LANE EDUCATION SERVICE DISTRICT
LANE COUNTY, OREGON

FINANCIAL REPORT

FOR THE YEAR ENDED JUNE 30, 2023

CERTIFIED PUBLIC ACCOUNTANTS
PAULY ROGERS AND CO PC

12700 SW 72nd Ave.
Tigard, OR 97223

LANE EDUCATION SERVICE DISTRICT

LANE COUNTY, OREGON

2022-2023 FINANCIAL REPORT

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LANE EDUCATION SERVICE DISTRICT
Lane County, Oregon

PRINCIPAL OFFICIALS

BOARD OF DIRECTORS	TERM EXPIRES
Sydney Kissinger	June 30, 2025
Sherry Duerst-Higgins	June 30, 2027
Linda Hamilton, Chair	June 30, 2027
Leslie Harris	June 30, 2027
Nora Kent	June 30, 2027
Vanessa Truett, Vice Chair	June 30, 2025
Rose Wilde	June 30, 2025

ADMINISTRATION

Tony Scurto, Superintendent
Dave Standridge, Business Manager (Registered Agent)

The Board members receive mail at the following address:
Lane ESD
1200 Highway 99N
Eugene, Oregon 97402

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

December 19, 2023

INDEPENDENT AUDITORS' REPORT

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

Opinions

We have audited the accompanying basic financial statements of the governmental activities, business-type activities, and each major fund of Lane Educational Service District (the District) as of and for the year ended June 30, 2023 and the related notes to the financial statements, which collectively comprise the basic financial statements as listed in the table of contents.

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, and each major fund of the District, as of June 30, 2023, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Lane Educational Service District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, and required supplementary information, as listed in the table of contents be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance, except for the budgetary statements presented as required supplementary information as listed in the table of contents.

Supplementary Information

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

Other Information

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

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

Report on Other Legal and Regulatory Requirements

In accordance with *Government Auditing Standards*, we have also issued our reports dated December 19, 2022 on our consideration of the internal control over financial reporting and on our tests of compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of the reports are to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the internal control over financial reporting or on compliance. The reports are an integral part of an audit performed in accordance with *Government Auditing Standards* in considering internal control over financial reporting and compliance.

In accordance with Minimum Standards for Audits of Oregon Municipal Corporations, we have issued our report dated December 19, 2023 on our consideration of compliance with certain provisions of laws and regulations, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules. The purpose of that report is to describe the scope of our testing of compliance and the results of that testing and not to provide an opinion on compliance.

Roy R Rogers

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

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LANE EDUCATION SERVICE DISTRICT
LANE COUNTY, OREGON

MANAGEMENT'S DISCUSSION AND ANALYSIS

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LANE EDUCATION SERVICE DISTRICT
LANE COUNTY, OREGON
MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of Lane Education Service District, we offer readers of the district's financial statements this narrative overview and analysis of the financial activities of the district for the fiscal year ended June 30, 2023.

FINANCIAL HIGHLIGHTS

- In the government-wide statements, the District has a negative net position of $3,285,308 on June 30, 2023. Included in this amount is $5,882,244 in capital assets and a negative unrestricted balance of $9,567,003. A major contributor to the negative net position is a net pension liability of $13,519,153.

- PERS related financial information is included on the district's *Statement of Net Position.* The *Statement* includes an entry for the district's proportionate share of the PERS system's overall unfunded liability. This has a material impact on the entity-wide *Statement* by reducing the Unrestricted Net Position by $10,550,329. It also reduced expenses on the *Statement of Activities* by $500,731. This entry only affects the entity-wide *Statement of Net Position* (page 3) and the *Statement of Activities* (page 4). This does not affect the financial statements that are prepared on a budgetary basis and will not affect how the district budgets moving forward.

- Of the $64,733,659 in governmental fund revenue, the General Fund represents 41% and the Special Revenue Fund represents 57%.

- The General Fund received $26,836,677 in revenue in 2022-23. The revenues that make up the State School Fund formula dollars represented 89% of the total. Services to districts were 5% and the remaining 6% was from other federal and local sources.

- The General Fund's ending fund balance is $3,246,642 or 12.1% of the total operating revenues for the fund. A portion of the fund balance represents component district Flex Funds and other discretionary funds that they have chosen to carry over and spend in subsequent fiscal years. This amount is $1,165,896 or 4.3% of operating revenues. The remaining fund balance represents the ESD's unrestricted fund balance of $2,080,746 or 7.8% of operating revenues. The General Fund's overall ending fund balance had a net decrease of $1,150,017 from June 30, 2022 to June 30, 2023. The unreserved fund balance decreased $1,235,347 and the component district Flex Funds/Other Funds increased $85,330.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

Government-Wide Financial Statements

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

Statement of Net Position The *Statement of Net Position* presents information on all of the assets and liabilities of the District as of June 30, 2023. Net Position are the assets remaining after the liabilities have been paid off or otherwise satisfied. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the district is improving or deteriorating.

Statement of Activities The *Statement of Activities* presents information showing how the net assets of the District changed over the most recent fiscal year by tracking revenues, expenses and other transactions that increase or reduce net assets. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned, but unused vacation leave.)

In the government-wide financial statements, the district's activities are aggregated into the single category of *governmental activities*. All the District's basic functions are shown here, such as administration, technology/learning services, curriculum/teaching support and special education. These activities are primarily financed through property taxes, Oregon's State School Fund and other intergovernmental revenues.

Fund Financial Statements

The *fund financial statements* provide more detailed information about the district's funds, focusing on its most significant or "major" funds – not the district as a whole. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The district, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance related requirements. To be considered a major fund, the fund's assets, liabilities, revenue or expenses must be at least 10% of total of all funds.

Governmental Funds. The *governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. Unlike government-wide financial statements, however, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year.

Since the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. Both the governmental fund Balance Sheet and the Statement of Revenues, Expenditure and Changes in Fund Balances provide a reconciliation to facilitate this comparison.

The district maintains four individual governmental funds, all of which are considered major funds. Information is presented separately in the governmental fund Balance Sheet and the governmental fund Statement of Revenues, Expenditure and Changes in Fund Balances for these funds which include the General Fund, Special Revenue Fund, Debt Service Fund and the Capital Projects Fund.

Internal Service Fund. This fund accounts for the revenues and expenditures used in replacing and maintaining the district's equipment.

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

Other Information In addition to the basic financial statements and accompanying notes, this report also presents this Management's Discussion and Analysis which is considered required supplementary information. Other supplementary information includes statements for the non-major governmental funds, budgetary comparison schedules and a schedule of property tax transactions.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Summary Statement of Net Position

	June 30, 2022	June 30, 2023
Assets		
Current Assets	$ 24,999,747	$ 29,911,308
Non-Current Assets	6,311,704	6,871,328
Total Assets	31,311,451	36,782,636
Deferred Outflow of Resources	7,494,427	7,113,165
Total Assets & Pension Deferrals	**38,805,878**	**43,895,801**
Liabilities		
Current Liabilities	19,335,795	25,236,863
Non-current Liabilities	4,859,504	4,230,634
Net Pension Liability	10,278,431	13,519,153
Total Liabilities	34,473,730	42,986,650
Deferred Inflows of Resources	8,335,890	4,194,459
Total Liabilities & Pension Deferrals	**42,809,620**	**47,181,109**
Net Position:		
Net Investment in Capital Assets	5,396,497	5,946,077
Restricted for OPEB – RHIA	262,568	276,898
Restricted for Debt Service	75,581	58,720
Unrestricted	-9,738,388	-9,567,003
Total Net Position	$ -4,003,742	$ -3,285,308

Following are the significant variances when comparing the June 30, 2022 and the June 30, 2023 Statements of Net Position:

- Current Assets & Current Liabilities: The Grant and Other Receivables balance increased $7,189,152 from the prior year. The EI-ECSE subcontractor submitted their invoices to the ESD after the end of the fiscal year. This delayed the ESD's reimbursement request to ODE. There were also other grants and programs that expanded so the year end receivables were greater than the previous year.
- Non-Current Assets: The ESD used grant funds to make facility improvements at the main campus and create a better environment for the Migrant Education Program.
- Current Liabilities: The increase is related to the aforementioned situation with the timing of the EI-ECSE contractor's invoices not being received until after the end of the fiscal year.
- Non-Current Liabilities: The decrease includes the annual principal payments on the debt service.
- The Net Pension liability increased $3,240,722 and the Deferred Inflow of Resources related to the pension plan decreased $4,080,056. The district's proportionate share of the PERS system wide unfunded liability is reflected in the chart. The other PERS related adjustments are reflected in the Deferred Outflows & Inflows of Resources lines in both assets and liabilities. The net amount of the adjustments for PERS increased the net position by $500,731.

Statement of Activities

Revenues:	**June 30, 2022**	**June 30, 2023**
Program Revenues:		
Charges for Service	$ 4,210,482	$ 4,083,976
Operating Grants & Contributions	32,291,775	34,301,706
General Revenues:		
Property Taxes	8,037,436	8,404,444
State Support	14,651,093	15,516,865
Gain (Loss) on Disposal of Assets	0	4,092
Earnings on Investments	69,983	237,707
Other Local Revenue	1,527,086	411,875
Total Revenue	60,787,855	62,960,665
Expenses:		
Instruction	35,066,557	36,959,005
Support Services	20,661,705	24,966,241
Community Services	47,207	60,238
Unallocated Amortization	0	5,779
Interest on Long-term Debt	294,194	250,968
Total Expenses	56,069,663	62,242,231
Change in Net Position	4,718,192	718,434
Net Position – Beginning Balance	-8,721,934	-4,003,742
Net Position– Ending Balance	$ -4,003,742	$ -3,285,308

Following are the significant variances when comparing the June 30, 2022 and the June 30, 2023 Statement of Activities:

- Earnings on Investments: The average interest rate increased 324% during the year.
- Other Local Revenue: Internal payments to the Debt Service Fund were not included in local revenue as they had been in prior years.
- Support Services: Increased spending for Life Skills supervision, sign language interpreters, building maintenance/improvements, human resources and for the WREN, SIA, LAABSS and MEP grants.
- Community Services: Increase in food costs for the programs at the Westmoreland campus.

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

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

Governmental Funds The focus of the District's governmental funds is to provide information on relatively short-term cash flow and funding for future basic services. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available at the end of the fiscal year.

General Fund - The General Fund is the chief operating fund of the district. As of June 30, 2023, the fund balance was $3,246,642. The General Fund's overall ending fund balance had a net decrease of $1,150,017 for the year. The unreserved fund balance decreased $1,235,347 and the component district Flex Funds/Other Funds increased $85,330.

Special Revenue Fund – The majority of the activity in the special revenue funds is for grants, contracts and miscellaneous reserves. Included in those funds is a technology fund that provides limited services to other agencies, a fund that captures all of the miscellaneous school improvement/special education activities and a fund that provides scholarships to teachers. The combined fund balance of these three funds is 94% of the total for all special revenue funds.

Debt Service Fund - The District uses this fund to account for the repayment of the 2007 pension obligation bonds issued to advance fund the district's unfunded actuarial liability for the Public Employee Retirement System (PERS). On a budgetary basis, the year ended with a fund balance of $58,720.

Capital Projects Fund – This fund is maintained for major repairs to the ESD's two facilities. $153,710 was spent during the year to repair water damage at the Westmoreland Campus and to improve the office space in the Special Education department at the main campus. There was a $299,815 transfer from the General Fund to support these and future projects. The district also has annual debt service payments of $63,067 for the loan used for the main campus roof replacement project. As of June 30, 2023, there was $244,295 available to meet the ongoing capital needs of the district.

Internal Service Fund – This fund provides equipment replacement services for the ESD. This includes fixed asset level equipment such as vehicles, copiers, mowers and other department specific equipment. The fund also provides for the replacement of personal computers and printers. The year end fund balance was $418,074. Purchases during the year included three vehicles, videoconference equipment and cafeteria appliances. There was also revenue of $294,659. The Net Position decreased $61,905 in 2022-23.

GENERAL FUND BUDGETARY HIGHLIGHTS

The Lane ESD board approved a supplemental budget in 2022-23. Appropriations were adjusted in the General Fund to reflect an increase in recruitment, professional development, Westmoreland campus restroom facilities upgrades, additional special ed supervisor FTE, contracted special ed staff, facility repairs and improvements and component district use of flex dollars for sign language interpreter services. The Special Revenue Fund was increased to accommodate increased grant revenue for; EI-ECSE, SEL for Native Youth, Perkins, SIA, Recruitment/Retention, Regional Educator Network. Includes an increase for Sign Language Interpreter program costs.

CAPITAL ASSETS AND DEBT ADMINISTRATION

- **Capital Assets** The District's investment in capital assets includes buildings and improvements, vehicles, furniture and equipment. As of June 30, 2023, the District had invested $6,558,035 in capital assets, net of depreciation and related debt, as shown on the following table. Most of the net increase was due to building improvements at the main campus. Other additions included new vehicles, videoconference equipment and cafeteria appliances.

Capital Assets - Net of Depreciation

	June 30, 2022	June 30, 2023
Land	$ 501,013	$ 501,013
Construction in Progress	77,500	174,778
Buildings & Improvements	5,179,164	5,453,066
Vehicles	139,661	293,047
Furniture & Equipment	151,798	136,131
Total	$ 6,049,136	$ 6,558,035

Debt

At the end of the fiscal year, the district had outstanding debt of $3,650,000 in limited tax pension bonds. Principal payments in the amount of $615,000 were made during the fiscal year. The outstanding debt on the note payable for the roof replacement is $611,958.

REQUESTS FOR INFORMATION

This financial report is designed to present the user (citizens, taxpayers, investors and creditors) with a general overview of the district's finances and to demonstrate the district's accountability. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the District's Director of Business Services at 1200 Highway 99N, Eugene, OR 97402.

Dave Standridge
Director of Business Services
Lane Education Service District

LANE EDUCATION SERVICE DISTRICT
LANE COUNTY, OREGON

BASIC FINANCIAL STATEMENTS

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LANE EDUCATION SERVICE DISTRICT
LANE COUNTY, OREGON
STATEMENT OF NET POSITION
June 30, 2023

	Governmental Activities
Assets	
Current Assets:	
Cash and Cash Equivalents	$ 3,235,649
Property Taxes Receivable	280,359
Grant and Other Receivables	26,377,853
Prepaid Expenses	17,447
Total Current Assets	29,911,308
Noncurrent Assets:	
Net OPEB Asset - RHIA	276,898
SBITA Asset, net of Amortization	36,395
Capital Assets - Nondepreciable	675,791
Capital Assets - Depreciable, Net of Accumulated Depreciation	5,882,244
Total Noncurrent Assets	6,871,328
Total Assets	36,782,636
Deferred Outflows of Resources	
Pension Related Deferrals - PERS	7,055,503
Deferred Outflows - OPEB RHIA	23,784
Deferred Outflows - OPEB Health Insurance	31,598
Deferred Outflows - OPEB Stipends	2,280
Total Deferred Outflows of Resources	7,113,165
Total Assets and Deferred Outflows of Resources	43,895,801
Liabilities	
Current Liabilities:	
Accounts Payable	21,837,349
Accrued Payroll, Withholdings, and Benefits	1,681,597
Deposits Payable	3,891
Unearned Revenue	991,949
Current Maturities of Bonds & Notes Payable	722,077
Total Current Liabilities	25,236,863
Noncurrent Liabilities:	
Accrued Vacation	337,737
OPEB Liability - Health Insurance	303,559
OPEB Liability - Stipends	31,583
Bonds & Notes Payable, Net of Current Maturities	3,526,564
Net Pension Liability - PERS	13,519,153
SBITA Liability, Long Term	31,191
Total Noncurrent Liabilities	17,749,787
Total Liabilities	42,986,650
Deferred Inflows of Resources	
Pension Related Deferrals - PERS	4,086,679
Deferred Inflows - OPEB RHIA	40,082
Deferred Inflows - OPEB Health Insurance	67,277
Deferred Inflows - OPEB Stipends	421
Total Deferred Inflows of Resources	4,194,459
Total Liabilities and Deferred Inflows of Resources	47,181,109
Net Position	
Net Investment in Capital Assets	5,946,077
Restricted for RHIA Asset	276,898
Restricted for Debt Service	58,720
Unrestricted	(9,567,003)
Total Net Position	$ (3,285,308)

See accompanying notes to basic financial statements.

LANE EDUCATION SERVICE DISTRICT
LANE COUNTY, OREGON

STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2023

Functions/Programs	**Expenses**	**Program Revenues** Charges for Services	**Program Revenues** Operating Grants and Contributions	**Net (Expense) Revenue and Changes in Net Position**
Instruction	$ 36,959,005	$ 714,364	$ 22,436,082	$ (13,808,559)
Support Services	24,966,241	3,369,612	11,820,005	(9,776,624)
Enterprise and Community Services	60,238	-	45,619	(14,619)
Unallocated Amortization	5,779	-	-	(5,779)
Interest on Long-Term Obligations	250,968	-	-	(250,968)
Total Governmental Activities	$ 62,242,231	$ 4,083,976	$ 34,301,706	(23,856,549)
General Revenues:				
Property Taxes				8,404,444
State Support				15,516,865
Earnings on Investments				237,707
Gain (Loss) on Disposal of Assets				4,092
Other Local Revenues				411,875
Total General Revenues				24,574,983
Change in Net Position				718,434
Net Position Beginning of Year				(4,003,742)
Net Position End of Year				$ (3,285,308)

See accompanying notes to basic financial statements.

LANE EDUCATION SERVICE DISTRICT
LANE COUNTY, OREGON

BALANCE SHEET - GOVERNMENTAL FUNDS
June 30, 2023

	GENERAL	SPECIAL REVENUE	DEBT SERVICE	CAPITAL PROJECTS	TOTALS
ASSETS:					
Cash and Investments	$ 421,465	$ 1,982,417	$ 58,720	$ 244,295	$ 2,706,897
Receivables:					
Taxes	280,359	-	-	-	280,359
Grants and Other Receivables	1,529,187	24,814,124	-	-	26,343,311
Prepaid Items	17,447	-	-	-	17,447
Due from Other Funds	5,215,173	-	-	-	5,215,173
Total Assets	$ 7,463,631	$ 26,796,541	$ 58,720	$ 244,295	$ 34,563,187
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE:					
Liabilities:					
Accounts Payable	$ 2,268,788	$ 19,423,341	$ -	$ -	$ 21,692,129
Accrued Payroll, Withholdings, and Benefits	1,681,597	-	-	-	1,681,597
Deposits	3,891	-	-	-	3,891
Due to Other Funds	-	5,215,173	-	-	5,215,173
Total Liabilities	3,954,276	24,638,514	-	-	28,592,790
Deferred Inflows of Resources:					
Unavailable Revenue-Property Taxes	262,713	-	-	-	262,713
Unavailable Revenue-Grants	-	991,949	-	-	991,949
Total Deferred Inflows of Resources	262,713	991,949	-	-	1,254,662
Fund Balances (Deficit):					
Nonspendable	17,447	-	-	-	17,447
Restricted	-	-	58,720	-	58,720
Assigned	-	1,166,078	-	244,295	1,410,373
Unassigned	3,229,195	-	-	-	3,229,195
Total Fund Balance	3,246,642	1,166,078	58,720	244,295	4,715,735
Total Liabilities, Deferred Inflows of Resources and Fund Balance	$ 7,463,631	$ 26,796,541	$ 58,720	$ 244,295	$ 34,563,187

See accompanying notes to basic financial statements.

LANE EDUCATION SERVICE DISTRICT
LANE COUNTY, OREGON

RECONCILIATION OF GOVERNMENTAL FUNDS BALANCE SHEET TO STATEMENT OF NET POSITION

June 30, 2023

Total Fund Balances		
Amounts reported for governmental activities in the Statement of Net Position are different because:	$	4,715,735
The PERS net pension asset (liability) is the difference between the total pension liability and the assets set aside to pay benefits earned to past and current employees and beneficiaries.		(13,519,153)
Deferred inflows and outflows of resources related to the pension plan include differences between expected and actual experience, changes of assumptions, differences between projects and actual earning, and contributions subsequent to the measurement date.		
Deferred Outflows - PERS		7,055,503
Deferred Outflows - OPEB RHIA		23,784
Deferred Outflows - OPEB Stipends		2,280
Deferred Outflows - Health Insurance		31,598
Deferred Inflows - PERS		(4,086,679)
Deferred Inflows - OPEB RHIA		(40,082)
Deferred Inflows - OPEB Stipends		(421)
Deferred Inflows - Health Insurance		(67,277)
Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in the governmental funds.		
Capital Assets, net		6,558,035
Delinquent property taxes receivable will be collected this year, but are not available soon enough to pay for the current period's expenditures, and therefore are unavailable in the funds.		262,713
The OPEB asset (liability) is not reported as an asset (liability) in the governmental funds.		
OPEB - RHIA		276,898
OPEB - Stipends		(31,583)
OPEB - Health Insurance		(303,559)
The assets and liabilities of the internal service funds are included in the governmental activities in the Statement of Net Position.		418,074
Right-to-use assets are not financial resources and therefore are not reported in the governmental funds.		36,395
Long-term liabilities not payable in the current year are not reported as governmental fund liabilities. These liabilities consist of:		
Accrued Vacation Payable		(337,737)
SBITA Liability		(31,191)
Bonds & Notes Payable		(4,248,641)
Total Net Position	$	(3,285,308)

See accompanying notes to basic financial statements.

LANE EDUCATION SERVICE DISTRICT
LANE COUNTY, OREGON

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS

For the Year Ended June 30, 2023

	GENERAL	SPECIAL REVENUE	DEBT SERVICE	CAPITAL PROJECTS	TOTAL
REVENUES:					
From Local Sources	$ 11,319,810	$ 3,147,701	$ 837,705	$ -	$ 15,305,216
From State Sources	15,516,867	26,238,534	-	-	41,755,401
From Federal Sources	-	7,673,042	-	-	7,673,042
Total Revenues	26,836,677	37,059,277	837,705	-	64,733,659
EXPENDITURES:					
Current:					
Instruction	11,753,937	3,097,158	-	-	14,851,095
Support Services	11,018,202	13,743,829	1	153,711	24,915,743
Enterprise and Community Services	-	63,455	-	-	63,455
Capital Outlay	-	690,651	-	-	690,651
Debt Service	-	-	854,565	63,067	917,632
Total Expenditures	22,772,139	17,595,093	854,566	216,778	41,438,576
Excess of Revenues Over, (Under) Expenditures	4,064,538	19,464,184	(16,861)	(216,778)	23,295,083
Other Financing Sources, (Uses):					
Transfer In	-	159,185	-	299,815	459,000
Transfer Out	(459,000)	-	-	-	(459,000)
Apportionment of Funds	(4,755,555)	(19,386,155)	-	-	(24,141,710)
Total Other Financing Sources, (Uses)	(5,214,555)	(19,226,970)	-	299,815	(24,141,710)
Net Change in Fund Balance	(1,150,017)	237,214	(16,861)	83,037	(846,627)
Beginning Fund Balance	4,396,659	928,864	75,581	161,258	5,562,362
Ending Fund Balance	$ 3,246,642	$ 1,166,078	$ 58,720	$ 244,295	$ 4,715,735

See accompanying notes to basic financial statements.

LANE EDUCATION SERVICE DISTRICT
LANE COUNTY, OREGON

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

For the Year Ended June 30, 2023

Net Change in Fund Balance - Governmental Funds			$	(846,627)
The revenue (expense) represents the changes in net asset (liability) from year to year due to changes in total asset (liability) and the fair value of plan net position available to pay benefits.				
PERS	$	500,731		
OPEB - RHIA		33,768		
OPEB - Health		22,043		
OPEB - Stipend		7,540		564,082
Capital outlays are reported in governmental funds as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation.				
Capital Asset Additions		852,773		
Depreciation expense		(343,874)		508,899
Long-term debt proceeds are reported as other financing sources in governmental funds. In the Statement of Net Position, however, issuing long-term debt increases liabilities. Similarly, repayment of principal is an expenditure in the governmental funds but reduces the liability in the Statement of Net Position. This is the amount by which proceeds exceeded repayments:				
Debt Principal Repaid		655,681		
Accrued Vacation		(89,654)		566,027
Governmental funds report the effect of premiums and discounts when debt is first issued, whereas these amounts are deferred and amortized in the Statement of Activities. This amount is the net effect of these differences:				
Amortization of premium/(discount)				(2,666)
Payment on Subscription Liabilities decreases liabilities in the Statement of Net Position.				
Payment on Subscription Liability				10,983
Expenditure for Right-to-use Assets reduces the Prepaid Expenses in the Statement of Net Position and Amortization Expenses on the Statement of Activites.				
Amortization Expense				(5,779)
Internal service funds are used to account for revenues and expenditures used in replacing and maintaining buildings and equipment.				(61,905)
Because some property taxes will not be collected for several months after the District's fiscal year ends, they are not considered as "available" revenues in the governmental funds, and are instead recorded as unavailable revenue. They are, however, recorded as revenues in the Statement of Activities.				(14,580)
Change in Net Position			$	718,434

See accompanying notes to basic financial statements.

LANE EDUCATION SERVICE DISTRICT
LANE COUNTY, OREGON

STATEMENT OF NET POSITION - PROPRIETARY FUND
June 30, 2023

	Governmental Activities Internal Service Fund
ASSETS	
Deposits and Investments	$ 528,752
Grants and Other Receivables	34,542
Total Assets	563,294
LIABILITIES	
Accounts Payable	145,220
Total Liabilities	145,220
NET POSITION	
Unrestricted	418,074
Total Net Position	$ 418,074

See accompanying notes to basic financial statements.

LANE EDUCATION SERVICE DISTRICT
LANE COUNTY, OREGON

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
PROPRIETARY FUND
For the Year Ended June 30, 2023

	Governmental Activities Internal Service Fund
Operating Revenues:	
Services Provided Other Funds	$ 294,659
Total Operating Receipts	294,659
Operating Expenses:	
Cost of Services	360,656
Total Operating Disbursements	360,656
Operating Income (Loss)	(65,997)
Nonoperating Receipts (Disbursements):	
Sale of Capital Asset	4,092
Total Nonoperating Receipts (Disbursements)	4,092
Change in Net Position	(61,905)
Net Position - Beginning	479,979
Net Position - Ending	$ 418,074

See accompanying notes to basic financial statements.

LANE EDUCATION SERVICE DISTRICT
LANE COUNTY, OREGON

STATEMENT OF CASH FLOWS
PROPRIETARY FUND
For the Year Ended June 30, 2023

	Governmental Activities Internal Service Fund
Cash Flows from Operating Activities:	
Receipts From Interfund Service Charges for Internal Service Fund Activities	$ 260,425
Payments to Vendors	(257,823)
Net Cash from (Used) Provided by Operating Activities	2,602
Cash Flows From Capital and Related Financing Activities:	
Proceeds From Sale of Capital Assets	4,092
Net Cash Provided by Capital Activities	4,092
Net Increase (Decrease) in Cash and Cash Equivalents	6,694
Cash Balance - Beginning	522,058
Cash Balance - Ending	$ 528,752
Reconciliation of Operating Income to Net Cash Provided by Operating Activities:	
Operating Income	$ (65,997)
Adjustments to Reconcile Net Income to Net Cash	
Increase in Accounts Receivable	(34,234)
Increase in Accounts Payable	102,833
Net Cash from (Used) Provided by Operating Activities	$ 2,602

See accompanying notes to basic financial statements.

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LANE EDUCATION SERVICE DISTRICT
LANE COUNTY, OREGON

NOTES TO THE BASIC FINANCIAL STATEMENTS

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1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. REPORTING ENTITY

The District is a political subdivision of the state of Oregon governed by an independently elected Board of Directors and is legally separate from all other entities. It is also financially independent of other state and local governmental units. It has the power to levy taxes, is responsible for its debts, and is entitled to any surpluses. The financial reporting consists of the District, any organization for which the District is financially accountable, and any other organizations that, because of the nature and significance of their relationship with the District, may not be excluded from the District's financial reporting. Component units, as established by the Governmental Accounting Standards Board (GASB) Statement 61, are separate entities that are included in the District's reporting because of the significance of their operational or financial relationships with the District. Currently, there are no component units.

B. MEASUREMENT FOCUS, BASIS OF ACCOUNTING AND BASIS OF PRESENTATION

GOVERNMENT-WIDE FINANCIAL STATEMENTS (GWFS)

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the activities. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities* normally are supported by taxes and intergovernmental revenues.

The statement of activities demonstrates the degree to which the expenses of a given function are offset by program revenues. *Program revenues* include 1) charges to those who purchase, use, or directly benefit from goods, services, or privileges provided by a given function and 2) grants and contributions that are restricted to meeting the operational requirements of a particular function. State school support, taxes, and other items not properly included among program revenues are reported instead as *general revenues.*

The government-wide financial statements and Internal Service fund use the economic resources *measurement focus* and the *accrual basis of accounting.* Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all the eligibility requirements imposed by the provider have been met.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

FUND FINANCIAL STATEMENTS

Separate fund financial statements are provided for governmental funds.

Governmental funds: Major individual governmental funds are reported as separate columns in the fund financial statements.

Governmental funds are used to account for the general government activities. Governmental fund types use the flow of current financial resources measurement focus and the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they are "measurable and available). "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to pay liabilities of the current period, which is 60 days. Expenditures are recorded when the liability is incurred, except for unmatured interest on general long-term debt which is recognized when due, interfund transactions, pension and OPEB costs, and certain compensated absences and claims and judgments which are not recognized as expenditures because they will be liquidated with future expendable financial resources.

- Property taxes are recognized as revenue only if received within 60 days of year-end.
- Entitlements, shared revenues, and interest are recognized as revenue in the period to which they relate.
- Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other grant requirements have been met.
- Charges for services are recognized as revenue in the period in which the services are performed.
- Other receipts are not considered measurable and available until cash is received.

Other major differences between the modified accrual basis and the accrual basis are:

- Post-employment benefits are expensed when paid rather than when incurred.
- Capital outlay expenditures are recognized as expenditures when the assets are acquired (depreciation is not recorded).
- Proceeds of long-term borrowing are recognized as an "other financing source" and principal paid is considered an expenditure when paid.
- Supply inventory is expensed when purchased.
- The Net Pension Liability is not recorded and the OPEB assets are not recorded.
- Pension and OPEB Costs are not recorded as an expense until paid.

There are the following major governmental funds:

- The General Fund accounts for the general operating revenues and expenditures. Principal revenue sources are property taxes and the state school fund.
- The Special Revenue Fund accounts for the operating revenues and expenditures of grants awarded. Grant revenues are primarily from federal, state, and local governments.
- The Debt Service Fund accounts for the annual debt service on the 2007 pension bonds.
- The Capital Projects Fund provides facility services for the District. Services include major repair/replacement projects for the grounds and buildings at the Main Campus and the Westmoreland facilities.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

There is also the following proprietary fund:

- The Internal Service Fund accounts for revenues and expenditures used in replacing and maintaining buildings and equipment.

ASSETS, LIABILITIES AND EQUITY

CASH AND CASH EQUIVALENTS

Cash and investments consist of cash on hand, demand deposits, and investments in the State of Oregon Local Government Investment Pool (LGIP). Investments in the LGIP are considered highly liquid investments with original maturities of three months or less to be cash equivalents.

Oregon Revised Statutes 294.035 authorizes investment in the LGIP, general obligations of the U.S. Government and its agencies, bankers' acceptances, and commercial paper rated A-2 or better by Standard & Poor's Corporation or P-2 or better by Moody's Investors Service, among others.

RECEIVABLES

Grant and other accounts receivables consist of amounts due from school districts for services provided, grants, and reimbursements. Management believes that the amount of any uncollectible accounts included in receivables is immaterial; therefore, no provision for uncollectible accounts has been made.

Transactions between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "interfund receivables/payables" (I.E., the current portion of interfund loans) or "advances to/from other funds" (I.E., the noncurrent portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds".

PROPERTY TAXES

Uncollected real and personal property taxes are reflected on the statement of net position and the balance sheet as receivables. Uncollected taxes are deemed by management to be substantially collectible or recoverable through liens; therefore, no allowance for uncollectible taxes has been established. All property tax receivables are due from property owners within the District.

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

SUPPLY INVENTORY

Supplies inventory is valued at cost using first-in, first-out (FIFO) method. Accounting for supplies inventory is based on the consumption method in the government-wide financial statements. Under the consumption method, all inventory items are charged to expenditures of user departments at the time of withdrawal from inventory. Donated commodities consumed during the year are reported as revenues and expenditures. The amount of unused supply inventories and donated commodities at the balance sheet date is considered immaterial by management for reporting purposes.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

PREPAID ITEMS

Payments to vendors may reflect costs applicable to future accounting periods and are recorded as prepaid items in the government-wide and fund financial statements.

CAPITAL ASSETS

Capital assets, which include land, buildings, equipment and construction in progress, are reported in the government-wide financial statements. Capital assets are defined as assets with an initial, individual cost of more than $5,000 and an estimated useful life in excess of one year. Capital assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at their estimated fair market value on the date donated. The costs of normal maintenance and repairs that do not add to the value of the assets or materially extend assets lives are not capitalized. Depreciation is recorded on capital assets on the straight-line method over the useful life of the asset. Major outlays for capital assets and improvements are capitalized as projects are constructed.

The capital assets are depreciated using the straight-line method over the following estimated lives:

Buildings and related improvements	20 - 40 years
Vehicles	10 - 15 years
Furniture, fixtures, and instructional equipment	10 years

ACCRUED COMPENSATED ABSENCES

Policy is to permit employees to earn vacation credits. Accumulated unpaid vacation must be taken within one year and is accrued as earned and is reported as an obligation on the Statement of Net Position. Sick pay, which does not vest, is recorded as an expenditure or expense when leave is taken.

UNEARNED REVENUE

Unearned revenue is reported on the Statement of Net Position when resources are received before the District has a legal claim to them, as when grant monies are received prior to incurring qualifying expenditures.

On the fund financial statements, unearned revenue arises when resources do not satisfy both the measurable and available criteria for recognition in the current year, such as property taxes received more than 60 days after year-end. In subsequent periods, when both recognition criteria are met, the revenue is recognized.

ESTIMATES

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

LONG-TERM OBLIGATIONS, BOND DISCOUNTS, AND PREMIUMS

Bonds and notes payable and other long-term obligations are reported as liabilities in the government-wide financial statements. The governmental fund financial statements do not report long-term obligations because they do not require the use of current financial resources. Rather, governmental funds recognize the proceeds of debt issued as another financing source and report the repayment of debt principal and interest as an expenditure.

Bond premiums and discounts are deferred and amortized over the term of the bonds using the bonds-outstanding method in the government-wide and internal service fund financial statements. The bonds-outstanding method does not differ significantly from the effective interest rate method. Unamortized premiums and discounts are presented as additions or subtractions from the face amount of the bonds. In the fund financial statements, premiums and discounts are recognized in the current period.

SUBCRIPTION ASSETS/LIABILITIES

Subscription assets are assets in which the government obtains control of the right to use the underlying IT asset. The value of the subscription asset is initially measured as the sum of the initial subscription liability amount, any payments made to the IT software vendor before commencement of the subscription term, and any capitalizable implementation costs, less any incentives received from the SBITA vendor at or before the commencement of the subscription term. The subscription asset is amortized in a straight-line manner over the course of the subscription term.

In the government-wide financial statements, subscription liabilities are reported as liabilities in the Statement of Net Position. In the governmental fund financial statements, the present value of subscription payments expected to be made during the subscription term is reported as other financing sources. The subscription liability should be initially measured at the present value of subscription payments expected to be made during the subscription term. Future subscription payments should be discounted using the interest rate the SBITA vendor charges the government, which may be implicit, or the government's incremental borrowing rate if the interest rate is not readily determinable. A government should recognize amortization of the discount on the subscription liability as an outflow of resources (for example, interest expense) in subsequent financial reporting periods.

RETIREMENT PLAN

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

EARLY VOLUNTARY RETIREMENT

Certain employees with a minimum of 18 years of service are eligible for early retirement benefits, which are considered a special termination benefit. In the government-wide financial statements, the estimated present value of future benefits is recognized as a liability when the employee retires. In the fund financial statements an expenditure is not recognized until the benefits are paid.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

ENCUMBRANCES

During the year, encumbrances are used for administrative control purposes; purchase orders and other commitments for the expenditure of monies are recorded to reserve related appropriations. At year end, encumbrances are reversed to the extent that a liability has not been incurred and encumbrances lapse.

NET POSITION

Net position represents the difference between assets and liabilities. Net investment in capital assets, consists of capital assets net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition of those assets. Net position is reported as restricted when there are limitations imposed on its use either through the enabling legislation adopted or through external restrictions imposed by creditors, grantors, laws, or regulations of other governments. At June 30, 2023, the only restrictions to net position were for Debt Service and the OPEB RHIA asset. Unrestricted net position consists of all other assets that are not included in the other categories previously mentioned.

FUND BALANCE

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

- Nonspendable fund balance represents amounts that are not in a spendable form. The nonspendable fund balance represents prepaid items.
- Restricted fund balance represents amounts that are legally restricted by outside parties for a specific purpose (such as debt covenants, grant requirements, donor requirements, or other governments) or are restricted by law (constitutionally or by enabling legislation).
- Committed fund balance represents funds formally set aside by the governing body for a particular purpose. The use of committed funds would be approved by resolution.
- Assigned fund balance represents amounts that are constrained by the expressed intent to use resources for specific purposes that do not meet the criteria to be classified as restricted or committed. Intent can be stipulated by the governing body or by an official to whom that authority has been given by the governing body. Authority to classify portion of ending fund balance as Assigned is hereby granted to the Superintendent and Director of Business Services. Such assignments cannot exceed the available (spendable, unrestricted, uncommitted) fund balance in any particular fund.
- Unassigned fund balance is the residual classification of the General Fund. Only the General Fund may report a positive unassigned fund balance. Other governmental funds would report any negative residual fund balance as unassigned.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

There were no committed fund balances as of June 30, 2023.

The Board has determined that an appropriate target for the total of all Committed, Assigned and Unassigned fund balances in the General Fund shall be set at no less than 8% of General Fund revenues for the fiscal year.

DEFERRED OUTFLOWS/INFLOWS OF RESOURCES

In addition to assets, the basic financial statements will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources,* represents a consumption of net position that applies to future periods and so will not be recognized as an outflow of resources (expense/expenditure) until then. At June 30, 2023 there were deferred outflows representing PERS pension related deferrals, OPEB – Stipends related deferrals, OPEB – Health Insurance related deferrals, and OPEB – RHIA related deferrals in the Statement of Net Position.

In addition to liabilities, the basic financial statements will sometimes report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The District has two types of items which qualify for reporting in this category. The first, unavailable revenue, is in the governmental funds balance sheet for property taxes. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. At June 30, 2023 there also were deferred inflows representing PERS pension related deferrals, OPEB – Health Insurance related deferrals, OPEB – Stipends related deferrals, and OPEB – RHIA related deferrals in the Statement of Net Position.

FAIR VALUE INPUTS AND METHODOLOGIES AND HIERARCHY

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Observable inputs are developed based on market data obtained from sources independent of the reporting entity. Unobservable inputs are developed based on the best information available about the assumptions market participants would use in pricing the asset. The classification of securities within the fair value hierarchy is based upon the activity level in the market for the security type and the inputs used to determine their fair value, as follows:

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Level 1 – unadjusted price quotations in active markets/exchanges for identical assets or liabilities that each Fund has the ability to access
Level 2 – other observable inputs (including, but not limited to, quoted prices for similar assets or liabilities in markets that are active, quoted prices for identical or similar assets or liabilities in markets that are not active, inputs other than quoted prices that are observable for the assets or liabilities (such as interest rates, yield curves, volatilities, loss severities, credit risks and default rates) or other market–corroborated inputs)
Level 3 – unobservable inputs based on the best information available in the circumstances, to the extent observable inputs are not available (including each Fund's own assumptions used in determining the fair value of investments)

The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). Accordingly, the degree of judgment exercised in determining fair value is greatest for instruments categorized in Level 3. The inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, for disclosure purposes, the fair value hierarchy classification is determined based on the lowest level input that is significant to the fair value measurement in its entirety.

2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

BUDGETARY INFORMATION

Legally required budgets are adopted for all funds on the modified accrual basis. The resolution authorizing appropriations sets the level by which expenditures cannot legally exceed appropriations. This resolution establishes appropriations at the functional level within each fund. A detailed budget is also prepared, containing more specific detailed information than the above mentioned expenditure appropriation categories. Unexpected additional resources may be added to the budget through the use of a supplemental budget. A supplemental budget requires hearings before the public, publications in newspapers, and approval by the Budget Committee and the Board of Directors.

Original budgets may be modified by the preparation of supplemental budgets. There were no supplemental budgets authorized by the Board of Directors during the year. Budgets may also be modified by appropriation transfers between the levels of control. Management may make transfers of appropriations within a function. Transfers of appropriations between functions require the approval of the Board of Directors. One appropriation transfer was authorized by the Board of Directors during the year. Expenditures of the various funds were within authorized appropriations, except for the General Fund, where Instruction was over-expended by $45,050.

3. BUDGET/GAAP REPORTING DIFFERENCES

While the government-wide statements report the financial position, results of operations, and changes in fund balance/net position on the accrual basis of accounting principles generally accepted in the United States of America (GAAP), the budgetary basis of accounting differs from generally accepted accounting principles. The budgetary statements provided as part of supplementary information elsewhere in this report are presented on the modified accrual basis to provide a meaningful comparison of actual results with the budget. The primary differences between the budgetary basis and GAAP basis are described in Note 1.

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, 2023, (recorded at fair value) consisted of:

	2023
Deposits with Financial Institutions:	
Demand Deposits	$ 811,467
Petty Cash	400
Investments	2,423,782
Total	$ 3,235,649

Investments

Investments in the Local Government Investment Pool (LGIP) are included in the Oregon Short-Term Fund, which is an external investment pool that is not a 2a-7-like external investment pool, and is not registered with the U.S. Securities and Exchange Commission as an investment company. Fair value of the LGIP is calculated at the same value as the number of pool shares owned. The unit of account is each share held, and the value of the position would be the fair value of the pool's share price multiplied by the number of shares held. Investments in the Short-Term Fund are governed by ORS 294.135, Oregon Investment Council, and portfolio guidelines issued by the Oregon Short-Term Fund Board, which establish diversification percentages and specify the types and maturities of investments. The portfolio guidelines permit securities lending transactions as well as investments in repurchase agreements and reverse repurchase agreements. The fund appears to be in compliance with all portfolio guidelines at June 30, 2023. The LGIP seeks to exchange shares at $1.00 per share; an investment in the LGIP is neither insured nor guaranteed by the FDIC or any other government agency. Although the LGIP seeks to maintain the value of share investments at $1.00 per share, it is possible to lose money by investing in the pool. We intend to measure these investments at book value since it materially approximates fair value.

The pool is comprised of a variety of investments. These investments are characterized as a level 2 fair value measurement in the Oregon Short Term Fund's audited financial report. As of June 30, 2023, the fair value of the position in the LGIP is 99.63% of the value of the pool shares as reported in the Oregon Short Term Fund audited financial statements. Amounts in the State Treasurer's Local Government Investment Pool are not required to be collateralized.

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.

4. CASH AND INVESTMENTS (CONTINUED)

There were the following investments and maturities:

		Investment Maturities (in months)		
Investment Type	Fair Value	Less than 3	3-18	18-59
State Treasurer's Investment Pool	$ 2,423,782	$ 2,423,782	$ -	$ -
Total	$ 2,423,782	$ 2,423,782	$ -	$ -

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, 2023, $250,000 of the bank balance of $1,399,662 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.

6. CAPITAL ASSETS

Capital assets activity for the year was as follows:

	Balance July 1, 2022	Increases	Decreases	Balance June 30, 2023
Capital Assets Not Being Depreciated:				
Land	$ 501,013	$ -	$ -	$ 501,013
Construction in Progress	77,500	97,278	-	174,778
Total Capital Assets Not Being Depreciated	578,513	97,278	-	675,791
Capital Assets Being Depreciated:				
Buildings and Improvements	9,650,160	527,465	-	10,177,625
Vehicles	346,959	185,355	-	532,314
Furniture, fixtures, and instructional equipment	1,026,202	42,675	-	1,068,877
Total Capital Assets Being Depreciated	11,023,321	755,495	-	11,778,816
Less accumulated depreciation for:				
Buildings & Improvements	(4,470,996)	(253,563)	-	(4,724,559)
Vehicles	(207,298)	(31,969)	-	(239,267)
Furniture, fixtures, and instructional equipment	(874,404)	(58,342)	-	(932,746)
Total Accumulated Depreciation	(5,552,698)	(343,874)	-	(5,896,572)
Total Capital Assets, Net	$ 6,049,136			$ 6,558,035

Depreciation expense for the year ended June 30, 2023 was allocated to the functions as follows:

Function	Amount
Instruction	$ 126,229
Support	217,645
Total	$ 343,874

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.

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 7/1/2022	Issued	Redeemed	Outstanding 6/30/2023	Due Within One Year
Direct Borrowing:					
Notes Payable	$ 652,639	$ -	$ 40,681	$ 611,958	$ 42,077
Bonds Payable:					
Limited Tax Pension Bond	4,265,000	-	615,000	3,650,000	680,000
Discount Related to Bond					
Issuance discounts	(15,983)	-	(2,666)	(13,317)	
Total	$ 4,901,656	$ -	$ 653,015	$ 4,248,641	$ 722,077

Total interest expense for the year was $261,951 which is included as a direct expense on the Statement of Activities. No interest was capitalized for the year.

	Interest			
	Outstanding Beginning	Due	Paid	Outstanding Ending
Notes Payable	$ 167,234	$ 22,386	$ 22,386	$ 144,848
Limited tax pension bonds	841,147	239,565	239,565	601,583
Total	$ 1,008,381	$ 261,951	$ 261,951	$ 746,431

Annual Debt Service Requirements to Maturity:

Fiscal Year	Limited Tax Pension Bond		Full Faith & Credit Note		Total	
Ending June 30,	Principal	Interest	Principal	Interest	Principal	Interest
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	910,000	78,076	46,557	16,510	956,557	94,587
2028	480,000	26,963	48,154	14,913	528,154	41,876
2029-2033	-	-	266,708	48,629	266,708	48,629
2034-2035	-	-	119,929	6,205	119,929	6,205
	$ 3,650,000	$ 601,583	$ 611,958	$ 144,848	$ 4,261,958	$ 746,431

9. DEFINED BENEFIT PENSION PLAN

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

https://www.oregon.gov/pers/Documents/Financials/ACFR/2022-Annual-Comprehensive-Financial-Report.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.

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, 2019 actuarial valuation, which became effective July 1, 2021. The state of Oregon and certain schools, community colleges, and political subdivision have made unfunded actuarial liability payments and their rates have been reduced. Employer contributions for the year ended June 30, 2023 were $3,253,797, excluding amounts to fund employer specific liabilities. In addition, approximately $802,615 in employee contributions were paid or picked up by the District in fiscal 2022-2023.

Pension Asset or Liability – At June 30, 2023, the District reported a net pension liability of $13,519,153 for its proportionate share of the net pension liability. The pension liability was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation dated December 31, 2020. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. As of the measurement dates of June 30, 2022 and 2021, the District's proportion was .088 percent and .086 percent, respectively. Pension income for the year ended June 30, 2023 was $500,731.

9. DEFINED BENEFIT PENSION PLAN (CONTINUED)

The rates in effect for the year ended June 30, 2023 were:
(1) Tier 1/Tier 2 – 19.40%
(2) OPSRP general services – 16.29%

	Deferred Outflow of Resources	Deferred Inflow of Resources
Difference between expected and actual experience	$ 656,246	$ 84,308
Changes in assumptions	2,121,228	19,380
Net difference between projected and actual earnings on pension plan investments	-	2,416,963
Net changes in proportionate share	906,292	248,052
Differences between District contributions and proportionate share of contributions	117,940	1,317,976
Subtotal - Amortized Deferrals (below)	3,801,706	4,086,679
District contributions subsequent to measuring date	3,253,797	-
Deferred outflow (inflow) of resources	$ 7,055,503	$ 4,086,679

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, 2024.

Subtotal amounts related to pension as deferred outflows of resources $3,801,706, and deferred inflows of resources, ($4,086,679), net to ($284,973) and will be recognized in pension expense as follows:

Year ending June 30,	Amount
2024	$ 35,008
2025	(310,752)
2026	(997,421)
2027	1,057,110
2028	(68,918)
Thereafter	-
Total	$ (284,973)

All assumptions, methods and plan provisions used in these calculations are described in the Oregon PERS system-wide GASB 68 reporting summary dated February 2, 2023. Oregon PERS produces an independently audited ACFR which can be found at:

https://www.oregon.gov/pers/Documents/Financials/ACFR/2022-Annual-Comprehensive-Financial-Report.pdf

9. DEFINED BENEFIT PENSION PLAN (CONTINUED)

Actuarial Valuations – The employer contribution rates effective July 1, 2021 through June 30, 2023, were set using the entry age normal actuarial cost method. For the Tier One/Tier Two component of the PERS Defined Benefit Plan, this method produced an employer contribution rate consisting of (1) an amount for normal cost (estimated amount necessary to finance benefits earned by employees during the current service year), (2) an amount for the amortization unfunded actuarial accrued liabilities, which are being amortized over a fixed period with new unfunded actuarial liabilities being amortized over 20 years.

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

Actuarial Methods and Assumptions:

Valuation date	December 31, 2020
Experience Study Report	2020, Published July 20, 2021
Actuarial cost method	Entry Age Normal
Amortization method	Level percentage of payroll
Asset valuation method	Market value of assets
Inflation rate	2.40 percent
Investment rate of return	6.90 percent
Discount rate	6.90 percent
Projected salary increase	3.40 percent
Cost of Living Adjustment	Blend of 2% COLA and graded COLA (1.25%/0.15%) in accordance with *Moro* decision; blend based on service
Mortality	Healthy retirees and beneficiaries: Pub-2010 Healthy Retiree, sex distinct, generational with Unisex, Social Security Data Scale, with job category adjustments and set-backs as described in the valuation. Active members: Pub-2010 Employee, sex distinct, generational with Unisex, Social Security Data Scale, with job category adjustments and set-backs as described in the valuation. Disabled retirees: Pub-2010 Disabled Retiree, sex distinct, generational with Unisex, Social Security Data Scale, with job category adjustments and set-backs as described in the valuation.

Actuarial valuations of an ongoing plan involve estimates of value of reported amounts and assumptions about the probability of events far into the future. Actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. Experience studies are performed as of December 31 of even numbered years. The method and assumptions shown are based on the 2020 Experience Study which is reviewed for the four-year period ending December 31, 2020.

9. DEFINED BENEFIT PENSION PLAN (CONTINUED)

Assumed Asset Allocation:

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

(Source: June 30, 2022 PERS ACFR; p. 104)

Long-Term Expected Rate of Return:

To develop an analytical basis for the selection of the long-term expected rate of return assumption, in June 2021 the PERS Board reviewed long-term assumptions developed by both Milliman's capital market assumptions team and the Oregon Investment Council's (OIC) investment advisors. The table below shows Milliman's assumptions for each of the asset classes in which the plan was invested at that time based on the OIC long-term target asset allocation. The OIC's description of each asset class was used to map the target allocation to the asset classes shown below. Each asset class assumption is based on a consistent set of underlying assumptions, and includes adjustment for the inflation assumption. These assumptions are not based on historical returns, but instead are based on a forward-looking capital market economic model.

Asset Class	Target Allocation	Compound Annual (Geometric) Return
Global Equity	30.62%	5.85%
Private Equity	25.50%	7.71%
Core Fixed Income	23.75%	2.73%
Real Estate	12.25%	5.66%
Master Limited Partnerships	0.75%	5.71%
Infrastructure	1.50%	6.26%
Commodities	0.63%	3.10%
Hedge Fund of Funds - Multistrategy	1.25%	5.11%
Hedge Fund Equity - Hedge	0.63%	5.31%
Hedge Fund - Macro	5.62%	5.06%
US Cash	-2.50%	1.76%
Assumed Inflation - Mean		*2.40%*

(Source: June 30, 2022 PERS ACFR; p. 74)

9. DEFINED BENEFIT PENSION PLAN (CONTINUED)

Discount Rate – The discount rate used to measure the total pension liability as of the measurement dates of June 30, 2022 and 2021 was 6.90 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.

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 6.90 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 (5.90 percent) or one percent higher (7.90 percent) than the current rate.

	1% Decrease (5.90%)	Discount Rate (6.90%)	1% Increase (7.90%)
District's proportionate share of the net pension liability	$ 23,975,048	$ 13,519,153	$ 4,768,051

Changes Subsequent to the Measurement Date

As described above, GASB 67 and GASB 68 require the Total Pension Liability to be determined based on the benefit terms in effect at the Measurement Date. Any changes to benefit terms that occurs after that date are reflected in amounts reported for the subsequent Measurement Date. However, Paragraph 80f of GASB 68 requires employers to briefly describe any changes between the Measurement Date and the employer's reporting date that are expected to have a significant effect on the employer's share of the collective Net Pension Liability, along with an estimate of the resulting change, if available.

There are no changes subsequent to the June 30, 2022 Measurement Date that meet this requirement and thus would require a brief description under the GASB standard.

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.

9. DEFINED BENEFIT PENSION PLAN (CONTINUED)

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

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

Contributions:
Employees of the District pay six (6) percent of their covered payroll. Effective July 1, 2020, currently employed Tier 1/Tier 2 and OPSRP members earning $2,500 or more per month (increased to $3,333 per month in 2022) will have a portion of their 6 percent monthly IAP contributions redirected to an Employee Pension Stability Account. The Employee Pension Stability Account will be used to pay part of the member's future benefit. Of the 6 percent monthly IAP contribution, Tier 1/Tier 2 will have 2.5 percent redirected to the Employee Pension Stability Account and OPSRP will have 0.75 percent redirected to the Employee Pension Stability Account, with the remaining going to the member's existing IAP account. Members may voluntarily choose to make additional after-tax contributions into their IAP account to make a full 6 percent contribution to the IAP. The District did not make any optional contributions to member IAP accounts for the year ended June 30, 2023.

Additional disclosures related to Oregon PERS not applicable to specific employers are available online, 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 0.05% of annual covered OPERF payroll and 0.00% of OPSRP payroll under a contractual requirement in effect until June 30, 2023. Consistent with GASB Statement 75, the OPERS Board of Trustees sets the employer contribution rates as a measure of the proportionate relationship of the employer to all employers consistent with the manner in which contributions to the OPEB plan are determined. The basis for the employer's portion is determined by comparing the employer's actual, legally required contributions made during the fiscal year to the plan with the total actual contributions made in the fiscal year of all employers. The District's contributions to RHIA are included with PERS and equaled the required contributions for the year.

At June 30, 2023, the District reported a net OPEB asset of $276,898 for its proportionate share of the net OPEB asset. The OPEB liability was measured as of June 30, 2022, and the total OPEB liability used to calculate the net OPEB asset was determined by an actuarial valuation as of December 31, 2020. Consistent with GASB Statement No. 75, paragraph 59(a), the District's proportion of the net OPEB 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, 2022 and 2021, the District's proportion was .078 percent and .076 percent, respectively. OPEB income for the year ended June 30, 2023 was $33,768.

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

Components of OPEB Expense/(Income):

Employer's proportionate share of collective system OPEB Expense/(Income)	$ (41,458)
Net amortization of employer-specific deferred amounts from:	
- Changes in proportionate share (per paragraph 64 of GASB 75)	9,605
- Differences between employer contributions and employer's proportionate share of system contributions (per paragraph 65 of GASB 75)	-
Employer's Total OPEB Expense/(Income)	$ (31,853)

Components of Deferred Outflows/Inflows of Resources:

	Deferred Outflow of Resources	Deferred Inflow of Resources
Difference between expected and actual experience	$ -	$ 7,504
Changes in assumptions	2,168	9,230
Net difference between projected and actual earnings on pension plan investments	-	21,117
Net changes in proportionate share	21,616	2,231
Differences between District contributions and proportionate share of contributions	-	-
Subtotal - Amortized deferrals (below)	23,784	40,082
District contributions subsequent to measurement date	-	-
Deferred outflow (inflow) of resources	$ 23,784	$ 40,082

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

Subtotal amounts related to OPEB as deferred outflows of resources, $23,784, and deferred inflows of resources, ($40,082), net to ($16,298) and will be recognized in OPEB expense as follows:

Year ending June 30,	Amount
2024	$ 3,864
2025	(13,599)
2026	(13,326)
2027	6,763
2028	-
Thereafter	-
Total	$ (16,298)

All assumptions, methods and plan provisions used in these calculations are described in the Oregon PERS Retirement Health Insurance Account Cost-Sharing Multiple-Employer Other Postemployment Benefit (OPEB) Plan Schedules of Employer Allocations and OPEB Amounts by Employer report, as of and for the Year Ended June 30, 2022. That independently audited report was dated February 2, 2023 and can be found at:

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

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

Actuarial Methods and Assumptions:

Valuation Date	December 31, 2020
Experience Study Report	2020, Published July 20, 2021
Actuarial cost method	Entry Age Normal
Inflation rate	2.40 percent
Investment rate of return	6.90 percent
Discount rate	6.90 percent
Projected salary increase	3.40 percent
Retiree healthcare participation	Healthy retirees: 27.5%; Disabled retirees: 15%
Mortality	Healthy retirees and beneficiaries: Pub-2010 Healthy Retiree, sex distinct, generational with Unisex, Social Security Data Scale, with job category adjustments and set-backs as described in the valuation. Active members: Pub-2010 Employee, sex distinct, generational with Unisex, Social Security Data Scale, with job category adjustments and set-backs as described in the valuation. Disabled retirees: Pub-2010 Disabled Retiree, sex distinct, generational with Unisex, Social Security Data Scale, with job category adjustments and set-backs as described in the valuation.

Actuarial valuations of an ongoing plan involve estimates of value of reported amounts and assumptions about the probability of events far into the future. Actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. Experience studies are performed as of December 31 of even numbered years. The method and assumptions shown are based on the 2020 Experience Study which is reviewed for the four-year period ending December 31, 2020.

Discount Rate:

The discount rate used to measure the total OPEB liability as of the measurement date of June 30, 2022 and June 30, 2021 was 6.90 percent for both years. The projection of cash flows used to determine the discount rate assumed that contributions from contributing employers are made at the contractually required rates, as actuarially determined. Based on those assumptions, the RHIA plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on OPEB plan investments for the RHIA plan was applied to all periods of projected benefit payments to determine the total OPEB liability.

Long-Term Expected Rate of Return:

To develop an analytical basis for the selection of the long-term expected rate of return assumption, in June 2021 the PERS Board reviewed long-term assumptions developed by both Milliman's capital market assumptions team and the Oregon Investment Council's (OIC) investment advisors. 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.

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

Asset Class	Target Allocation	Compound Annual (Geometric) Return
Global Equity	30.62%	5.85%
Private Equity	25.50%	7.71%
Core Fixed Income	23.75%	2.73%
Real Estate	12.25%	5.66%
Master Limited Partnerships	0.75%	5.71%
Infrastructure	1.50%	6.26%
Commodities	0.63%	3.10%
Hedge Fund of Funds - Multistrategy	1.25%	5.11%
Hedge Fund Equity - Hedge	0.63%	5.31%
Hedge Fund - Macro	5.62%	5.06%
US Cash	-2.50%	1.76%
Assumed Inflation - Mean		*2.40%*

(Source: June 30, 2022 PERS ACFR; p. 74)

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

	1% Decrease (5.90%)	Discount Rate (6.90%)	1% Increase (7.90%)
District's proportionate share of the net OPEB asset	$ 249,564	$ 276,898	$ 300,331

Changes Subsequent to the Measurement Date

There are no changes subsequent to the June 30, 2022 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, 2022, 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, 2023 the following employees were covered by the benefit terms:

Actives	230
Retirees	15
Total Included in Valuation	245

Actuarial Assumptions

The District's total Health Insurance liability in the June 30, 2022 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement unless otherwise specified.

11. OTHER POST EMPLOYMENT BENEFITS (CONTINUED)

Actuarial Assumptions (Continued)

Valuation Date	June 30, 2022
Actuarial Cost Method	Entry Age Normal
Investment return assumption (interest discount)	The 3.54% discount rate assumption is used in the June 30, 2022 rate in the 20-year General Obligation Municipal Bond Index published by Bond Buyer
Plan Participation	100% assumed will elect coverage at at retirement if eligible for District paid insurance, 25% assumed if only eligible for self-pay insurance
Medical premimum annual trend rate	3.4% in all future years
Dental premimum annual trend rate	3.40%
Vision premimums 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 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 (2.54%)	Current Discount Rate (3.54%)	1% Increase (4.54%)
Total OPEB Liability on June 30, 2023	$ 326,254	$ 303,559	$ 282,579

Health Care Trend Sensitivity Analysis

	1% Decrease	Current Health Care Trend Rates	1% Increase
Total OPEB Liability on June 30, 2023	$ 271,000	$ 303,559	$ 342,902

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, 2023, the District recognized Other Post-Employment Benefit income for health insurance of $22,043.

At June 30, 2023, the District reported deferred outflows and deferred inflows of resources, related to Other Postemployment benefits for health insurance from the following sources:

Deferral Source	Deferred outflow of resources	Deferred inflows of resources
Diference between expected & actual experience	$ 31,598	$ 7,855
Changes of assumptions or other inputs	-	59,422
Totals	$ 31,598	$ 67,277

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, 2023. Subtotal amounts reported as deferred outflows $31,598, and deferred inflows of resources ($67,277), related to Other Post-employment benefits net to ($35,679), and will be recognized in Other Post-employment benefit income as follows:

Year ending June 30,	Amount
2024	$ (3,489)
2025	(3,489)
2026	(3,489)
2027	(3,489)
2028	(3,489)
Thereafter	(18,234)
Total	$ (35,679)

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, 2022, there were 15 former employees receiving benefits under the plan. Details of the contributions and liability can be found on page 46 of the financial report.

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

11. OTHER POST EMPLOYMENT BENEFITS (CONTINUED)

Actuarial Assumptions

The District's total OPEB liability in the June 30, 2023 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, 2022
Actuarial Cost Method	Entry Age Normal
Investment return assumption (interest discount)	The 3.54% discount rate assumption is used in the June 30, 2020 rate in the 22-year General Obligation Municipal Bond Index published by Bond Buyer
Plan Participation	100% assumed will elect coverage at 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 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 (2.54%)	Current Discount Rate (3.54%)	1% Increase (4.54%)
Total OPEB Liability on June 30, 2023	$ 32,655	$ 31,583	$ 30,641

11. OTHER POST EMPLOYMENT BENEFITS (CONTINUED)

OPEB Expense and Deferred Outflows of Resources and Inflows of Resources

For the year ended June 30, 2023, the District recognized Other Post-Employment Benefit income for stipends of $7,540.

At June 30, 2023, the District reported deferred outflows and deferred inflows of resources, related to Other Postemployment benefits for stipends from the following sources:

Deferral Source	Deferred Outflows of Resources	Deferred Inflows of Resources	Net
2022-23 Experience (Gain) Loss	$ 2,053	$ -	$ 2,053
2022-23 Change in Assumptions (Gain) Loss	227	(421)	(194)
Totals	$ 2,280	$ (421)	$ 1,859

Amounts reported as deferred outflows of resources $2,280 and deferred inflows of resources ($421) net to $1,859 and will be recognized in OPEB expense as follows:

Fiscal Year Ending:	Deferred Outflow / (Inflow) Recognized in Pension Expense
2024	$ 1,587
2025	272
Total	$ 1,859

Additional information on the changes in OPEB liabilities can be found on pages 45-46 of the financial report.

12. INTERFUND TRANSFERS & INTERFUND RECEIVABLE/PAYABLE

Interfund transfers are comprised of the following at June 30, 2023:

Fund	Transfers In	Transfers Out
General Fund	$ -	$ 459,000
Special Revenue Fund	159,185	-
Capital Projects Fund	299,815	-
	$ 459,000	$ 459,000

Interfund receivable/payables are comprised of the following at June 30, 2023:

Fund	Interfund Receivable	Interfund Payable
General Fund	$ 5,215,173	$ -
Special Revenue Fund	-	5,215,173
	$ 5,215,173	$ 5,215,173

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

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, 2023 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. SUBSCRIPTIONS PAYABLE

For the year ended 6/30/2023, the financial statements include the adoption of GASB Statement No. 96, Subscription-Based Information Technology Arrangements. The primary objective of this statement is to enhance the relevance and consistency of information about governments' subscription activities. This statement establishes a single model for subscription accounting based on the principle that subscriptions are financings of the right to use an underlying asset. Under this Statement, an organization is required to recognize a subscription liability and an intangible right-to-use subscription asset. For additional information, refer to the disclosures below.

On 02/03/2023, the District entered into a 36 month subscription for the use of Freshworks. An initial subscription liability was recorded in the amount of $42,174. As of 06/30/2023, the value of the subscription liability is $31,191. The District is required to make annual fixed payments of $10,983. The subscription has an interest rate of 2.7960%. The value of the right to use asset as of 06/30/2023 of $42,174 with accumulated amortization of $5,779 is included with Software on the Subscription Class activities table found below.

Principal and Interest Requirements to Maturity:

Fiscal year	Principal Payments	Interest Payments	Total Payments
2024	10,113	870	10,983
2025	10,394	589	10,983
2026	10,684	299	10,983

15. SUBSCRIPTIONS PAYABLE (CONTINUED)

	Original Amount	Balance as of July 1, 2022	Additions	Reductions	Balance as of June 30, 2023
SBITA Asset					
Software					
Freshworks	$42,174	$ -	$ 42,174	$ -	$ 42,174
Total Software-Based IT Arrangement Assets	42,174	-	42,174	-	42,174
Accumulated Amortization	-	-	5,779	-	5,779
Total SBITA Assets, Net of Amortization	**$42,174**	**$ -**	**$ 36,395**	**$ -**	**$ 36,395**

	Original Amount	Balances as of July 1, 2023	Additions	Reductions	Balances as of June 30, 2023
SBITA Liability					
Software					
Freshworks	$42,174	$ -	$ 42,174	$ 10,983	$ 31,191
Total Software-Based IT Arrangement Liabilities	42,174	-	42,174	10,983	31,191
Total Liability	**$42,174**	**$ -**	**$ 42,174**	**$ 10,983**	**$ 31,191**

16. TAX ABATEMENTS

As of June 30, 2023, 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.

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.

16. TAX ABATEMENTS (CONTINUED)

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, 2023, the District had abated property taxes totaling $124,952 under these programs.

LANE EDUCATION SERVICE DISTRICT
LANE COUNTY, OREGON

REQUIRED SUPPLEMENTARY INFORMATION

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OTHER POSTEMPLOYMENT BENEFITS
SCHEDULE OF CHANGES IN OPEB LIABILITY AND EMPLOYER CONTRIBUTIONS
June 30, 2023

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
2023	$ 322,113	$ 19,201	$ 10,548	$ -	$ -	$ (48,303)	$ 303,559	$ 12,513,708	2.43%
2022	381,248	18,552	7,924	(9,367)	(30,822)	(45,422)	322,113	12,090,539	2.66%
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
2023	$ 26,260	$ N/A	$ N/A	$ 12,513,708	N/A
2022	22,987	N/A	N/A	12,090,539	N/A
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, 2023

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
2023	$ 43,334	$ 588	$ 1,293	$ -	$ -	$ (13,632)	$ 31,583	$ 455,629	6.9%
2022	58,164	640	1,088	2,183	(891)	(17,850)	43,334	498,055	8.7%
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) Actuarially Determined Contribution	(b) Contributions During Year	(b)-(a) Difference	(c) Covered Payroll	(b/c) Contributions as a Percentage of Payroll
2023	$ 6,092	$ N/A	$ N/A	$ 455,629	N/A
2022	3,463	N/A	N/A	498,055	N/A
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.

PERS

SCHEDULE OF THE PROPORTIONATE SHARE OF THE NET PENSION LIABILITY

Year Ended June 30,	(a) Employer's proportion of the net pension liability (NPL)	(b) Employer's proportionate share of the net pension liability (NPL)	(c) Employer's covered payroll	(b/c) NPL as a percentage of covered payroll	Plan fiduciary net position as a percentage of the total pension liability
2023	0.088 %	$ 13,519,153	$ 13,105,812	103.2 %	84.5 %
2022	0.086	10,278,431	11,711,634	87.8	87.6
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.

SCHEDULE OF CONTRIBUTIONS

Year Ended June 30,	Statutorily required contribution	Contributions in relation to the statutorily required contribution	Contribution deficiency (excess)	Employer's covered payroll	Contributions as a percent of covered payroll
2023	$ 3,253,797	$ 3,253,797	$ -	$ 15,319,962	21.2 %
2022	2,901,005	2,901,005	-	13,105,812	22.1
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.

LANE EDUCATION SERVICE DISTRICT
LANE COUNTY, OREGON

REQUIRED SUPPLEMENTARY INFORMATION
June 30, 2023

OPEB - RHIA

SCHEDULE OF THE PROPORTIONATE SHARE OF THE NET OPEB ASSET FOR RHIA

Year Ended June 30,	(a) Employer's proportion of the net OPEB asset (NOA)	(b) Employer's proportionate share of the net OPEB asset (NOA)	(c) Employer's covered payroll	(b/c) NOA as a percentage of covered payroll	Plan fiduciary net position as a percentage of the total OPEB asset
2023	0.07793 %	$ 276,898	$ 13,105,812	2.11 %	194.6 %
2022	0.07646	262,568	11,711,634	2.24	183.9
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 Ended June 30,	Statutorily required contribution	Contributions in relation to the statutorily required contribution	Contribution deficiency (excess)	District's covered payroll	Contributions as a percent of covered payroll
2023	$ N/A	$ N/A	$ N/A	$ 15,319,962	N/A %
2022	N/A	N/A	N/A	13,105,812	N/A
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 peresented 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. 47)

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, 2023

GENERAL FUND

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE TO FINAL BUDGET
REVENUES				
Local Sources	$ 10,034,000	$ 11,014,000	$ 11,319,810	$ 305,810
State Sources	15,445,800	15,475,800	15,516,867 (2)	41,067
Total Revenues	25,479,800	26,489,800	26,836,677	346,877
EXPENDITURES				
Instruction	10,318,887	11,708,887 (1)	11,753,937	(45,050)
Support Services	9,497,109	11,332,109 (1)	11,018,202	313,907
Contingency	3,408,651	2,002,651 (1)	-	2,002,651
Total Expenditures	23,224,647	25,043,647	22,772,139	2,271,508
Excess of Revenues Over, (Under) Expenditures	2,255,153	1,446,153	4,064,538	2,618,385
OTHER FINANCING SOURCES, (USES)				
Transfers Out	(459,000)	(459,000) (1)	(459,000)	-
Apportionment of Funds	(5,726,153)	(4,917,153) (1)	(4,755,555)	161,598
Total Other Financing Sources, (Uses)	(6,185,153)	(5,376,153)	(5,214,555)	161,598
Net Change in Fund Balance	(3,930,000)	(3,930,000)	(1,150,017)	2,779,983
Beginning Fund Balance	4,530,000	4,530,000	4,396,659	(133,341)
Ending Fund Balance	$ 600,000	$ 600,000	$ 3,246,642	$ 2,646,642

(1) Appropriation level

(2) Included in this is the required state revenue match of $208 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, 2023

SPECIAL REVENUE FUND

	ORIGINAL BUDGET	FINAL BUDGET		ACTUAL	VARIANCE TO FINAL BUDGET
REVENUES					
Local Sources	$ 2,469,874	$ 2,869,874		$ 3,147,701	$ 277,827
State Sources	25,733,300	28,265,300		26,238,534	(2,026,766)
Federal Sources	8,195,000	8,679,000		7,673,042	(1,005,958)
Total Revenues	36,398,174	39,814,174		37,059,277	(2,754,897)
EXPENDITURES					
Instruction	3,614,284	3,614,284	(1)	3,097,158	517,126
Support Services	13,243,713	15,959,713	(1)	14,434,480	1,525,233
Enterprise and Community Services	65,500	65,500	(1)	63,455	2,045
Total Expenditures	16,923,497	19,639,497		17,595,093	2,044,404
Excess of Revenues Over, (Under) Expenditures	19,474,677	20,174,677		19,464,184	(710,493)
OTHER FINANCING SOURCES, (USES)					
Transfers In	174,000	174,000		159,185	(14,815)
Apportionment of Funds	(20,508,000)	(21,208,000)	(1)	(19,386,155)	1,821,845
Total Other Financing Sources, (Uses)	(20,334,000)	(21,034,000)		(19,226,970)	1,807,030
Net Change in Fund Balance	(859,323)	(859,323)		237,214	1,096,537
Beginning Fund Balance	859,323	859,323		928,864	69,541
Ending Fund Balance	$ -	$ -		$ 1,166,078	$ 1,166,078

(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, 2023

DEBT SERVICE FUND

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE TO FINAL BUDGET
REVENUES				
Local Sources	$ 835,040	$ 835,040	$ 837,705	$ 2,665
Total Revenues	835,040	835,040	837,705	2,665
EXPENDITURES				
Support Services	40	40 (1)	1	39
Debt Service	855,000	855,000 (1)	854,565	435
Total Expenditures	855,040	855,040	854,566	474
Net Change in Fund Balance	(20,000)	(20,000)	(16,861)	3,139
Beginning Fund Balance	20,000	20,000	75,581	55,581
Ending Fund Balance	$ -	$ -	$ 58,720	$ 58,720

(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, 2023

CAPITAL PROJECTS FUND

	ORIGINAL BUDGET	FINAL BUDGET		ACTUAL	VARIANCE TO FINAL BUDGET
EXPENDITURES					
Support Services	341,925	341,925	(1)	153,711	188,214
Debt Service	63,075	63,075	(1)	63,067	8
Total Expenditures	405,000	405,000		216,778	188,222
Excess of Revenues Over, (Under) Expenditures	(405,000)	(405,000)		(216,778)	188,222
OTHER FINANCING SOURCES, (USES)					
Transfers In	285,000	285,000		299,815	14,815
Total Other Financing Sources, (Uses)	285,000	285,000		299,815	14,815
Net Change in Fund Balance	(120,000)	(120,000)		83,037	203,037
Beginning Fund Balance	120,000	120,000		161,258	41,258
Ending Fund Balance	$ -	$ -		$ 244,295	$ 244,295

(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, 2023

INTERNAL SERVICE FUND

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE TO FINAL BUDGET
REVENUES				
Local Sources	$ 262,600	$ 262,600	$ 294,659	$ 32,059
EXPENDITURES				
Support Services	798,600	798,600 (1)	360,656	437,944
Total Expenditures	798,600	798,600	360,656	437,944
Excess of Revenues Over, (Under) Expenditures	(536,000)	(536,000)	(65,997)	470,003
OTHER FINANCING SOURCES, (USES)				
Sale of Capital Asset	-	-	4,092	4,092
Total Other Financing Sources, (Uses)	-	-	4,092	4,092
Net Change in Fund Balance	(536,000)	(536,000)	(61,905)	474,095
Beginning Fund Balance	536,000	536,000	479,979	(56,021)
Ending Fund Balance	$ -	$ -	$ 418,074	$ 418,074

(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, 2023

TAX YEAR	ORIGINAL LEVY OR BALANCE UNCOLLECTED AT 7/1/22	DEDUCT DISCOUNTS	ADJUSTMENTS TO ROLLS	ADD INTEREST	CASH COLLECTIONS BY COUNTY TREASURER	BALANCE UNCOLLECTED OR UNSEGREGATED AT 6/30/23
GENERAL FUND:						
CURRENT:						
2022-23	$ 8,655,348	$ 231,555	$ (11,217)	$ 2,079	$ 8,272,805	$ 141,850
PRIOR YEARS:						
2021-22	142,895	828	(9,256)	4,094	77,178	59,727
2020-21	74,934	886	(6,882)	3,706	37,913	32,959
2019-20	47,989	844	(7,309)	4,402	32,403	11,835
2018-19	12,248	(66)	(5,119)	2,375	4,475	5,095
Prior	32,170	(6)	(2,777)	2,024	2,530	28,893
Total Prior	310,236	2,486	(31,343)	16,601	154,499	138,509
Total General Fund	$ 8,965,584	$ 234,041	$ (42,560)	$ 18,680	$ 8,427,304	$ 280,359

RECONCILIATION OF REVENUE:	GENERAL FUND
Cash Collections by County Treasurer Above	$ 8,427,304
Accrual of Receivables:	
June 30, 2022	(32,943)
June 30, 2023	17,646
Change between current and prior Unavailable Revenue, see pg 9	(14,580)
Payments in Lieu of Taxes	7,017
Total Revenue	$ 8,404,444

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, 2023

DATE OF ISSUE	MATURED BONDS & COUPONS OUTSTANDING 7/1/2022	BONDS & COUPONS MATURING DURING THE YEAR	BONDS REDEEMED AND COUPONS PAID DURING THE YEAR	MATURED BONDS & COUPONS OUTSTANDING 6/30/2023
October 31, 2007	$ -	$ 854,565	$ 854,565	$ -
January 22, 2020	-	63,067	63,067	-
Total	$ -	$ 917,632	$ 917,632	$ -

LANE EDUCATION SERVICE DISTRICT
LANE COUNTY, OREGON

SCHEDULE OF BOND REDEMPTION AND INTEREST REQUIREMENTS
June 30, 2023

SERIES 2007

YEAR	PRINCIPAL	INTEREST	INTEREST RATES
	Due 6/1	Due 12/30 & 6/30	
2024	$ 680,000	$ 205,021	5.62%
2025	750,000	166,825	5.62%
2026	830,000	124,698	5.62%
2027	910,000	78,076	5.62%
2028	480,000	26,963	5.62%
TOTALS	$ 3,650,000	$ 601,583	

SERIES 2020

YEAR	PRINCIPAL	INTEREST	INTEREST RATES
	Due 1/22	Due 1/22	
2024	42,077	20,990	3.43%
2025	43,520	19,547	3.43%
2026	45,013	18,054	3.43%
2027	46,557	16,510	3.43%
2028	48,154	14,913	3.43%
2029-2033	266,708	48,629	3.43%
2034-35	119,929	6,205	3.43%
TOTALS	$ 611,958	$ 144,848	

LANE EDUCATION SERVICE DISTRICT
LANE COUNTY, OREGON

INDEPENDENT AUDITORS' REPORT REQUIRED BY OREGON STATE REGULATIONS

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December 19, 2023

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, 2023, and have issued our report thereon dated December 19, 2023. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and Government Auditing Standards.

Compliance

As part of obtaining reasonable assurance about whether the basic financial statements are free of material misstatement, we performed tests of compliance with certain provisions of laws, regulations, contracts, and grants, including the provisions of Oregon Revised Statues 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 of various funds were within authorized appropriations, except as noted on page 20 of the financial report.

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

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, 2023

Agency/Program Title	Pass Through Organization	Federal AL Number	Pass Through Entity#	Expenditures	Passed Through to Sub Recipients
U.S. Department of Education					
Title I-C - Migrant Education	Oregon Dept of Education	84.011	73278	519,978	-
Title I-C - Migrant Education	Oregon Dept of Education	84.011	68123	568,751	-
Title I-C - Migrant Education/Summer	Oregon Dept of Education	84.011	70941	306,477	-
Title I-C - Migrant Education/Preschool	Oregon Dept of Education	84.011	68134	32,023	-
Title I-C - Migrant Education/Preschool	Oregon Dept of Education	84.011	73260	45,211	-
Title I-C - Migrant Education/Summer	Oregon Dept of Education	84.011	75615	93,266	-
Binational Teacher Exchange Program	Oregon Dept of Education	84.011A	32625	42,191	-
				1,607,897	-
EI-ECSE	Oregon Dept of Education	84.027	11116-A9	1,070,103	1,069,614
Regional Inclusive Services	Oregon Dept of Education	84.027	11047-A5	919,744	-
Juvenile Detention	Oregon Dept of Education	84.027	15596-A1	720	-
EI-ECSE	Oregon Dept of Education	84.173	11116-A9	208,146	208,051
Regional Inclusive Services	Oregon Dept of Education	84.173	11047-A5	5,365	-
Total IDEA Cluster				**2,204,077**	**1,277,665**
Perkins Basic	Lane Community College	84.048	LCC1	27,377	-
Perkins Basic	Oregon Dept of Education	84.048	72335	537,162	370,211
Perkins Basic	Oregon Dept of Education	84.048	66146	21,134	10,507
Perkins Reserve Fund	Oregon Dept of Education	84.048	75131	327,489	-
Perkins Reserve Fund	Oregon Dept of Education	84.048	66184	88,799	-
Perkins YCEP/JDEP Network	Oregon Dept of Education	84.048	75139	68,670	63,000
				1,070,631	443,718
Oregon Pathways/STEM Apprenticeships	Oregon Dept of Education	84.051	52039	41,024	-
EI-ECSE	Oregon Dept of Education	84.181	11116-A9	403,607	403,422
Title III - ELA	Oregon Dept of Education	84.365	67113	62,994	-
Title III - ELA	Oregon Dept of Education	84.365	58515	17,844	-
Title III - ELA	Oregon Dept of Education	84.365	73071	10,241	-
				91,078	-
ESSER I	Oregon Dept of Education	84.425	58428	85,635	85,635
ESSER II	Oregon Dept of Education	84.425	65028	1,023,023	-
ESSER II	Oregon Dept of Education	84.425	64782	21,348	-
ESSER II	Oregon Dept of Education	84.425	64794	26,713	-
			Total ESSER	**1,156,720**	**85,635**
School Safety & Prevention	Oregon Dept of Education	84.425	75261	71,495	-
Social Emotional Learning	Oregon Dept of Education	84.425	70960	49,353	-
GEER Computer Science	Oregon Dept of Education	84.425	75478	365,258	-
ESD Technical Assistance	Oregon Dept of Education	84.425	73298	6,397	-
ESD Technical Assistance - GEER I	Oregon Dept of Education	84.425	74363	30,000	-
Youth Transition Program	Oregon Dept of Human Services	84.126A	160724-2	531,228	285,813
	Total U.S. Department of Education			**7,628,764**	**2,496,253**
U.S. Department of Justice					
School Violence Prevention	U.S. Department of Justice	16.710	04202	4,160	-
	Total U.S. Department of Justice			**4,160**	**-**
U.S. Department of Agriculture					
NSLP - Breakfast	Oregon Dept of Education	10.553	2012007	12,583	-
NSLP - Lunch	Oregon Dept of Education	10.555	2012007	27,535	-
	Total U.S. Department of Agriculture			**40,118**	**-**
			SEFA Total	**7,673,042**	**2,496,253**

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December 19, 2023

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, business-type activities, and each major fund of Lane Education Service District (the District) as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the basic financial statements, and have issued our report thereon dated December 19, 2023.

Report on Internal Control over Financial Reporting

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

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

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

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

Report on Compliance and Other Matters

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

Purpose of this Report

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

Roy R Rogers

Roy R. Rogers, CPA
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December 19, 2023

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

Opinion on Each Major Federal Program

We have audited Lane Education Service District's (the District) compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on each of the major federal programs for the year ended June 30, 2023. The major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, the District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2023.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditors' Responsibilities for the Audit of Compliance section of our report.

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

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

Responsibilities of Management for Compliance

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

Auditors' Responsibilities for the Audit of Compliance

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

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

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

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

Report on Internal Control over Compliance

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

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

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

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

Roy R Rogers

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

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LANE EDUCATION SERVICE DISTRICT
LANE COUNTY, OREGON

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the Year Ended June 30, 2023

SECTION I – SUMMARY OF AUDITORS' RESULTS

FINANCIAL STATEMENTS

Type of Auditors' report issued:	Unmodified	
Internal control over financial reporting:		
• Material weakness(es) identified?	______Yes	X No
• Significant deficiency(ies) identified that are not considered to be material weaknesses	______Yes	X None reported
Noncompliance material to financial statements noted?	______Yes	X No
Any GAGAS audit findings disclosed that are required to be reported in accordance with the Uniform Guidance?	______Yes	X No

FEDERAL AWARDS

Internal control over Major Programs:		
• Material weakness(es) identified?	______Yes	X No
• Significant deficiency(ies) identified that are not considered to be material weaknesses	______Yes	X 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	X No

IDENTIFICATION OF MAJOR PROGRAMS

AL NUMBER(S):	NAME OF FEDERAL PROGAM:
84.425	ESSER
84.011, 84.011A	Title IC (Migrant Education)

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

Auditee qualified as low-risk auditee? X Yes ______No

SECTION II – FINANCIAL STATEMENT FINDINGS

None

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

None

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

1. BASIS OF PRESENTATION

The schedule of expenditures of federal awards includes 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 Oregon Department of Education, and therefore are not allowed to use the de minimis rate.