u>       | <u>9,881,758</u>    | <u>159,185</u>                          |
| Excess of Revenues Over, (Under) Expenditures | 12,797,290                 | 18,597,290              | 16,364,579          | (2,232,711)                             |
| <b>OTHER FINANCING SOURCES, (USES)</b>        |                            |                         |                     |   |
| Transfers In                                  | 165,000                    | 165,000                 | 135,481             | (29,519)                                |
| Apportionment of Funds                        | (13,431,290)               | (19,231,290) (1)        | (16,559,844)        | 2,671,446                               |
| Total Other Financing Sources, (Uses)         | <u>(13,266,290)</u>        | <u>(19,066,290)</u>     | <u>(16,424,363)</u> | <u>2,641,927</u>                        |
| Net Change in Fund Balance                    | (469,000)                  | (469,000)               | (59,784)            | 409,216                                 |
| Beginning Fund Balance                        | 469,000                    | 469,000                 | 583,552             | 114,552                                 |
| Ending Fund Balance                           | <u>\$ -</u>                | <u>\$ -</u>             | <u>\$ 523,768</u>   | <u>\$ 523,768</u>                       |

(1) Appropriation Level

LANE EDUCATION SERVICE DISTRICT  
LANE COUNTY, OREGON

SUPPLEMENTARY INFORMATION

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LANE EDUCATION SERVICE DISTRICT  
LANE COUNTY, OREGON

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

DEBT SERVICE FUND

|                            | <u>ORIGINAL<br/>BUDGET</u> | <u>FINAL<br/>BUDGET</u> | <u>ACTUAL</u>    | <u>VARIANCE<br/>TO FINAL<br/>BUDGET</u> |
|----------------------------|----------------------------|-------------------------|------------------|---|
| <b>REVENUES</b>            |                            |                         |                  |   |
| Local Sources              | \$ 743,200                 | \$ 743,200              | \$ 793,937       | \$ 50,737                               |
| Total Revenues             | <u>743,200</u>             | <u>743,200</u>          | <u>793,937</u>   | <u>50,737</u>                           |
| <b>EXPENDITURES</b>        |                            |                         |                  |   |
| Support Services           | 200                        | 200 (1)                 | -                | 200                                     |
| Debt Service               | <u>795,000</u>             | <u>795,000 (1)</u>      | <u>793,263</u>   | <u>1,737</u>                            |
| Total Expenditures         | <u>795,200</u>             | <u>795,200</u>          | <u>793,263</u>   | <u>1,937</u>                            |
| Net Change in Fund Balance | (52,000)                   | (52,000)                | 674              | 52,674                                  |
| Beginning Fund Balance     | <u>52,000</u>              | <u>52,000</u>           | <u>30,305</u>    | <u>(21,695)</u>                         |
| Ending Fund Balance        | <u>\$ -</u>                | <u>\$ -</u>             | <u>\$ 30,979</u> | <u>\$ 30,979</u>                        |

(1) Appropriation Level

LANE EDUCATION SERVICE DISTRICT  
LANE COUNTY, OREGON

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

CAPITAL PROJECTS FUND

|   | <u>ORIGINAL<br/>BUDGET</u> | <u>FINAL<br/>BUDGET</u> | <u>ACTUAL</u>     | <u>VARIANCE<br/>TO FINAL<br/>BUDGET</u> |
|---|----------------------------|-------------------------|-------------------|---|
| <b>REVENUES</b>                               |                            |                         |                   |   |
| State Sources                                 | \$ -                       | \$ 500,000 (1)          | \$ 344,399        | \$ (155,601)                            |
| Federal Sources                               | -                          | -                       | -                 | -                                       |
| Total Revenues                                | <u>-</u>                   | <u>500,000</u>          | <u>344,399</u>    | <u>(155,601)</u>                        |
| <b>EXPENDITURES</b>                           |                            |                         |                   |   |
| Support Services                              | 230,000                    | 230,000 (1)             | 91,642            | 138,358                                 |
| Facilities Construction                       | -                          | 500,000 (1)             | 350,589           | 149,411                                 |
| Debt Service                                  | 63,200                     | 63,200 (1)              | 63,067            | 133                                     |
| Total Expenditures                            | <u>293,200</u>             | <u>793,200</u>          | <u>505,298</u>    | <u>287,902</u>                          |
| Excess of Revenues Over, (Under) Expenditures | (293,200)                  | (793,200)               | (505,298)         | 287,902                                 |
| <b>OTHER FINANCING SOURCES, (USES)</b>        |                            |                         |                   |   |
| Transfers In                                  | <u>213,200</u>             | <u>213,200</u>          | <u>242,719</u>    | <u>29,519</u>                           |
| Net Change in Fund Balance                    | (80,000)                   | (80,000)                | 81,820            | 161,820                                 |
| Beginning Fund Balance                        | <u>80,000</u>              | <u>80,000</u>           | <u>62,037</u>     | <u>(17,963)</u>                         |
| Ending Fund Balance                           | <u>\$ -</u>                | <u>\$ -</u>             | <u>\$ 143,857</u> | <u>\$ 143,857</u>                       |

(1) Appropriation Level

LANE EDUCATION SERVICE DISTRICT  
LANE COUNTY, OREGON

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

INTERNAL SERVICE FUND

|                            | <u>ORIGINAL<br/>BUDGET</u> | <u>FINAL<br/>BUDGET</u> | <u>ACTUAL</u>     | <u>VARIANCE<br/>TO FINAL<br/>BUDGET</u> |
|----------------------------|----------------------------|-------------------------|-------------------|---|
| REVENUES                   |                            |                         |                   |   |
| Local Sources              | \$ 116,000                 | \$ 116,000              | \$ 229,372        | \$ 113,372                              |
| EXPENDITURES               |                            |                         |                   |   |
| Support Services           | 651,000                    | 651,000 (1)             | 111,276           | 539,724                                 |
| Total Expenditures         | 651,000                    | 651,000                 | 111,276           | 539,724                                 |
| Net Change in Fund Balance | (535,000)                  | (535,000)               | 118,096           | 653,096                                 |
| Beginning Fund Balance     | 535,000                    | 535,000                 | 390,580           | (144,420)                               |
| Ending Fund Balance        | <u>\$ -</u>                | <u>\$ -</u>             | <u>\$ 508,676</u> | <u>\$ 508,676</u>                       |

(1) Appropriation Level

LANE EDUCATION SERVICE DISTRICT  
LANE COUNTY, OREGON

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

| TAX<br>YEAR          | ORIGINAL<br>LEVY OR<br>BALANCE<br>UNCOLLECTED<br>AT 7/1/20 | DEDUCT<br>DISCOUNTS | ADJUSTMENTS<br>TO<br>ROLLS | ADD<br>INTEREST | CASH<br>COLLECTIONS<br>BY COUNTY<br>TREASURER | BALANCE<br>UNCOLLECTED OR<br>UNSEGREGATED<br>AT 6/30/21 |
|----------------------|--|---------------------|----------------------------|-----------------|---|---|
| <b>GENERAL FUND:</b> |  |                     |                            |                 |   |   |
| <b>CURRENT:</b>      |  |                     |                            |                 |   |   |
| 2020-21              | \$ 8,000,897   | \$ 212,896          | \$ (20,265)                | \$ 2,763        | \$ 7,636,368                                  | \$ 134,131  |
| <b>PRIOR YEARS:</b>  |  |                     |                            |                 |   |   |
| 2019-20              | 146,765  | (148)               | (11,430)                   | \$ 5,225        | 67,816  | 72,892  |
| 2018-19              | 62,909   | (58)                | (8,262)                    | 5,870           | 31,683  | 28,892  |
| 2017-18              | 33,595   | (11)                | (7,046)                    | 5,601           | 19,786  | 12,375  |
| 2016-17              | 14,219   | (9)                 | (3,583)                    | 2,950           | 8,575   | 5,020   |
| Prior                | 34,163   | (1)                 | (6,607)                    | 2,962           | 3,372   | 27,147  |
| Total Prior          | 291,651  | (227)               | (36,928)                   | 22,608          | 131,232                                       | 146,326   |
| Total General Fund   | \$ 8,292,548   | \$ 212,669          | \$ (57,193)                | \$ 25,371       | \$ 7,767,600                                  | \$ 280,456  |

RECONCILIATION OF REVENUE:

|  | GENERAL<br>FUND |
|--|-----------------|
| Cash Collections by County Treasurer Above                     | \$ 7,767,600    |
| Accrual of Receivables:  |                 |
| June 30, 2020  | (22,140)        |
| June 30, 2021  | 17,396          |
| Change between current and prior Unavailable Revenue, see pg 9 | (6,451)         |
| Payments in Lieu of Taxes                                      | 2,979           |
| Total Revenue  | \$ 7,759,384    |

LANE EDUCATION SERVICE DISTRICT  
LANE COUNTY, OREGON

OTHER INFORMATION

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**LANE EDUCATION SERVICE DISTRICT  
LANE COUNTY, OREGON**

**SCHEDULE OF BOND AND INTEREST TRANSACTIONS AND BALANCES  
For the Year Ended June 30, 2021**

| DATE<br>OF<br>ISSUE | MATURED<br>BONDS &<br>COUPONS<br>OUTSTANDING<br>7/1/2020 | BONDS &<br>COUPONS<br>MATURING<br>DURING<br>THE YEAR | BONDS<br>REDEEMED AND<br>COUPONS PAID<br>DURING<br>THE YEAR | MATURED<br>BONDS &<br>COUPONS<br>OUTSTANDING<br>6/30/2021 |
|---------------------|--|--|---|---|
| October 31, 2007    | \$ -   | \$ 793,263   | \$ 793,263  | \$ -  |
| January 22, 2020    | -  | -  | -   | -   |
| <br>Total           | <u>\$ -</u>  | <u>\$ 793,263</u>                                    | <u>\$ 793,263</u>   | <u>\$ -</u>   |

**LANE EDUCATION SERVICE DISTRICT  
LANE COUNTY, OREGON**

**SCHEDULE OF BOND REDEMPTION AND INTEREST REQUIREMENTS  
June 30, 2021**

SERIES 2007

| YEAR          | PRINCIPAL           | INTEREST            | INTEREST<br>RATES |
|---------------|---------------------|---------------------|-------------------|
|               | Due 6/1             | Due 12/30<br>& 6/30 |                   |
| 2022          | 550,000             | 270,459             | 5.62%             |
| 2023          | 615,000             | 239,565             | 5.62%             |
| 2024          | 680,000             | 205,021             | 5.62%             |
| 2025          | 750,000             | 166,825             | 4.62%             |
| 2026          | 830,000             | 124,698             | 4.62%             |
| 2027-28       | 1,390,000           | 105,037             | 5.62%             |
| <b>TOTALS</b> | <b>\$ 4,815,000</b> | <b>\$ 1,111,605</b> |                   |

SERIES 2020

| YEAR          | PRINCIPAL         | INTEREST          | INTEREST<br>RATES |
|---------------|-------------------|-------------------|-------------------|
|               | Due 1/22          | Due 1/22          |                   |
| 2022          | 39,333            | 23,735            | 3.43%             |
| 2023          | 40,682            | 22,386            | 3.43%             |
| 2024          | 42,077            | 20,990            | 3.43%             |
| 2025          | 43,520            | 19,547            | 3.43%             |
| 2026          | 45,013            | 18,054            | 3.43%             |
| 2027-31       | 249,311           | 66,025            | 3.43%             |
| 2032-35       | 232,036           | 20,232            | 3.43%             |
| <b>TOTALS</b> | <b>\$ 691,972</b> | <b>\$ 190,969</b> |                   |

LANE EDUCATION SERVICE DISTRICT  
LANE COUNTY, OREGON

INDEPENDENT AUDITORS' REPORT REQUIRED BY OREGON STATE REGULATIONS

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**PAULY, ROGERS AND CO., P.C.**  
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www.paulyrogersandcocpas.com

December 6, 2021

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

We have audited the basic financial statements of Lane Education Service District as of and for the year ended June 30, 2021, and have issued our report thereon dated December 6, 2021. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and Government Auditing Standards.

#### **Compliance**

As part of obtaining reasonable assurance about whether the basic financial statements are free of material misstatement, we performed tests of compliance with certain provisions of laws, regulations, contracts, and grants, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules 162-10-000 through 162-10-320 of the Minimum Standards for Audits of Oregon Municipal Corporations, noncompliance with which could have a direct and material effect on the determination of the basic financial statements amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion.

We performed procedures to the extent we considered necessary to address the required comments and disclosures which included, but were not limited to the following:

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

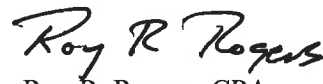
In connection with our testing nothing came to our attention that caused us to believe Lane Education Service District was not in substantial compliance with certain provisions of laws, regulations, contracts, and grants, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative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

- Expenditures were within authorized appropriations, except as noted on page 20 of the financial statements

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

In planning and performing our audit, we considered the internal controls over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the basic financial statements, but not for the purpose of expressing an opinion on the effectiveness of the internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the internal controls over financial reporting.

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



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

LANE EDUCATION SERVICE DISTRICT  
LANE COUNTY, OREGON

GRANT COMPLIANCE REVIEW

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LANE EDUCATION SERVICE DISTRICT  
LANE COUNTY, OREGON

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
For the Year Ended June 30, 2021

| Agency/Program Title                    | Pass Through Organization                   | Federal<br>CFDA<br>Number | Pass<br>Through<br>Entity# | Expenditures     | Passed<br>Through to<br>Sub Recipients |
|---|---|---------------------------|----------------------------|------------------|--|
| <b>U.S. Department of Education</b>     |   |                           |                            |                  |  |
| Title I-C - Migrant Education           | Oregon Dept of Education                    | 84.011                    | 53723                      | 337,582          | -                                      |
| Title I-C - Migrant Education           | Oregon Dept of Education                    | 84.011                    | 58947                      | 199,951          | -                                      |
| Title I-C - Migrant Education/Preschool | Oregon Dept of Education                    | 84.011                    | 53738                      | 20,601           | -                                      |
| Title I-C - Migrant Education/Preschool | Oregon Dept of Education                    | 84.011                    | 58919                      | 27,649           | -                                      |
| Title I-C - Migrant Education/Summer    | Oregon Dept of Education                    | 84.011                    | 57316                      | 186,789          | -                                      |
| Title I-C - Migrant Education/Summer    | Oregon Dept of Education                    | 84.011                    | 66111                      | 26,473           | -                                      |
| Title I-C - Migrant Education/Summer    | Oregon Dept of Education                    | 84.011                    | 61772                      | 1,260            | -                                      |
|   |   |                           |                            | <u>800,305</u>   | -                                      |
| EI-ECSE                                 | Oregon Dept of Education                    | 84.027                    | 11116-A7                   | 625,386          | 625,161                                |
| Regional Services                       | Oregon Dept of Education                    | 84.027                    | 11047-A3                   | 1,043,577        | -                                      |
| Juvenile Detention                      | Oregon Dept of Education                    | 84.027                    | 12379                      | 1,500            | -                                      |
| EI-ECSE                                 | Oregon Dept of Education                    | 84.173                    | 11116-A7                   | 102,764          | 102,727                                |
|   | <b>Total IDEA Cluster</b>                   |                           |                            | <u>1,773,227</u> | <u>727,888</u>                         |
| Perkins Basic                           | Lane Community College                      | 84.048                    | LCC1                       | 37,801           | 386                                    |
| Perkins Basic                           | Oregon Dept of Education                    | 84.048                    | 57592                      | 417,523          | 221,942                                |
| Perkins Basic                           | Oregon Dept of Education                    | 84.048                    | 52498                      | 41,610           | -                                      |
| Perkins Reserve Fund                    | Oregon Dept of Education                    | 84.048                    | 57618                      | 55,784           | 131                                    |
| Perkins Reserve Fund                    | Oregon Dept of Education                    | 84.048                    | 52476                      | 36,054           | 1,688                                  |
|   |   |                           |                            | <u>588,772</u>   | <u>224,147</u>                         |
| Oregon Pathways/STEM Apprenticeships    | Oregon Dept of Education                    | 84.051                    | 52039                      | 82,621           | 14,682                                 |
| EI-ECSE                                 | Oregon Dept of Education                    | 84.181                    | 11116-A7                   | 380,264          | 380,127                                |
| MTSS Regional Coaches                   | Oregon Dept of Education                    | 84.323A                   | 46077                      | 29,969           | -                                      |
| Title III - ELA                         | Oregon Dept of Education                    | 84.365                    | 50258                      | 6,072            | -                                      |
| Title III - ELA                         | Oregon Dept of Education                    | 84.365                    | 53430                      | 34,896           | 1,497                                  |
|   |   |                           |                            | <u>40,968</u>    | <u>1,497</u>                           |
| ESSER I                                 | Oregon Dept of Education                    | 84.425D                   | 58428                      | 227,367          | -                                      |
| ESSER II                                | Oregon Dept of Education                    | 84.425D                   | 65028                      | 68,300           | -                                      |
|   |   |                           | <b>Total ESSER</b>         | <u>295,667</u>   | -                                      |
| Youth Transition Program                | Oregon Dept of Human Services               | 84.126A                   | 160724                     | 455,813          | 217,055                                |
|   | <b>Total U.S. Department of Education</b>   |                           |                            | <u>4,447,606</u> | <u>1,565,396</u>                       |
| <b>U.S. Department of Labor</b>         |   |                           |                            |                  |  |
| WIOA                                    | Lane Workforce Partnership                  | 17.259                    | 31136                      | 538,180          | -                                      |
|   | <b>Total U.S. Department of Labor</b>       |                           |                            | <u>538,180</u>   | -                                      |
| <b>U.S. Department of Agriculture</b>   |   |                           |                            |                  |  |
| Conservation Education/Career Pathways  | U.S. Forest Service                         | 10.699                    | 800-014                    | 3,312            | -                                      |
|   | <b>Total U.S. Department of Agriculture</b> |                           |                            | <u>3,312</u>     | -                                      |
|   | <b>SEFA Total</b>                           |                           |                            | <u>4,989,098</u> | <u>1,565,396</u>                       |

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December 6, 2021

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the basic financial statements of the governmental activities, each major fund, and the remaining fund information of Lane Education Service District as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the basic financial statements, and have issued our report thereon dated December 6, 2021.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the basic financial statements, we considered the internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the basic financial statements, but not for the purpose of expressing an opinion on the effectiveness of internal control. Accordingly, we do not express an opinion on the effectiveness of internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the basic financial statements will not be prevented, or detected and corrected on a timely basis.

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

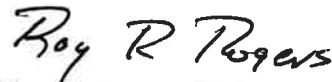
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not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

## **Compliance and Other Matters**

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

## **Purpose of this Report**

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



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



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December 6, 2021

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

**Independent Auditors' Report on Compliance for Each Major Program  
and on Internal Control Over Compliance Required By the Uniform Guidance**

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

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

**Management's Responsibility**

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

**Auditors' Responsibility**

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

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

## Opinion on Each Major Federal Program

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

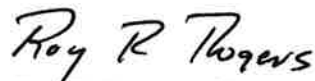
## Report on Internal Control Over Compliance

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

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

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

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



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

LANE EDUCATION SERVICE DISTRICT  
LANE COUNTY, OREGON

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the Year Ended June 30, 2021

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

**FINANCIAL STATEMENTS**

Type of Auditors' report issued: Unmodified

Internal control over financial reporting:

- Material weakness(es) identified?  Yes  No
- Significant deficiency(ies) identified that are not considered to be material weaknesses  Yes  None reported

Noncompliance material to financial statements noted?  Yes  No

Any GAGAS audit findings disclosed that are required to be reported in accordance with the Uniform Guidance?  Yes  No

**FEDERAL AWARDS**

Internal control over Major Programs:

- Material weakness(es) identified?  Yes  No
- Significant deficiency(ies) identified that are not considered to be material weaknesses  Yes  None reported

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

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

**IDENTIFICATION OF MAJOR PROGRAMS**

CFDA NUMBER(S):

NAME OF FEDERAL PROGRAM:

84.027, 84.173

IDEA Cluster

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

Auditee qualified as low-risk auditee?  Yes  No

LANE EDUCATION SERVICE DISTRICT  
LANE COUNTY, OREGON

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the Year Ended June 30, 2021

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**SECTION II – FINANCIAL STATEMENT FINDINGS**

None

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

None

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

1. BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards includes federal grant activity under programs of the federal government. The information in this schedule is presented in accordance with the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Because the schedule presents only a selected portion of the operations, it is not intended to and does not present the net position, changes in net position, or cash flow of the District.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowed or are limited as to reimbursement. Negative amounts shown on the schedule represents adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years. The District has elected not to use the ten percent de minimis indirect cost rate as allowed under Uniform Guidance, due to the fact that they already have a negotiated indirect cost rate with the State of Oregon, and therefore are not allowed to use the de minimis rate.