



**LAKE COUNTY EDUCATION  
SERVICE DISTRICT**

**Lakeview, Oregon**

**Annual Financial Report**

**June 30, 2023**

# **LAKE COUNTY EDUCATION SERVICE DISTRICT**

357 N. L Street  
Lakeview, OR 97630  
(541) 947-3371

## **BOARD OF DIRECTORS**

WILL CAHILL 357 N. L Street, Lakeview, OR 97630	Board Chair <i>Zone 1</i>
DALE CHIONO 357 N. L Street, Lakeview, OR 97630	Director <i>Zone 2</i>
SAMANTHA HALL 357 N. L Street, Lakeview, OR 97630	Director <i>Zone 3</i>
CLAYTON SHARP 357 N. L Street, Lakeview, OR 97630	Director <i>Zone 4</i>
JIM HIATT 357 N. L Street, Lakeview, OR 97630	Director <i>Zone 5</i>
STEFANI ROSEBERRY 357 N. L Street, Lakeview, OR 97630	Director <i>At Large</i>
JUDY SPRINGER 357 N. L Street, Lakeview, OR 97630	Director <i>At Large</i>

## **ADMINISTRATION**

SARA SARENSEN 357 N. L Street, Lakeview, OR 97630	Business Manager
LANE STRATTON 357 N. L Street, Lakeview, OR 97630	Superintendent
TAYLOR HILEMAN 357 N. L Street, Lakeview, OR 97630	Board Secretary

# **LAKE COUNTY EDUCATION SERVICE DISTRICT**

## **AUDIT REPORT**

**June 30, 2023**

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# **LAKE COUNTY EDUCATION SERVICE DISTRICT**

## **AUDIT REPORT**

**June 30, 2023**

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## **INDEPENDENT AUDITOR’S REPORT**

To the Board of Directors  
Lake County Education Service District  
357 N. L Street Lakeview, OR 97630

### **Report on the Audit of the Financial Statements**

#### **Opinions**

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

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

#### **Basis of Opinions**

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor’s Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Lake County Education Service District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

#### **Responsibilities of Management for the Financial Statements**

Management is responsible for the preparation and fair presentation of these 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 financial statements that are free from material misstatement, whether due to fraud or error.

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

#### **Auditor’s Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor’s 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 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 financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statement, 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 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 Lake County Education Service 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 financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Lake County Education Service 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 on pages 2-9, schedules of revenues, expenditures and changes in fund balances – budget and actuals on pages 53-54, and the pension and OPEB schedules on pages 55-58 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 management's discussion and analysis and the pension and OPEB schedules in accordance with the auditing standards generally accepted in the United States of America, which consisted principally 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.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The schedules of revenues, expenditures and changes in fund balances – budget and actuals described on pages 53-54 are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. The schedules of revenues, expenditures and changes in fund balances – budget and actuals have been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedules of revenues, expenditures and changes in fund balances – budget and actuals are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

### **Supplementary Information**

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Lake County Education Service District's basic financial statements. The supplementary information on pages 60-61 is presented for purposes of additional analysis and is not a required part of the basic financial statements of the Lake County Education Service District.

The supplementary information on pages 60-61 is the responsibility of management and was derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain other 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 is fairly stated in all material respects in relation to the financial statements taken as a whole.

## Other Information


Management is responsible for the other information included in the annual report. The other information comprises the additional schedules listed in the Other Information section of the Table of Contents but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion of 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 basis 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 our report.

The schedule of expenditures of federal awards, as listed in the Table of Contents, is presented for purposes of additional analysis as required by Oregon Department of Education and Title 2 U.S. *Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements.

## Reports on Other Legal and Regulatory Requirements

In accordance with the *Minimum Standards for Audits of Oregon Municipal Corporations*, we have issued our report dated December 29, 2023, on our consideration of the Lake County Education Service District's 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 the District's compliance.



Steve Tuchscherer, CPA  
Umpqua Valley Financial, LLC  
Roseburg, Oregon  
December 29, 2023

**MANAGEMENT'S**  
**DISCUSSION**  
**AND ANALYSIS**



# **LAKE COUNTY EDUCATION SERVICE DISTRICT**

## **Management's Discussion and Analysis (MD&A)**

**For the Fiscal Year Ended June 30, 2023**

**Unaudited**

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The discussion and analysis of Lake County Education Service District's financial performance provides an overview of the District's financial activities for the fiscal year that ended June 30, 2023. This discussion and analysis intend to look at the District's financial performance as a whole. Readers should also review the basic financial statements and notes to enhance their understanding of the District's financial performance.

### **FINANCIAL HIGHLIGHTS**

Key financial highlights for the fiscal year ended June 30, 2023, are as follows:

- The District's net position began the fiscal year at \$(43,587) and increased by \$198,502 to end the current fiscal year at a net position of \$154,914. A primary driver for this increase in net position is the decrease in the total deferred outflow of resources of \$98,258.
- General revenues accounted for \$1,515,495, or 56.1% of all revenues, while program-specific revenues in the form of charges for services and grants and contributions accounted for \$1,185,437, or 43.9% of total revenues of \$2,700,932.
- The district's program expenses decreased by \$279,994 from the prior year to \$2,502,432.
- As of the end of the year, the total assets as reported on the statement of net position held by the governmental funds amounted to \$912,030. Out of this amount, \$516,157 was held in cash and cash equivalents, while \$136,981 was tied up in capital assets. The cash and cash equivalents can be readily converted to cash, while the capital assets include property, equipment or other long-term investments that are not easily converted to cash.
- Total liabilities of the governmental funds at year-end were \$959,068, primarily due to a net pension liability of \$859,210.
- The business-type activities provided \$28,995 in revenue and \$22,793 in expenses for the fiscal year.

### **OVERVIEW OF THE FINANCIAL STATEMENTS**

Management's Discussion and Analysis introduces the District's basic financial statements. The basic financial statements include: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also includes additional supplementary information to supplement the basic financial statements.

#### *Government-wide Financial Statements*

The first of the government-wide statements is the *Statement of Net Position*. This is the District-wide statement of financial position presenting information that includes all of the District's assets and liabilities. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District as a whole is improving or deteriorating. Evaluation of the overall economic health of the District would extend to other non-financial factors such as the condition of school buildings and other facilities and changes in the district's enrollment, which dictates the majority of revenue to be collected through the State Funding Formula.

The second government-wide statement is the *Statement of Activities* which reports how the District's net position changed during the current fiscal year. All current-year revenues and expenses are included regardless of when cash is received or paid. An important purpose of the design of the *Statement of Activities* is to show the financial reliance of the distinct activities or functions of the District that are primarily supported by intergovernmental revenues, principally state basic school support and property tax revenues. The governmental activities of the District include instruction, instructional support services, operation and maintenance of plants, student transportation, and non-instructional support services.

# **LAKE COUNTY EDUCATION SERVICE DISTRICT**

## **Management's Discussion and Analysis (MD&A)**

**For the Fiscal Year Ended June 30, 2023**

**Unaudited**

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### *Fund Financial Statements*

A fund is an accountability unit used to maintain control over resources segregated for specific activities or objectives. The District uses fund accounting to ensure and demonstrate compliance with finance-related laws and regulations. Within the basic financial statements, Fund Financial Statements focus on the District's most significant funds rather than the District as a whole. Major funds are separately reported while all others are combined into a single, aggregated presentation. Individual fund data for non-major funds is provided in the form of individual budget versus actual statements and combining statements in a later section of this report.

*Governmental funds*, which focus on how money flows into and out of those funds and the balances left at year-end available for spending in future periods. Unlike the government-wide financial statements, these statements report short-term fiscal accountability focusing on use of spendable resources during the year and balances of spendable resources available at the end of the fiscal year.

Since the government-wide focus includes the long-term view, comparisons between these two perspectives may provide insight into the long-term impact of short-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide reconciliation to government-wide statements to assist in understanding the differences between these two perspectives.

*Proprietary funds (Enterprise)* The proprietary fund is used to account for the business-type activities of the District. This fund provides for the revenue and expenses from providing printing services to school districts served by the ESD.

### *Notes to the Financial Statements*

The accompanying notes to the financial statements provide information essential to a full understanding of the government-wide and fund financial statements. The notes to the financial statements begin immediately following the basic financial statements.

### *Other Information*

In addition to the basic financial statements and accompanying notes, this report also presents as required supplementary information budgetary comparison statements for the General Fund and the Special Revenue Fund. The required supplementary information immediately follows the notes to the financial statements. Supplementary information includes individual fund statements. These statements and schedules immediately follow the required supplementary information in this report. Other information is also presented to provide additional information the District feels is helpful for the reader to fully understand to District's financial position.

# **LAKE COUNTY EDUCATION SERVICE DISTRICT**

## **Management's Discussion and Analysis (MD&A) For the Fiscal Year Ended June 30, 2023 Unaudited**

### **FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE**

Recall that the Statement of Net Position provides the perspective of the District as a whole. Net position may serve over time as a useful indicator of a government's financial position.

The District's net position at fiscal year-end was \$154,914. This is a \$198,502 increase from last year's net position of (\$44,587).

The following table provides a summary of the District's net position. Comparative information from the previous year is provided.

<b>Summary of Net Position</b>						
	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>June 30, 2023</u>	<u>June 30, 2022</u>	<u>June 30, 2023</u>	<u>June 30, 2022</u>	<u>June 30, 2023</u>	<u>June 30, 2022</u>
<b>Assets</b>						
Current and Other Assets	\$ 775,049	\$ 746,526	\$ 7,125	\$ 3,866	\$ 782,174	\$ 750,392
Capital Assets	<u>136,981</u>	<u>146,644</u>	<u>-</u>	<u>-</u>	<u>136,981</u>	<u>146,644</u>
Total Assets	912,030	893,170	7,125	3,866	919,155	897,036
<b>Deferred Outflow of Resources</b>	<u>566,649</u>	<u>664,907</u>	<u>-</u>	<u>-</u>	<u>566,649</u>	<u>664,907</u>
<b>Liabilities</b>						
Long-Term Liabilities	874,770	735,985	-	-	874,770	735,985
Other Liabilities	<u>84,298</u>	<u>74,953</u>	<u>-</u>	<u>2,942</u>	<u>84,298</u>	<u>77,895</u>
Total Liabilities	<u>959,068</u>	<u>810,938</u>	<u>-</u>	<u>2,942</u>	<u>959,068</u>	<u>813,880</u>
<b>Deferred Inflow of Resources</b>	<u>371,823</u>	<u>791,650</u>	<u>-</u>	<u>-</u>	<u>371,823</u>	<u>791,650</u>
<b>Net Position</b>						
Net Investment in Capital Assets	136,981	136,450	-	-	136,981	136,450
Unrestricted	<u>10,807</u>	<u>(180,961)</u>	<u>7,126</u>	<u>924</u>	<u>17,933</u>	<u>(180,037)</u>
Total Net Position	<u>\$ 147,788</u>	<u>\$ (44,511)</u>	<u>\$ 7,126</u>	<u>\$ 924</u>	<u>\$ 154,914</u>	<u>\$ (43,587)</u>

# **LAKE COUNTY EDUCATION SERVICE DISTRICT**

## **Management's Discussion and Analysis (MD&A) For the Fiscal Year Ended June 30, 2023 Unaudited**

The following table shows the changes in net position. Prior-year information is provided for comparative analysis of government-wide revenue and expense information.

<b>Changes in Net Position</b>							
	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>		<u>Percentage Change</u>
	<u>2022-23</u>	<u>2021-22</u>	<u>2022-23</u>	<u>2021-22</u>	<u>2022-23</u>	<u>2021-22</u>	
<b>Revenues</b>							
Program Revenues							
Charges for Services	\$ 266,369	\$ 186,215	\$ 28,995	\$ 20,089	\$ 295,364	\$ 206,304	43.2%
Operating Grants and Contributions	890,073	465,720	-	-	890,073	465,720	91.1%
General Revenues							
Property Taxes	581,993	671,038	-	-	581,993	671,038	-13.3%
State Basic School Support	892,311	794,238	-	-	892,311	794,238	12.3%
Other	41,191	99,023	-	-	41,191	99,023	-58.4%
Total Revenues	<u>2,671,937</u>	<u>2,216,234</u>	<u>28,995</u>	<u>20,089</u>	<u>2,700,932</u>	<u>2,236,323</u>	20.8%
<b>Program Expenses</b>							
Instruction	250,154	273,615	-	-	250,154	273,615	-8.6%
Support Services	1,791,222	1,540,034	-	-	1,791,222	1,540,034	16.3%
Apportionment of Funds by ESD	438,263	362,407			438,263	362,407	20.9%
Printing Services	-	-	22,793	29,919	22,793	29,919	-23.8%
Total Program Expenses	<u>2,479,639</u>	<u>2,176,056</u>	<u>22,793</u>	<u>29,919</u>	<u>2,502,432</u>	<u>2,205,975</u>	13.4%
<b>Change in Net Position</b>	<u>\$ 192,298</u>	<u>\$ 40,178</u>	<u>\$ 6,202</u>	<u>\$ (9,830)</u>	<u>\$ 198,500</u>	<u>\$ 30,348</u>	554.1%

# **LAKE COUNTY EDUCATION SERVICE DISTRICT**

## **Management's Discussion and Analysis (MD&A)**

**For the Fiscal Year Ended June 30, 2023**

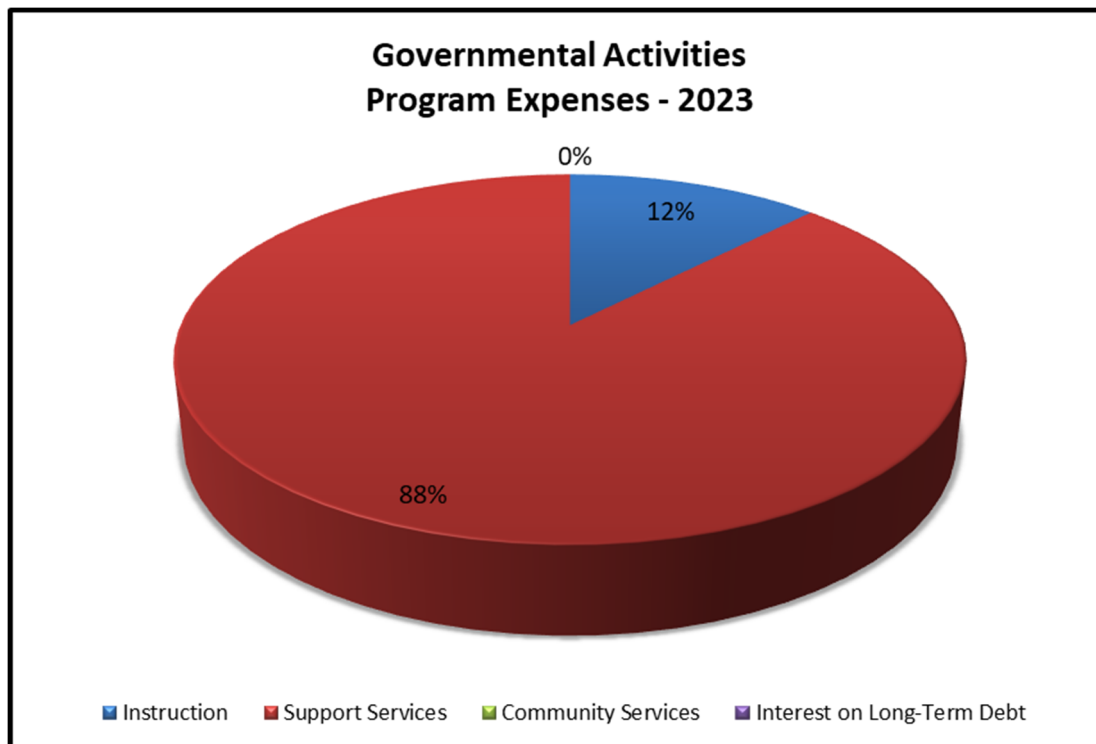
**Unaudited**

The Statement of Activities shows the cost of program services and the charges for services, grants, and contributions offsetting those services. The following table shows, for governmental activity, the total cost of the four major functional activities of the District. The table also shows each function's net cost (total cost less charges for services generated by the activities and intergovernmental aid provided for specific programs). The net cost shows the financial burden that was placed on the State and District's taxpayers by each of these functions. Prior-year information is provided for comparative analysis.

### **Governmental Activities**

	2022-23		2021-22	
	Total Cost of Services	Net Cost (Profit) of Services	Total Cost of Services	Net Cost (Profit) of Services
Instruction	\$ 250,154	\$ 113,907	\$ 273,615	\$ 161,331
Support Services	1,791,222	771,027	1,540,034	1,000,383
Total Program Expenses	<u>\$2,041,376</u>	<u>\$ 884,934</u>	<u>\$1,813,649</u>	<u>\$1,161,714</u>

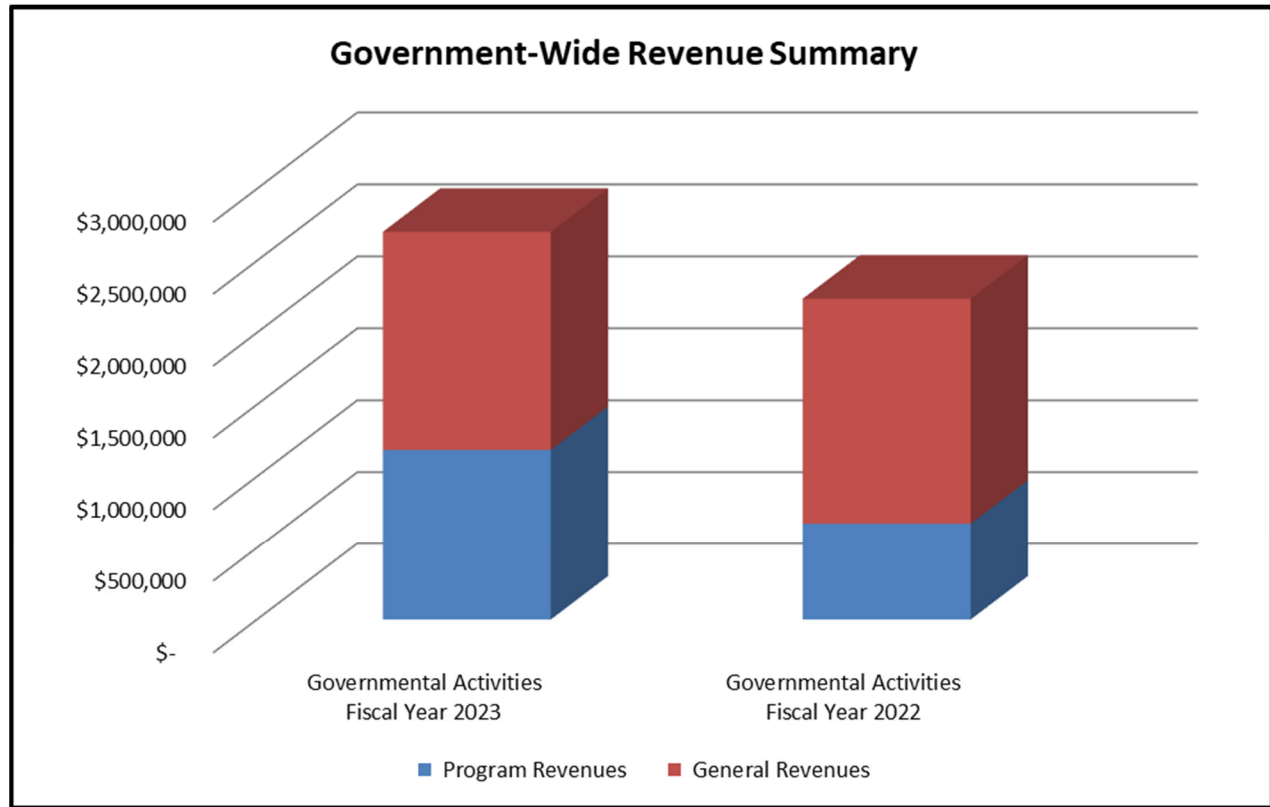
This graph displays the cost of the District's Program expenses by governmental activities. Support Services have the highest expenses, totaling \$1,791,222, compared to Instruction, which accounts for \$250,154.



# **LAKE COUNTY EDUCATION SERVICE DISTRICT**

## **Management's Discussion and Analysis (MD&A) For the Fiscal Year Ended June 30, 2023 Unaudited**

The chart compares revenue from governmental activities between the prior year and the current year. Revenue increased by \$464,609 or 20.8%.



The District's business operations mainly consisted of printing services. This activity resulted in an increase of approximately \$6,202 in the District's net position, which is in contrast to the prior year's decrease of \$9,830. For comparative analysis, we have provided prior-year information along with a summary of the District's business-type activity.

### **Business-Type Activities**

	2022-23		2021-22	
	Total Cost of Services	Net Cost (Profit) of Services	Total Cost of Services	Net Cost (Profit) of Services
Printing Service	\$ 22,793	\$ 6,202	\$ 29,919	\$ (9,830)
Total Program Expenses	\$ 22,793	\$ 6,202	\$ 29,919	\$ (9,830)

# **LAKE COUNTY EDUCATION SERVICE DISTRICT**

## **Management's Discussion and Analysis (MD&A)**

**For the Fiscal Year Ended June 30, 2023**

**Unaudited**

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### **FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS**

#### *Governmental Funds*

As noted earlier, the District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The focus of the District's governmental funds is to provide information on short-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the District's financing requirements. In particular, unreserved fund balance may serve as a useful measure of the District's net resources available for spending at the end of the fiscal year.

The financial performance of the District is reflected in its governmental funds. At the end of the year, the combined fund balance of the governmental funds was \$621,310, which is an increase of \$67,352 or 12.2% from the previous year. The fund balance is composed of restricted, committed, and unassigned amounts. Out of the current fund balances, the entire \$621,310 is unassigned and can be used by the District as needed.

The General Fund is the principal operating fund of the District. The decrease in fund balance in the General Fund for the fiscal year was \$31,154.

#### *Proprietary Funds*

The District's enterprise fund reported a total net position of \$7,126, an increase of \$6,202. This is primarily attributed to the current assets, specifically, cash and cash equivalents and inventory-food, supplies & commodities. The enterprise fund's net position is unrestricted and available for spending at the District's discretion.

### **BUDGETARY HIGHLIGHTS**

Over the course of the year, the District made only minor changes to its various funds' budgets.

The General Fund had estimated to collect \$1,673,917 in revenues during the fiscal year, but only managed to collect \$1,623,716, resulting in a shortfall of \$50,201. However, the General Fund expenditures were under-spent by \$319,485, mainly because the \$295,264 contingency budget was not required. As a result, the actual ending fund balance was \$292,511.

The Special Revenue Fund had projected to collect \$1,059,001 in revenue for the fiscal year, but only collected \$1,042,412, leaving a shortfall of \$16,589. However, the expenditures of the Special Revenue Fund were \$102,519 less than anticipated, resulting in an ending fund balance of \$300,473.

# **LAKE COUNTY EDUCATION SERVICE DISTRICT**

## **Management's Discussion and Analysis (MD&A) For the Fiscal Year Ended June 30, 2023 Unaudited**

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### **CAPITAL ASSETS AND DEBT ADMINISTRATION**

#### *Capital Assets*

As of June 30, 2023, the District had invested \$133,217 in capital assets, including buildings, land, vehicles, computers, and other equipment and furnishings, including \$(9,662) in additions, including depreciation. No deletions to capital assets occurred during the fiscal year.

Total depreciation expense for the year was \$9,662. Additional information on the District's capital assets can be found in the Capital Asset Note in the notes to the basic financial statements section of this report.

#### *Long-Term Debt*

As of June 30, 2023, the District had minimal long-term debt – two copier leases that were terminated and replaced with a new lease during the fiscal year ending June 30, 2023.

Additional information on long-term debt can be found in the Long-Term Debt Note in the notes to the basic financial statements section of this report.

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

The Lake County Education Service District continues to focus primarily on the four legislatively mandated service areas: 1) Programs for children with special needs, 2) School improvement services for component school districts, 3) Technology support for component school districts, 4) Administrative and support services for component school districts. Lastly, fiscal management policies for the Lake County Education Service District continue unchanged from the past.

This Budget includes the following noticeable changes:

- Discontinuance in ESSER/COVID funds approximately \$180,000.
- Reduction in SLP staffing from 3.0 to 2.5 FTE.
- Increase in service costs (Audit, Insurance, iVisions).
- A 3% cost of living increase along with a \$50 insurance cap increase for all staff.
- Two new ODE grants SSPS (\$143,000) and SpTA (\$59,000).

The adopted budget for the District's fiscal year ending on June 30, 2024, has increased by \$159,713 compared to the previous year, totaling \$3,128,287. This increase is primarily due to the higher budgeted revenue from federal sources. The District will levy its maximum permanent property tax rate of \$0.6364 per \$1,000 of assessed property valuation.

### **CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT**

This financial report is designed to provide our citizens, taxpayers, investors, and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the resources it receives.

If you have any questions about this report or need additional information, contact the Lake County Education Service District at 357 N. L Street, Lakeview, OR 97630.



**BASIC FINANCIAL**  
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**Government-Wide**  
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**LAKE COUNTY EDUCATION SERVICE DISTRICT**

**STATEMENT OF NET POSITION**

**For the Fiscal Year Ended June 30, 2023**

	<b>Governmenta l Activities</b>	<b>Business-Type Activities</b>	<b>Total</b>
<b><u>ASSETS:</u></b>			
Current Assets:			
Cash and Cash Equivalents	\$ 516,157	\$ 2,256	\$518,413
Property Taxes Receivable	48,002	-	48,002
Accounts Receivable	178,685	-	178,685
Inventory-Food, Supplies & Commodities	-	4,869	4,869
Total Current Assets	<u>742,844</u>	<u>7,125</u>	<u>749,969</u>
Restricted Assets:			
Net OPEB Asset (RHIA)	32,205	-	32,205
Total Restricted Assets	<u>32,205</u>	<u>-</u>	<u>32,205</u>
Capital Assets, Net of Depreciation	<u>136,981</u>	<u>-</u>	<u>136,981</u>
<b>Total Assets</b>	<b><u>912,030</u></b>	<b><u>7,125</u></b>	<b><u>919,155</u></b>
<b><u>DEFERRED OUTFLOW OF RESOURCES</u></b>			
Pension Related Deferrals	553,336	-	553,336
OPEB Related Deferrals - RHIA	<u>13,313</u>	<u>-</u>	<u>13,313</u>
<b>Total Deferred Outflow of Resources</b>	<b><u>566,649</u></b>	<b><u>-</u></b>	<b><u>566,649</u></b>
<b><u>LIABILITIES:</u></b>			
Accounts Payable	2,271	-	2,271
Payroll Liabilities	77,359	-	77,359
Leases Payable			
Due within one year	4,668	-	4,668
Due in more than one year	15,560	-	15,560
Net Pension Liability	<u>859,210</u>	<u>-</u>	<u>859,210</u>
<b>Total Liabilities</b>	<b><u>959,068</u></b>	<b><u>-</u></b>	<b><u>959,068</u></b>
<b><u>DEFERRED INFLOW OF RESOURCES</u></b>			
Pension Related Deferrals	361,609	-	361,609
OPEB Related Deferrals - RHIA	<u>10,214</u>	<u>-</u>	<u>10,214</u>
<b>Total Deferred Inflow of Resources</b>	<b><u>371,823</u></b>	<b><u>-</u></b>	<b><u>371,823</u></b>
<b><u>NET POSITION:</u></b>			
Net Investment in Capital Assets	136,981		136,981
Unrestricted	<u>10,807</u>	<u>7,126</u>	<u>17,933</u>
<b>Total Net Position</b>	<b><u>\$ 147,788</u></b>	<b><u>\$ 7,126</u></b>	<b><u>\$154,914</u></b>

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

**LAKE COUNTY EDUCATION SERVICE DISTRICT****STATEMENT OF ACTIVITIES****For the Fiscal Year Ended June 30, 2023**

		Program Revenues		Net (Expenses), Revenues and Change in Net Position		
		Charges for Services	Operating Grants and Contributions	Governmental Activities	Business-type Activities	Total
	(Expenses)					
<b><u>GOVERNMENTAL ACTIVITIES:</u></b>						
Instruction	\$ 250,154	\$ -	\$ 136,247	\$ (113,907)	\$ -	\$ (113,907)
Support Services	1,791,222	266,369	753,826	(771,027)	-	(771,027)
Apportionment of Funds by ESD	438,263	-	-	(438,263)	-	(438,263)
<b>Total Governmental Activities</b>	<b>2,479,639</b>	<b>266,369</b>	<b>890,073</b>	<b>(1,323,197)</b>	<b>-</b>	<b>(1,323,197)</b>
<b><u>BUSINESS-TYPE ACTIVITIES:</u></b>						
Printing Services	22,793	28,995	-	-	6,202	6,202
<b>Total Business-Type Activities</b>	<b>22,793</b>	<b>28,995</b>	<b>-</b>	<b>-</b>	<b>6,202</b>	<b>6,202</b>
<b>Total Primary Government</b>	<b>\$ 2,502,432</b>	<b>\$ 295,364</b>	<b>\$ 890,073</b>	<b>\$ (1,323,197)</b>	<b>\$ 6,202</b>	<b>\$ 12,404</b>
<b><u>GENERAL REVENUES:</u></b>						
Property Taxes, Levied for General Purposes				\$ 581,993	\$ -	\$ 581,993
Earnings on Investments				19,094	-	19,094
Unrestricted State and Local Revenue				21,382	-	21,382
Intermediate Sources				715	-	715
State School Fund for Education and Support Services				892,311	-	892,311
Subtotal - General Revenues				1,515,495	-	1,515,495
Change in Net Position				192,298	6,202	198,500
Net Position, July 1, 2022				(44,509)	924	(43,585)
<b>Net Position, June 30, 2023</b>				<b>\$ 147,788</b>	<b>\$ 7,126</b>	<b>\$ 154,914</b>

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

**BASIC FINANCIAL**  
**STATEMENTS**

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# LAKE COUNTY EDUCATION SERVICE DISTRICT

## BALANCE SHEET GOVERNMENTAL FUNDS

For the Fiscal Year Ended June 30, 2023

	<u>General Fund #100</u>	<u>Special Revenue Fund #200</u>	<u>Capital Projects Fund #400</u>	<u>Total Governmental Funds</u>
<b><u>ASSETS:</u></b>				
Cash and Cash Equivalents	\$ 363,602	\$ 97,579	\$ 54,976	\$ 516,157
Property Taxes Receivable	48,002	-	-	48,002
Accounts Receivable	453	178,232	-	178,685
<b>Total Assets</b>	<b><u>\$412,057</u></b>	<b><u>\$275,811</u></b>	<b><u>\$ 54,976</u></b>	<b><u>\$ 742,844</u></b>
<b><u>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES:</u></b>				
<b>LIABILITIES:</b>				
Accounts Payable	\$ 283	\$ 1,988	\$ -	\$ 2,271
Payroll Liabilities	77,359	-	-	77,359
<b>Total Liabilities</b>	<b><u>77,642</u></b>	<b><u>1,988</u></b>	<b><u>-</u></b>	<b><u>79,630</u></b>
<b>DEFERRED INFLOWS OF RESOURCES:</b>				
Unavailable Revenue - Property Taxes	41,904	-	-	41,904
<b>Total Deferred Inflows of Resources</b>	<b><u>41,904</u></b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>41,904</u></b>
<b>FUND BALANCES:</b>				
Unassigned	292,511	273,823	54,976	621,310
<b>Total Fund Balances</b>	<b><u>292,511</u></b>	<b><u>273,823</u></b>	<b><u>54,976</u></b>	<b><u>621,310</u></b>
<b>Total Liabilities, Deferred Inflows of Resources and Fund Balances</b>	<b><u>\$412,057</u></b>	<b><u>\$275,811</u></b>	<b><u>\$ 54,976</u></b>	<b><u>\$ 742,844</u></b>

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

**LAKE COUNTY EDUCATION SERVICE DISTRICT**  
**RECONCILIATION OF THE BALANCE SHEET**  
**GOVERNMENTAL FUNDS TO THE STATEMENT OF NET POSITION**  
**For the Fiscal Year Ended June 30, 2023**

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<b>Total Fund Balances - Governmental Funds</b>		\$ 621,310
Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.		
Cost of assets	\$268,638	
Accumulated depreciation	<u>(131,656)</u>	
Net Value of Capital Assets		136,981
Property taxes receivable that will not be available to pay for current-period expenditures are deferred in the governmental funds.		41,904
Deferred inflows and outflows of pension and OPEB contributions and earnings are not reported in the governmental funds.		
Deferred Pension/OPEB Contributions	566,649	
Deferred Earnings on Pension/OPEB Assets	<u>(371,823)</u>	
Net Value of Deferrals		194,826
Some liabilities are not due and payable in the current period and therefore are not reported in the governmental funds.		
These liabilities consist of :		
Leases Payable	20,228	
Net Pension Liability	859,210	
Net OPEB Obligations	<u>\$ (32,205)</u>	
Total		<u>(847,233)</u>
<b>Net Position of Governmental Activities</b>		<b><u>\$ 147,788</u></b>

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

**LAKE COUNTY EDUCATION SERVICE DISTRICT**

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

**For the Fiscal Year Ended June 30, 2023**

	<b>General Fund #100</b>	<b>Special Revenue Fund #200</b>	<b>Capital Projects Fund #400</b>	<b>Total Governmental Funds</b>
<b><u>REVENUES:</u></b>				
Taxes	\$ 592,211	\$ -	\$ -	\$ 592,211
Earnings on Investments	19,094	-	-	19,094
Fees and Charges	699	-	-	699
Miscellaneous Revenue	95,586	177,471	16,027	289,084
Intermediate Government Aid	715	148,021	-	148,736
State Aid	914,311	420,968	-	1,335,279
Federal Aid	1,100	295,952	-	297,052
<b>Total Revenues</b>	<b><u>1,623,716</u></b>	<b><u>1,042,412</u></b>	<b><u>16,027</u></b>	<b><u>2,682,155</u></b>
<b><u>EXPENDITURES:</u></b>				
Current:				
Instruction	125,955	146,749	-	272,704
Support Services	1,107,302	783,083	13,451	1,903,836
<b>Total Expenditures</b>	<b><u>1,233,257</u></b>	<b><u>929,832</u></b>	<b><u>13,451</u></b>	<b><u>2,176,540</u></b>
Excess (Deficiency) of Revenues Over Expenditures	390,459	112,580	2,576	505,615
<b><u>OTHER FINANCING SOURCES (USES):</u></b>				
Interfund Transfers In	-	-	10,000	10,000
Interfund Transfers Out	(10,000)	-	-	(10,000)
Apportionment of Funds by ESD	(411,613)	(26,650)	-	(438,263)
<b>Total Other Financing Sources (Uses)</b>	<b><u>(421,613)</u></b>	<b><u>(26,650)</u></b>	<b><u>10,000</u></b>	<b><u>(438,263)</u></b>
Net Change in Fund Balance	(31,154)	85,930	12,576	67,352
Beginning Fund Balance	323,665	187,893	42,400	553,958
<b>Ending Fund Balance</b>	<b><u>\$ 292,511</u></b>	<b><u>\$ 273,823</u></b>	<b><u>\$ 54,976</u></b>	<b><u>\$ 621,310</u></b>

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

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

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<b>Net Changes in Fund Balances - Total Governmental Funds</b>		\$ 67,352
Amounts reported for governmental activities in the Statement of Activities are different because:		
Governmental funds report capital outlay as expenditures. However, in the Statement of Activities, the cost of those assets are allocated over their estimated useful lives as depreciation expense.		
Less current year depreciation	<u>\$ (9,662)</u>	(9,662)
Some property tax revenues will not be collected for several months after the District's fiscal year end and are therefore not considered "available" revenues in the governmental funds, instead these funds are shown as deferred revenue.		
Deferred revenues increased by this amount this year.		(10,218)
Repayment of principal on long term debt and leases are expenditures in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position.		
Retirement of principal is as follows:		
Leases	<u>(10,034)</u>	(10,034)
Government funds report pension contributions as expenditures. However, in the Statement of Activities, pension expense and changes in deferred inflows and outflows related to the net pension asset/(liability) are recorded based upon an actuarial valuation of such activity.		
This is the net change in pension related items.		149,470
Some items reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.		
The activities consist of:		
Increase/(decrease) in accrued OPEB	<u>5,390</u>	5,390
<b>Change in Net Position of Governmental Activities</b>		<u><b>\$ 192,298</b></u>

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



**BASIC FINANCIAL**  
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**Proprietary Fund**  
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**LAKE COUNTY EDUCATION SERVICE DISTRICT**

**STATEMENT OF NET POSITION**

**PROPRIETARY FUND**

**For the Fiscal Year Ended June 30, 2023**

	<b><u>Printing Service Fund</u></b>
<b><u>ASSETS:</u></b>	
Current Assets:	
Cash and Cash Equivalents	\$ 2,256
Inventory-Food, Supplies & Commodities	<u>\$ 4,869</u>
<b>Total Assets</b>	<b><u>7,126</u></b>
<b><u>NET POSITION:</u></b>	
Unrestricted	<u>7,126</u>
<b>Total Net Position</b>	<b><u><u>\$ 7,126</u></u></b>

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

**LAKE COUNTY EDUCATION SERVICE DISTRICT**

**STATEMENT OF CASH FLOWS**

**PROPRIETARY FUNDS**

**For the Fiscal Year Ended June 30, 2023**

	<b>Enterprise Fund Printing Service Fund</b>
<b><u>CASH FLOWS FROM OPERATING ACTIVITIES:</u></b>	
Cash Received from User Charges	\$ 28,995
Cash Payments to Suppliers & Service Providers	(23,796)
<b>Net Cash Provided (Used) by Operating Activities</b>	<b><u>5,199</u></b>
<b><u>Reconciliation of Income (Loss) From Operations to net cash provided (used) by operating activities:</u></b>	
Income (loss) from operations	\$ 6,202
Net cash provided (used) by operating activities	<b><u><u>\$ 5,199</u></u></b>

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

**LAKE COUNTY EDUCATION SERVICE DISTRICT**

**STATEMENT OF REVENUES, EXPENSES,  
AND CHANGES IN FUND NET POSITION**

**PROPRIETARY FUND**

**For the Fiscal Year Ended June 30, 2023**

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	<b>Printing Service Fund</b>
<b><u>OPERATING REVENUES:</u></b>	
Miscellaneous Revenue	\$ 28,995
<b>Total Operating Revenues</b>	<b>28,995</b>
<b><u>OPERATING EXPENSES:</u></b>	
Support Services	22,793
<b>Total Operating Expenses</b>	<b>22,793</b>
<b>Operating Income (Loss)</b>	<b>6,202</b>
Change in Net Position	6,202
Beginning Net Position	924
<b>Ending Net Position</b>	<b>\$ 7,126</b>

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

**BASIC FINANCIAL**  
**STATEMENTS**

**Notes to the Basic**  
**Financial Statements**

# **LAKE COUNTY EDUCATION SERVICE DISTRICT**

## **NOTES TO THE BASIC FINANCIAL STATEMENTS**

**June 30, 2023**

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### **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:**

The administration of Lake County Education Service District is vested in a board of directors, a District superintendent, and a business manager. The district offers two advisory positions. The board of directors exercise governance responsibilities over all entities related to public elementary and secondary school education within the jurisdiction of Lake County Education Service District as set by the state of Oregon. The board receives funding from local, state, and federal sources; however, the Lake County Education Service District is not included in any other governmental reporting entity as defined in Section 2100, Codification of Governmental Accounting and Financial Reporting Standards. Board members are elected by the public and have decision-making authority, the power to designate management, the responsibility to significantly influence operations, and primary accountability for fiscal matters. As required by generally accepted accounting principles, all activities of the District have been included in the basic financial statements.

The basic financial statements of Lake County Education Service District have been prepared in conformity with accounting principles generally accepted in the United States of America as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

The more significant of the District's accounting policies are described below.

#### **Reporting Entity**

In determining the financial reporting entity, the Lake County Education Service District complies with Governmental Accounting Standards Board Statement 14 as amended, "The Financial Reporting Entity." The criteria for including organizations as component units within the District's reporting entity, include whether 1) the organization is legally separate (can sue and be sued in their own name); 2) the District holds the corporate powers of the organization; 3) the District appoints a voting majority of the organization's board; 4) the District is able to impose its will on the organization; 5) the organization has the potential to impose a financial benefit/burden on the District; and 6) there is fiscal dependency by the organization on the District. Based on the aforementioned criteria, the Lake County Education Service District has no component units.

#### **Basis of Presentation**

*Government-wide Statements:* The statement of net position and the statement of activities display information about the District as a whole. These statements include the financial activities of the overall District with most of the interfund activities removed to minimize the double counting of internal activities. These statements distinguish between the governmental and business-type activities of the District. Governmental activities include programs supported primarily by taxes, state school support payments, grants and other intergovernmental revenues. Business-type activities rely, to a significant extent, on fees and charges for support. The District also reports no fiduciary activities.

The statement of activities demonstrates the degree to which direct expenses of a given function are offset by program revenues. Direct expenses are those that are specifically associated with a program of function and, therefore, are clearly identifiable to a particular function. Program revenues include (a) fees and charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues. The comparison of direct expenses with program revenues identifies the extent to which each governmental function is self-financing or draws from the general revenues of the District.

# **LAKE COUNTY EDUCATION SERVICE DISTRICT**

## **NOTES TO THE BASIC FINANCIAL STATEMENTS**

**June 30, 2023**

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### **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont.):**

#### **Basis of Presentation (Cont.)**

*Fund Financial Statements:* The fund financial statements provide information about the District's funds including those of a fiduciary nature, if applicable. Separate statements for each fund category – governmental and proprietary – are presented. The emphasis of fund financial statements is on major governmental funds, each displayed in a separate column. All remaining governmental funds are aggregated and reported as other governmental funds.

**Governmental Funds** are those funds through which most governmental functions typically are financed. The measurement focus of governmental funds is on the sources, uses and balance of current financial resources. The District reports the following major governmental funds:

General Fund - is the main operating fund of the District. All financial resources, except those required to be accounted for in another fund, are accounted for in the General Fund. All general tax revenues and other receipts that are not restricted by law or contractual agreement to some other fund are accounted for in this fund. General operating expenditures, fixed charges and capital improvement costs that are not paid through other funds are paid from the General Fund.

Special Revenue Fund This fund accounts for the activities of various federal and state grant programs, counseling services, as well as certain Adel School District specific activities.

Capital Projects Fund The Capital Projects Fund accounts for major capital expenditures relating to buildings and building improvements and the related expenditures.

**Proprietary Funds** are accounted for using the economic resources measurement focus and the accrual basis of accounting. The accounting objectives are determinations of net income, financial position and cash flow. All assets and liabilities are included on the Statement of Net Position. The District presents the following major proprietary funds:

Printing Service Fund – is used to account for the printing service operations of the District.

#### **Measurement Focus/Basis of Accounting**

Measurement focus refers to what is being measured; basis of accounting refers to when transactions are recognized in the financial records and reported on the financial statements. Basis of accounting relates to the timing of the measurement made, regardless of the measurement focus applied.

The government-wide and proprietary fund financial statements are prepared using the economic resources measurement focus and the accrual basis of accounting. The economic resources measurement focus means all assets and liabilities (whether current or non-current) are included on the statement of net position and the operating statements present increases (revenues) and decreases (expenses) in net total assets. Under the accrual basis of accounting, revenues are recognized when earned. Expenses are recognized when the liability is incurred.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when they become both measurable and available. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or within sixty days after year end. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on long-term debt which are reported when due. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of long-term debt and acquisitions under capital leases are reported as other financing sources.

# **LAKE COUNTY EDUCATION SERVICE DISTRICT**

## **NOTES TO THE BASIC FINANCIAL STATEMENTS**

**June 30, 2023**

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### **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont.):**

#### **Measurement Focus/Basis of Accounting (Cont.)**

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the district's Printing Service Fund are charges to customers for sales and services. Operating expenses for enterprise funds include the cost of sales and support services. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

The revenues susceptible to accrual are property taxes, charges for services, interest income and intergovernmental revenues. All other governmental fund revenues are recognized when received, as they are deemed immaterial. Deferred revenues arise when potential revenue does not meet both the "measurable" and "available" criteria for recognition in the current period. In subsequent periods, when the revenue recognition is met or when the District has a legal claim to the resources, the liability for deferred revenue is removed from the balance sheet and revenue is recognized.

The District's policy is to first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available.

#### **Budgeting**

The District budgets all funds as required by state law. The District budgets for all funds on a modified accrual basis. The resolution authorizing appropriations for each fund sets the level by which expenditures cannot legally exceed appropriations. Total expenditures are controlled by annual appropriations at the following organizational levels: instruction, support services, community services, facilities acquisition and construction, and other expenditures. Appropriations lapse as of the fiscal year-end. A detailed budget document is required that contains more detailed information for the above-mentioned expenditure categories.

Unexpected additional resources may be added to the budget through the use of a supplemental budget and appropriations resolution. A supplemental budget may require hearings before the public, publications in newspapers, and approval by the District Board of Directors. Original and supplemental budgets may be modified by the use of appropriations transfers between the levels of control. Such transfers require approval by the District Board of Directors.

#### **Cash and Investments**

For purposes of the statement of cash flows, cash and cash equivalents include cash on hand, checking, savings and money market accounts and any short-term, highly liquid investments with initial maturity dates of three months or less. All cash and investments of the proprietary fund types are pooled with the District's pooled cash and investments.

The District has adopted an investment policy requiring compliance with Oregon statutes, which authorizes the District to invest in obligations of the United States, the agencies and instrumentalities of the United States and the State of Oregon, and numerous other investment instruments.

The District's investments may consist of time certificates of deposit, banker's acceptances, commercial paper, U.S. Government Agency securities, and the State of Oregon Treasurer's Local Government Investment Pool (LGIP). The District's investments are reported at fair value at year-end. Changes in the fair value of investments are recorded as investment earnings. The LGIP is stated at cost, which approximates fair value. Fair value of the LGIP is the same as the District's value in the pool shares.



# **LAKE COUNTY EDUCATION SERVICE DISTRICT**

## **NOTES TO THE BASIC FINANCIAL STATEMENTS**

**June 30, 2023**

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### **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont.):**

#### **Cash and Investments (Cont.)**

The Oregon State Treasury administers the LGIP. It is an open-ended, non-load diversified portfolio offered to any agency, political subdivision, or public corporation of the State that by law is made the custodian of, or has control of, any fund. The LGIP is included in the Oregon Short-Term Fund (OSTF) which was established by the State Treasurer. In seeking to best serve local governments of Oregon, the Oregon legislature established the Oregon Short-Term Fund Board. The purpose of the Board is to advise the Oregon State Treasury in the management and investment options of the LGIP.

#### **Receivables**

Amounts due from individuals, organizations or other governmental units are recorded as receivables at year-end. These amounts include charges for services rendered, or for goods and material provided by the District. All receivables are expected to be collected. Accordingly, receivables are reported at the gross amount without an allowance for uncollectible accounts.

Receivables are also recognized for property taxes and intergovernmental grants. Property taxes receivable consist of uncollected taxes levied and payable at the end of the fiscal year. All taxes are considered collectible. Consequently, no allowance for uncollectible taxes has been established. In the governmental fund financial statements, property taxes not collected within sixty days of the end of the fiscal year are reported as a deferred inflow or resources.

Intergovernmental grant reimbursement and entitlement amounts for which all eligibility requirements imposed by the provider have been met, but which were not received by the fiscal year end, are reported as accounts receivable.

#### **Inventory**

The ESD maintains inventory for the printing services. Inventory is valued at cost using the first-in, first-out method.

#### **Restricted Assets and Liabilities**

Assets with use restricted to future bond payments and the related liability, are segregated in the statements of net position.

#### **Capital Assets**

The District has established a formal system of accounting for its capital assets. Purchased or constructed capital assets are reported at cost, or estimated cost when original cost is not available. Donated capital assets are valued at their estimated fair market value on the date received. Maintenance and repairs of capital assets are not capitalized, but rather are charged to expenditures in the governmental funds. The District does not possess any infrastructure. The capitalization threshold used by the District as recommended by the State of Oregon is \$5,000.

# **LAKE COUNTY EDUCATION SERVICE DISTRICT**

## **NOTES TO THE BASIC FINANCIAL STATEMENTS**

**June 30, 2023**

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### **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont.):**

#### **Capital Assets (Cont.)**

In the government-wide financial statements, all reported capital assets except for land and construction in progress are depreciated. Depreciation is computed using the straight-line method over the estimated useful lives as follows:

<b><u>Asset Class</u></b>	<b><u>Estimated Years of Useful Lives</u></b>
Building and Improvements	50-100
Equipment	5-30

In the governmental fund financial statements, fixed assets are accounted for as capital outlay expenditures of the governmental fund upon acquisition. Fixed assets are not capitalized, and related depreciation is not reported in the fund financial statements.

#### **Compensated Absences and Accrued Liabilities:**

The District has no provision for accumulated unpaid vacation, sick pay, and other employee benefits. The District's policy is that all vacation must be used by the June 30 fiscal year end or it is lost. Each employee may accumulate sick leave and carry it over to the succeeding year. In a year when sick leave is used, the employee is paid the regular contract salary during the absence to the extent of sick leave earned. If necessary, substitutes must be hired by the District. When an employee becomes employed by another District, the accumulated sick leave can be transferred to that District, up to 75 days. If sick leave is not transferred, it is lost and not paid to the employee upon leaving Lake County Education Service District.

#### **Deferred Inflows/Outflows of Resources**

In addition to assets, the statement of financial position 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 a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. Currently, the District has only one item that qualifies for reporting in this category, deferred pension contributions.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The District has only one type of item that qualifies for reporting in this category, deferred earnings on pension assets. In the governmental funds' balance sheet, a different category of deferred inflow of resources, delinquent property tax revenue not available, is reported. Property taxes levied and considered receivable at the end of the fiscal year, but not collected within sixty days of the end of the fiscal year are reported in this category. These amounts are recognized as an inflow of resources (revenue) in the period that the amounts become available.

# **LAKE COUNTY EDUCATION SERVICE DISTRICT**

## **NOTES TO THE BASIC FINANCIAL STATEMENTS**

**June 30, 2023**

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### **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont.):**

#### **Long-Term Debt**

All bonds, notes, and capital leases payable are recognized in the government-wide financial statements as liabilities of the District. Amounts of the long-term debt due within the following fiscal year are included in the current liabilities section of the Statement of Net Position.

In the governmental fund financial statements, proceeds of long-term debt and acquisitions under capital leases are reported as other financing sources. Principal and interest payments on long-term debt are recorded as debt service in the expenditure section of the statement and schedules.

#### **Equity Classifications**

##### *Government-wide Statements*

Equity is classified as net position, which represents the difference between assets, liabilities, and deferred accounts. Net position is displayed in three components:

- a. Net investment in capital assets - Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowing that are attributable to the acquisition, construction, or improvement of those assets.
- b. Restricted net position - Consists of net position with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.
- c. Unrestricted net position - All other net positions that do not meet the definition of “restricted” or “invested in capital assets, net of related debt.”

The District’s policy is to first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available.

# **LAKE COUNTY EDUCATION SERVICE DISTRICT**

## **NOTES TO THE BASIC FINANCIAL STATEMENTS**

**June 30, 2023**

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### **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont.):**

#### **Equity Classifications (Cont.)**

##### *Governmental Fund Financial Statements*

The governmental fund financial statements present fund balances based on classifications that comprise a hierarchy that is based primarily on the extent to which the District is bound to honor constraints on the specific purposes for which amounts in the respective governmental funds can be spent. The classifications used in the governmental fund financial statements are as follows:

- **Nonspendable**: This classification includes amounts that cannot be spent either because it is not in spendable form or because of legal or contractual constraints.
- **Restricted**: This classification includes fund balance amounts that are constrained for specific purposes which are externally imposed by creditors, grantors, contributors, or laws or regulations of other governments, or imposed by law through constitutional provisions or enabling legislation.
- **Committed**: This classification includes fund balance amounts that are constrained for specific purpose that are internally imposed by the government through resolution of the highest level of decision-making authority, the District Council, and does not lapse at year-end.
- **Assigned**: This classification includes fund balance amounts that are intended to be used for specific purposes that are neither restricted nor committed. This intent can be expressed by the District Council or through the District Council delegating this responsibility to selected staff members or through the budgetary process.
- **Unassigned**: This classification includes positive fund balance within the General Fund which has not been classified within the above-mentioned categories, and negative fund balances of other governmental funds.

The District's policy is to use restricted fund balances first, followed by committed resources, and then assigned resources, as appropriate opportunities arise, but reserves the right to selectively spend unassigned resources first to defer the use of the constrained fund balances.

#### **Property Taxes**

Real and personal property taxes attach as an enforceable lien on property as of January 1. All taxes are levied as of the lien date and are payable in three installments on November 15, February 15, and May 15. Taxes unpaid and outstanding on May 16 are considered delinquent. Foreclosure is started three years after taxes become delinquent. The District turns all tax collection duties over to Lake County, Oregon.

Uncollected property taxes are recorded on the statement of net position. Uncollected taxes are deemed to be substantially collectible or recoverable through liens; therefore, no allowance for uncollectable taxes has been established. All property taxes receivables are due from property owners within the District.

# **LAKE COUNTY EDUCATION SERVICE DISTRICT**

## **NOTES TO THE BASIC FINANCIAL STATEMENTS**

**June 30, 2023**

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### **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont.):**

#### **Inter-Fund Transactions**

Quasi-external transactions are accounted for as revenues or expenditures. Transactions that constitute reimbursements to a fund for expenditures initially made from it that are properly applicable to another fund, are recorded as expenditures in the reimbursing fund and as reductions of expenditures in the fund that is reimbursed. All other inter-fund transactions, except quasi-external transactions and reimbursements, are reported as transfers in the fund financial statements. Non-recurring or non-routine permanent transfers of equity are reported as residual equity transfers. All other inter-fund transfers are reported as operating transfers. For the purposes of the Statement of Activities, all interfund transfers between individual governmental funds have been eliminated.

#### **Use of Estimates**

The preparation of 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 amount of assets and liabilities as well as disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

#### **Pensions**

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Oregon Public Employees Retirement Fund (OPERF) and the Oregon Public Service Retirement Plan (OPSRP) and additions to/deductions from OPERF's and OPSRP'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.

### **CASH AND INVESTMENTS:**

For discussion of deposit and investment policies and other related information, see Cash and Investments note in the Summary of Significant Accounting Policies section.

The District follows the practice of aggregating the cash assets of various funds to maximize cash management efficiency and returns. Various restrictions on deposits and investments are imposed by state statutes. These restrictions are summarized at Cash and Investments note in the Summary of Significant Accounting Policies section.

Investments, including amounts held in pool cash and investments are stated at fair value. In accordance with Governmental Accounting Standards Board (GASB) Statement No. 31, Accounting and Financial Reporting for Certain Investments and for External Investment Pools, investments with a remaining maturity of more than one year at the time of purchase are stated at fair value. Fair value is determined at the quoted market prices, if available; otherwise, the fair value is estimated based on the amount at which the investment could be exchanged in a current transaction between willing parties, other than a forced liquidation sale. Investments in the State of Oregon Local Government Investment Pool (LGIP) are stated at fair value.

# **LAKE COUNTY EDUCATION SERVICE DISTRICT**

## **NOTES TO THE BASIC FINANCIAL STATEMENTS**

**June 30, 2023**

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### **CASH AND INVESTMENTS (Cont.):**

Deposits - All cash is deposited in compliance with Oregon statutes. The insurance and collateral requirements for deposits are established by banking regulations and Oregon law. FDIC insurance of \$250,000 applies to the deposits in each depository. ORS 295 governs the collateralization of Oregon public funds and provides the statutory requirements for the Oregon Public Funds Collateralization Program (PFCP). Where balances continually exceed \$250,000, ORS 295 requires the depositor to verify that deposit accounts are only maintained at financial institutions on the list of qualified depositories found on the state treasurer's website.

*Custodial Credit Risk for Deposits* - Custodial credit risk for deposits exists when, in the event of a depository failure, the District's deposits may not be returned to it. The District does not have a deposit policy for custodial credit risk.

As of June 30, 2023, the reported amount of the District's deposits was \$404,110.09, the bank balance was \$457,938.47. Of the bank balance, the entire amount was insured by the FDIC or covered by the collateral held in a multiple financial institutions collateral pool administered by the Oregon State Treasurer.

Investments - Oregon statutes authorize the District to invest in obligations of the U.S. Treasury and U.S. agencies, banker's acceptances, repurchase agreements, commercial paper rated A-1 by Standard & Poor's Corporation or P-1 by Moody's Commercial Paper Record, and the Local Governmental Investment Pool. The District has no credit risk policy or investment policy that would further limit its investment choices.

*Credit Risk* - Credit risk exists when there is a possibility the issuer or other counterparty to an investment may be unable to fulfill its obligations. As of June 30, 2023, the District's investment in the Oregon State Treasurer's Local Government Investment Pool (LGIP) was unrated.

As of June 30, 2023, the District's investments in financial institutions are as follows:

<b><u>Type of Investment</u></b>	<b><u>Fair Value</u></b>	<b><u>Credit Rating</u></b>
Oregon State Treasurer's Local Government Investment Pool (LGIP)	\$ 114,154	N/A
Total Investments	<u>\$ 114,154</u>	

*Concentration of Credit Risk* - An increased risk of loss occurs as more investments are acquired from one issuer. This results in a *concentration of credit risk*. The District places no limit on the amount that may be invested in any one issuer. More than 5 percent of the District's investments are in the Oregon State Treasurer's Local Government Investment Pool (LGIP). This investment is 100% of the District's total investments.

# **LAKE COUNTY EDUCATION SERVICE DISTRICT**

## **NOTES TO THE BASIC FINANCIAL STATEMENTS**

**June 30, 2023**

### **CAPITAL ASSETS:**

The following is a summary of capital asset activity for the fiscal year ended June 30, 2023:

<b>Depreciable Assets Schedule</b>				
For the Fiscal Year Ended June 30, 2023				
<b>Governmental Activities</b>	<b>Beginning Balances</b>	<b>Additions</b>	<b>Deletions</b>	<b>Ending Balances</b>
<b>Assets not being depreciated:</b>				
Land	\$ 12,344	\$ -	\$ -	\$ 12,344
Total assets not being depreciated	12,344	-	-	12,344
<b>Assets being depreciated:</b>				
Land Improvement	-	-	-	-
Building and Building Improvement	175,173	-	-	175,173
Machinery and Equipment	81,121	-	-	81,121
Total Depreciable Assets	256,294	-	-	256,294
<b>Less: Accumulated Depreciation</b>				
Building and Building Improvement	57,714	3,726	-	61,440
Machinery and Equipment	64,280	5,936	-	70,216
Total Accumulated Depreciation	121,994	9,662	-	131,656
Net Value of Capital Assets Being Depreciated	134,300	(9,662)	-	124,637
Total Governmental Activities --				
Net Value of Capital Assets	\$ 146,644	\$ (9,662)	\$ -	\$ 136,981
<b>Depreciation expense was charged to governmental functions as follows:</b>				
Support Services	\$ 9,662			
Total Depreciation Expense	\$ 9,662			

# LAKE COUNTY EDUCATION SERVICE DISTRICT

## NOTES TO THE BASIC FINANCIAL STATEMENTS

**June 30, 2023**

### LONG TERM DEBT:

The following is a summary of debt service transactions for the year ended June 30, 2023:

**Canon Copier Lease 2017** - On September 21, 2017, the District entered into a lease agreement with Canon Solutions America for the use of black and white copiers. The Unified Lease Agreement is #S0741694.03. The term of the lease is 72 months at \$176 per month. The interest rate is note imputed and considered to be zero. The Lease was terminated and replaced with a new Lease during the year. The outstanding balance is \$0.

**Canon Copier Lease 2018** - On January 23, 2018, the District entered into a lease agreement with Canon Solutions America for the use of color copiers. The Unified Lease Agreement is #S0785246.01. The term of the lease is 72 months at \$360 per month. The interest rate is note imputed and considered to be zero. The Lease was terminated and replaced with a new Lease during the year. The outstanding balance is \$0.

**Canon Copier Lease 2022** - On October 14, 2022, the District entered into a lease agreement with Canon Solutions America for the use of color copiers. The Unified Lease Agreement is #MA31571. The term of the lease is 60 months at \$389 per month. Interest rate is note imputed and considered to be zero.

The following is a schedule of transactions during the year:

## LAKE COUNTY EDUCATION SERVICE DISTRICT

### SCHEDULE OF LONG-TERM DEBT TRANSACTIONS

**For the Fiscal Year Ended June 30, 2023**

	Outstanding Balance July 1, 2022	New Issues	Principal Paid	Interest Paid	Outstanding Balance June 30, 2023	Due Within One Year
<b>Leases Payable:</b>						
Canon Copier Lease 2017	\$ 2,999	\$ -	\$ 2,999	\$ -	\$ -	\$ -
Canon Copier Lease 2018	7,195	-	7,195	-	-	-
Canon Copier Lease 2022	-	23,340	3,112	-	20,228	4,668
<b>Total Leases Payable</b>	<b>\$ 10,194</b>	<b>\$ 23,340</b>	<b>\$ 13,306</b>	<b>\$ -</b>	<b>\$ 20,228</b>	<b>\$ 4,668</b>
<b>Total Long-Term Debt</b>	<b>\$ 10,194</b>	<b>23,340</b>	<b>\$ 13,306</b>	<b>\$ -</b>	<b>\$ 20,228</b>	<b>\$ 4,668</b>

The future debt service requirements on the above debt are as follows:

Leases Payable:	Due Fiscal Year Ending June 30,	Principal	Interest	Total
	2024	\$ 4,668	\$ -	\$ 4,668
	2025	4,668	-	4,668
	2026	4,668	-	4,668
	2027	4,668	-	4,668
	2028	1,556	-	1,556
	Total	<u>\$ 20,228</u>	<u>\$ -</u>	<u>\$ 20,228</u>

The District has no unused lines of credit. The District has no assets that are specifically pledged as collateral for any of the debt. For further details on debt service, see the 'Schedule of Long-Term Debt Transactions' in the Other Information section of this report.



# LAKE COUNTY EDUCATION SERVICE DISTRICT

## NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2023

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### PENSION PLAN:

Lake County Education Service District offers various retirement plans to qualified employees as described below.

#### Name of Pension Plan

Lake County Education Service District participates with other state agencies in the Oregon Public Employees Retirement System (OPERS) which is a cost-sharing multiple-employer defined benefit pension plan.

#### Description of Benefit Terms

##### Plan Benefits

OPERS is administered in accordance with Oregon Revised Statutes (ORS) Chapter 238, Chapter 238A, and Internal Revenue Code Section 401(a). The Oregon Legislature has delegated authority to the Public Employees Retirement Board (PERS Board) to administer and manage the System.

**1. Tier One/Tier Two Retirement Benefit (Chapter 238).** OPERS is a defined benefit pension plan that provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to members and their beneficiaries. Benefits are established by state statute. This defined benefit pension plan portion of OPERS is closed to new members hired on or after August 29, 2003.

##### *Pension Benefits*

The OPERS 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, 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 benefit 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 One 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 Two 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.

During the 2019 Legislative session, Senate Bill 1049 was approved and signed into law by the governor. Under Senate Bill 1049, several components of the bill have significantly impacted the System, and the bill continues to be implemented.

1. Employer Programs Project (effective July 1, 2019): established the Employer Incentive Fund (EIF) Program, which allows eligible employers to receive matching funds if they apply and make a qualifying deposit into a side account.
2. Salary Limit Project: A new limitation on subject final average salary used for PERS benefit calculations and contributions is used to determine member IAP contributions, employer contributions to fund the pension program, and the Final Average Salary (FAS) used in calculating retirement benefits under formula methods was added, (\$210,582 as of January 1, 2022). This amount is indexed annually to the Consumer Price Index (CPI).

# **LAKE COUNTY EDUCATION SERVICE DISTRICT**

## **NOTES TO THE BASIC FINANCIAL STATEMENTS**

**June 30, 2023**

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### **PENSION PLAN (Cont.):**

3. Work After Retirement Project (effective January 1, 2020): The 1,039-hour Work After Retirement limit for all PERS retirees is removed for calendar years 2020 through 2024. If a member retires on or after normal retirement age, starting in 2020, they can work for a PERS-covered employer and continue receiving their pension benefit (without accruing any new benefits) with no hour limitations. If a member retires earlier than normal retirement age, starting in 2020, they can work for a PERS-covered employer and continue receiving their pension benefit (without accruing any new benefits) with no hour limitations if the date of their employment is more than six months after their retirement date.
4. Member Redirect Project (effective July 1, 2020): For all currently employed Tier One/Tier Two and OPSRP members earning \$2,500/month or more, (adjusted to \$3,333/month in House Bill 2906 effective June 2021), a portion of their 6 percent monthly IAP contributions will be redirected to an "Employee Pension Stability Account." The Employee Pension Stability Account will be used to pay for part of the member's future pension benefit.
  - Tier One/Tier Two members: 2.5 percent of each member's IAP contribution amount, currently contributed to the IAP, (whether paid by the member or employer) will start going into an Employee Pension Stability Account (EPSA). The remainder will continue to go 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.
5. Member Choice Project (effective January 1, 2021): IAP accounts are currently invested in Target-Date Funds based on a member's birth year. Beginning in 2021, members may choose to invest their IAP balance in a fund that is more reflective of their risk tolerance than the default based on their age.
6. Additionally, the Legislature directed the PERS Board to enact a one-time re-amortization of Tier 1/Tier 2 UAL over 22 years. This means that, effective with the December 31, 2019 rate-setting valuation, the entire unamortized Tier 1/Tier 2 UAL for each rate pool and independent employer will be re-amortized over a 22 year period as a level percentage of projected future payroll.

### *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 conditions are met:

- the member was employed by an OPERS employer at the time of death,
- the member died within 120 days after termination of OPERS-covered employment,
- the member died as a result of injury sustained while employed in an OPERS-covered job, or
- the member was on an official leave of absence from an OPERS-covered job at the time of death.

### *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 OPERS judge members) for disability benefits regardless of the length of OPERS-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.

### *Benefit Changes After Retirement*

Members may choose to continue participation in a variable account after retiring and may experience annual benefit fluctuations due to changes in the market value of equity investments.

Under ORS 238.360, monthly benefits are adjusted annually through cost-of-living changes (COLA). The COLA is capped at 2.0 percent.

# **LAKE COUNTY EDUCATION SERVICE DISTRICT**

## **NOTES TO THE BASIC FINANCIAL STATEMENTS**

**June 30, 2023**

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### **PENSION PLAN (Cont.):**

**2. OPSRP Defined Benefit Pension Program (OPSRP DB).** The Pension Program (ORS Chapter 238A) provides benefits to members hired on or after August 29, 2003.

#### *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 OPSRP 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.

During the 2019 Legislative session, Senate Bill 1049 was approved and signed into law by the governor. Under Senate Bill 1049, several components of the bill have significantly impacted the System, and the bill continues to be implemented.

1. Employer Programs Project (effective July 1, 2019): established the Employer Incentive Fund (EIF) Program, which allows eligible employers to receive matching funds if they apply and make a qualifying deposit into a side account.
2. Salary Limit Project (effective January 1, 2020): A new \$195,000 limitation on subject salary used for PERS benefit calculations and contributions is used to determine member IAP contributions, employer contributions to fund the pension program, and the Final Average Salary (FAS) used in calculating retirement benefits under formula methods. This amount will be indexed annually to the Consumer Price Index (CPI).
3. Work After Retirement Project (effective January 1, 2020): The 1,039-hour Work After Retirement limit for all PERS retirees is removed for calendar years 2020 through 2024. If a member retires on or after normal retirement age, starting in 2020, they can work for a PERS-covered employer and continue receiving their pension benefit (without accruing any new benefits) with no hour limitations. If a member retires earlier than normal retirement age, starting in 2020, they can work for a PERS-covered employer and continue receiving their pension benefit (without accruing any new benefits) with no hour limitations if the date of their employment is more than six months after their retirement date.
4. Member Redirect Project (effective July 1, 2020): For all currently employed Tier One/Tier Two and OPSRP members earning \$3,333/month in House Bill 2906 as of June 2021), a portion of their 6 percent monthly IAP contributions will be redirected to an "Employee Pension Stability Account." The Employee Pension Stability Account will be used to pay for part of the member's future pension benefit.
  - OPSRP members: 0.75 percent of each member's contribution, currently contributed to the IAP, (whether paid by the member or employer) will start going into their EPSA. The remaining 5.25 percent of the members contribution will continue to go 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.

# **LAKE COUNTY EDUCATION SERVICE DISTRICT**

## **NOTES TO THE BASIC FINANCIAL STATEMENTS**

**June 30, 2023**

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### **PENSION PLAN (Cont.):**

5. Member Choice Project (effective January 1, 2021): IAP accounts are currently invested in Target-Date Funds based on a member's birth year. Beginning in 2021, members may choose to invest their IAP balance in a fund that is more reflective of their risk tolerance than the default based on their age.

#### *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.

#### *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.

### **3. Individual Account Program (IAP).**

#### *Benefit Terms*

The IAP is an individual account-based program under the PERS tax-qualified governmental plan as defined under ORS 238A.400.

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 Individual Account Program (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.

#### *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.

#### *Recordkeeping*

OPERS contracts with VOYA Financial to maintain IAP participant records.

### **4. Postemployment Healthcare Benefits.**

ORS 238.420 established the Retirement Health Insurance Account (RHIA) and authorizes a payment of up to \$60 from RHIA toward the monthly cost of health insurance for eligible PERS members. RHIA is a cost-sharing, multiple-employer OPEB plan for 898 participating employers. The plan was closed to new entrants hired on or after August 29, 2003.

To be eligible to receive this monthly payment toward the premium costs, the member must: (1) have eight years or more of qualifying service in PERS at the time of retirement or receive a disability allowance as if the member had eight years or more of creditable service in PERS, (2) receive both Medicare Parts A and B coverage, and (3) enroll in a PERS-sponsored health plan.

# **LAKE COUNTY EDUCATION SERVICE DISTRICT**

## **NOTES TO THE BASIC FINANCIAL STATEMENTS**

**June 30, 2023**

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### **PENSION PLAN (Cont.):**

#### **Description of Funding and Contributions for PERS Benefit Plans**

OPERS' funding policy provides for periodic member and employer contributions at rates established by the Public Employees Retirement Board, subject to limits set in statute. Contributions for employers are recognized on the accrual basis of accounting. Employer contributions to OPERS are calculated based on creditable compensation for active members reported by employers. The rates established for member and employer contributions were approved based on the recommendations of the System's third-party actuary. The contribution rate for every employer has at least two major components; Normal Cost Rate and Unfunded Actuarial Liability (UAL) Rate.

The District's employer contributions for the year ended June 30, 2023 were \$247,590 excluding amounts to fund employer specific liabilities.

The contribution rates in effect for the period July 1, 2021 to June 30, 2023 were: Tier1/Tier2 – 26.83%, and OPSRP General Service – 23.72%.

#### *Member Contributions*

Beginning January 1, 2004, all member contributions, except for contributions by judge members, were placed in the OPSRP Individual Account Program (IAP). Prior to that date, all member contributions were credited to the Defined Benefit Pension Plan. Member contributions are set by statute at 6.0 salary and are remitted by participating employers. The contributions are either deducted from member salaries or paid by the employers on the members' behalf.

During FY 2021-2023, approximately \$52,117 in employee IAP contributions were paid or picked up by the District.

#### *Employer Contributions*

##### *Employer 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. This funding policy applies to the PERS Defined Benefit Plan and OPEB (Other Post Employment Benefit) Plans. Employer contribution rates during the period were based on the December 31, 2019, actuarial valuation, which became effective July 1, 2021. The state of Oregon and certain schools, community colleges, and political subdivisions have made supplemental unfunded actuarial liability payments, and their rates have been reduced. Effective January 1, 2020, Senate Bill 1049 required employers to pay contributions on re-employed PERS retirees' salary as if they were an active member, excluding IAP (6%) contributions. Re-employed retirees do not accrue additional benefits while they work after retirement.

For **Oregon PERS Defined Benefit Plans**, Effective July 1, 2021, the contribution rate for State Agencies was 20.36%, the State and Local Government Rate Pool 28.08%, School Districts 27.54%, and judiciary 24.56% of PERS-covered salaries.

For **Oregon PERS OPSRP Benefit Plans**, all PERS employers with OPSRP Pension Program members are actuarially pooled and share the same contribution rate.

Members of OPSRP are required to contribute 6.0% of their salary covered under the plan which is invested in the IAP. For employees in Tier One / Tier two, the Employer makes this contribution on behalf of its members.

# LAKE COUNTY EDUCATION SERVICE DISTRICT

## NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2023

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### **PENSION PLAN (Cont.):**

Employer contributions are advance-funded on an actuarially determined basis. There is no inflation assumption for RHIA postemployment benefits because the payment amount is set by statute and is not adjusted for increases in healthcare costs.

ORS 238.415 established the Retiree Health Insurance Premium Account (RHIPA) and requires the Board on or before January 1 of each year to calculate the average difference between the health insurance premiums paid by retired state employees under contracts entered into by the Board and health insurance premiums paid by active state employees.

For **OPSRP Pension Program**, all OPERS employers with OPSRP Pension Program members are actuarially pooled and share the same contribution rate. Each of these rates includes a component related to disability benefits for General Service and Police and Fire members.

### **Pension Plan CAFR/ ACFR**

Oregon PERS produces an independently audited ACFR which can be found at:  
[2022-Annual-Comprehensive-Financial-Report.pdf \(oregon.gov\)](#)

### **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 OPERS Defined Benefit Plan, this method produced an employer contribution rate consisting of (1) an amount for normal cost (the estimated amount necessary to finance benefits earned by the employees during the current service year), (2) 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 20 years by ongoing Board policy. However, upon passage of Senate Bill 1049, the Legislature directed the PERS Board to enact a one-time re-amortization of Tier 1/Tier 2 UAL over 22 years. This means that, effective with the December 31, 2019 rate-setting valuation, the entire unamortized Tier 1/Tier 2 UAL for each rate pool and independent employer will be re-amortized over a 22 year period as a level percentage of projected future payroll.

For the OPSRP Pension Program component of the OPERS Defined Benefit Plan, this method produced an employer contribution 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 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.

For the Postemployment Healthcare component, the RHIA plan fiduciary net position balance represents the program's accumulation of employer contributions and investment earnings less premium subsidies and administrative expenses. No UAL rate was assigned for the RHIA program as it was funded over 100% as of December 31, 2019. Typically, PERS employers contribute an actuarially determined percent of all PERS-covered salaries to amortize the unfunded actuarial accrued liability over a fixed period with new unfunded actuarial accrued liabilities being amortized over 10 years.

# LAKE COUNTY EDUCATION SERVICE DISTRICT

## NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2023

### PENSION PLAN (Cont.):

#### Actuarial Methods and Assumptions Used in Developing Total Pension Liability

<b>Actuarial Methods and Assumptions Used in Developing Total Pension Liability:</b>	
Valuation Date	December 31, 2020
Measurement Date	June 30, 2022
Experience Study	2020, published July 24, 2021
Actuarial cost method	Entry Age Normal
Actuarial assumptions:	
Inflation rate	2.40 percent
Long-term expected rate of return	6.90 percent
Discount rate	6.90 percent
Projected salary increases	3.40 percent
Cost of living adjustments (COLA)	Blend of 2.00% COLA and graded COLA (1.25%/0.15%) in accordance with Moro decision; blend based on service.
Mortality	<b>Healthy retirees and beneficiaries:</b> 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. <b>Active members:</b> Pub-2010 Employee, sex distinct, generational with Unisex, Social Security Data Scale, with job category adjustments and set-backs as described in the valuation. <b>Disabled retirees:</b> Pub-2010 Disable Retiree, sex distinct, generational with Unisex, Social Security Data Scale, with job category adjustments and set-backs as described in the valuation.

Actuarial valuations of an ongoing plan involve estimates of the value of projected benefits 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 methods and assumptions shown above are based on the 2020 Experience Study which reviewed experience for the four-year period ending on December 31, 2020.

#### *Discount Rate*

The discount rate used to measure the total pension liability was 6.90 percent for the Defined Benefit Pension Plan. The projection of cash flows used to determine the discount rate assumed that contributions from 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.

# **LAKE COUNTY EDUCATION SERVICE DISTRICT**

## **NOTES TO THE BASIC FINANCIAL STATEMENTS**

**June 30, 2023**

### **PENSION PLAN (Cont.):**

#### *Depletion Date Projection*

GASB 67 generally requires that a blended discount rate be used to measure the Total Pension Liability (the Actuarial Accrued Liability calculated using the Individual Entry Age Normal Cost Method). The long-term expected return on plan investments may be used to discount liabilities to the extent that the plan's Fiduciary Net Position is projected to cover benefit payments and administrative expenses. A 20-year high quality (AA/Aa or higher) municipal bond rate must be used for periods where the Fiduciary Net Position is not projected to cover benefit payments and administrative expenses. Determining the discount rate under GASB 67 will often require that the actuary perform complex projections of future benefit payments and pension plan investments. GASB 67 (paragraph 43) does allow for alternative evaluations of projected solvency, if such evaluation can reliably be made. GASB does not contemplate a specific method for making an alternative evaluation of sufficiency; it is left to professional judgment.

The following circumstances justify an alternative evaluation of sufficiency for OPERS:

- OPERS has a formal written policy to calculate an Actuarially Determined Contribution (ADC), which is articulated in the actuarial valuation report.
- The ADC is based on a closed, layered amortization period, which means that payment of the full ADC each year will bring the plan to a 100% funded position by the end of the amortization period if future experience follows assumption.
- GASB 67 specifies that the projections regarding future solvency assume that plan assets earn the assumed rate of return and there are no future changes in the plan provisions or actuarial methods and assumptions, which means that the projections would not reflect any adverse future experience which might impact the plan's funded position.

Based on these circumstances, it is our independent actuary's opinion that the detailed depletion date projections outlined in GASB 67 would clearly indicate that the Fiduciary Net Position is always projected to be sufficient to cover benefit payments and administrative expenses.

#### *OIC Target and Actual Investment Allocation as of June 30, 2022*

<u>Asset Class/Strategy</u>	<u>OIC Policy Range</u>	<u>OIC Target Allocation</u>	<u>Asset Class/Strategy</u>	<u>Actual Allocation<sup>2</sup></u>
Debt Securities	15.0% - 25.0%	20.0%	Debt Securities	19.8%
Public Equity	25.0% - 35.0%	30.0%	Public Equity	21.2%
Real Estate	7.5% - 17.5%	12.5%	Real estate	13.6%
Private Equity	15.0% - 27.5%	20.0%	Private Equity	28.0%
Risk Parity	0.0% - 3.5%	2.5%	Risk Parity	2.0%
Real Assets	2.5% - 10.0%	7.5%	Real Assets	7.9%
Diversifying Strategies	2.5% - 10.0%	7.5%	Diversifying Strategies	4.9%
Opportunity Portfolio <sup>1</sup>	0.0% - 5.0%	0.0%	Opportunity Portfolio	2.6%
Total		100%	Total	100%

<sup>1</sup>Opportunity Portfolio is an investment strategy and it may be invested up to 5% of total plan net position.

<sup>2</sup>Based on the actual investment value at 6/30/2022.

<sup>3</sup>In October 2021 the Alternatives Portfolio was split into Real Assets and Diversifying Strategies.



# LAKE COUNTY EDUCATION SERVICE DISTRICT

## NOTES TO THE BASIC FINANCIAL STATEMENTS

**June 30, 2023**

### **PENSION PLAN (Cont.):**

#### *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 Oregon PERS Board reviewed long-term assumptions developed by both Milliman's capital market assumptions team and the Oregon Investment Council's (OIC) investment advisors. Each asset class assumption is based on a consistent set of underlying assumptions and includes adjustment for the inflation assumption. These assumptions are not based on historical returns, but instead are based on a forward-looking capital market economic model. 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.

<b><u>Long Term Expected Rate of Return<sup>1</sup></u></b>	<b>Target</b>	<b>Annual</b>	<b>20-Year</b>	<b>Annual</b>
<b>Asset Class</b>	<b>Allocation</b>	<b>Arithmetic</b>	<b>Annualized</b>	<b>Standard</b>
		<b>Return<sup>2</sup></b>	<b>Geometric Mean</b>	<b>Deviation</b>
Global Equity	30.62%	7.11%	5.85%	17.05%
Private Equity	25.50%	11.35%	7.71%	30.00%
Core Fixed Income	23.75%	2.80%	2.73%	3.85%
Real Estate	12.25%	6.29%	5.66%	12.00%
Master Limited Partnerships	0.75%	7.65%	5.71%	21.30%
Infrastructure	1.50%	7.24%	6.26%	15.00%
Commodities	0.63%	4.68%	3.10%	18.85%
Hedge Fund of Funds - Multistrategy	1.25%	5.42%	5.11%	8.45%
Hedge Fund Equity - Hedge	0.63%	5.85%	5.31%	11.05%
Hedge Fund - Macro	5.62%	5.33%	5.06%	7.90%
US Cash <sup>3</sup>	-2.50%	1.77%	1.76%	1.20%
<b>Assumed Inflation - Mean</b>			<b>2.40%</b>	<b>1.65%</b>

<sup>1</sup>Based on the Oregon Investment Council's (OIC) Statement of Investment Objectives and Policy Framework for the Oregon Public Employees Retirement Fund as most recently revised on June 2, 2021.

<sup>2</sup>The arithmetic mean is a component that goes into calculating the geometric mean. Expected rates of return are presented using the geometric mean, which the Board uses in setting the discount rate.

<sup>3</sup>Negative allocation to cash represents leveraged exposure from allocation to Risk Parity strategy.

### **Sensitivity Analysis**

The following presents the employer's proportionate share of the net pension liability calculated using the discount rate of 6.90 percent, as well as what the employer's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.90 percent) or 1-percentage-point higher (7.90 percent) than the current rate:

	1% Decrease	Discount Rate	1% Increase
	5.90%	6.90%	7.90%
Employer's proportionate share of the net pension liability	\$ 1,523,735	\$ 859,210	\$ 303,034

### **Changes Since Last Valuation**

A summary of key changes implemented after the December 31, 2020 valuation, which was used in the 2021 PERS ACFR. Changes are described briefly below. Additional detail and a comprehensive list of changes in methods and assumptions can be found in the 2020 Experience Study for the System, which was published on July 20, 2021, which can be found at: [2020-Experience-Study.pdf \(oregon.gov\)](#)

# LAKE COUNTY EDUCATION SERVICE DISTRICT

## NOTES TO THE BASIC FINANCIAL STATEMENTS

**June 30, 2023**

### **PENSION PLAN (Cont.):**

#### Changes in Actuarial Methods and Allocation Procedures

There were no changes in actuarial methods and allocation procedures since the December 31, 2020 actuarial valuation.

#### Changes in Assumptions

There were no changes in actuarial methods and allocation procedures since the December 31, 2020 actuarial valuation.

#### Mortality Rates

A summary of the current assumed mortality rates and recommended changes is shown below:

Assumption	Recommended December 31, 2020 and 2021 Valuations	Recommended December 31, 2022 and 2023 Valuations
<b>Healthy Annuitant Mortality</b>	<b>Pub-2010 Healthy Retiree, Sex Distinct, Generational Projection with Unisex Social Security Data Scale</b>	<b>Pub-2010 Healthy Retiree, Sex Distinct, Generational Projection with Unisex Social Security Data Scale</b>
School District male	Blend 80% Teachers and 20% General Employees, no set back	No change
Other General Service male (and male beneficiary)	General Employees, set back 12 months	No change
Police & Fire male	Public Safety, no set back	No change
School District female	Teachers, no set back	No change
Other female (and female beneficiary)	General Employees, no set back	No change
Police & Fire female	Public Safety, set back 12 months	No change
<b>Disabled Retiree Mortality</b>	<b>Pub-2010 Disabled Retiree, Sex Distinct, Generational Projection with Unisex Social Security Data Scale</b>	<b>Pub-2010 Disabled Retiree, Sex Distinct, Generational Projection with Unisex Social Security Data Scale</b>
Police & Fire male	Blended 50% Public Safety, 50% Non-Safety, no set back	No change
Other General Service male	Non-Safety, set forward 24 months	No change
Police & Fire female	Blended 50% Public Safety, 50% Non-Safety, no set back	No change
Other General Service female	Non-Safety, set forward 12 months	No change
<b>Non-Annuitant Mortality</b>	<b>Pub-2010 Employee, Sex Distinct, Generational Projection with Unisex Social Security Data Scale</b>	<b>Pub-2010 Employee, Sex Distinct, Generational Projection with Unisex Social Security Data Scale</b>
School District male	125% of same table and set back as Non-Disabled Annuitant assumption	No change
Other General Service male	115% of same table and set back as Non-Disabled Annuitant assumption	No change
Police & Fire male	100% of same table and set back as Non-Disabled Annuitant assumption	125% of same table and set back as Non-Disabled Annuitant assumption
School District female	100% of same table and set back as Non-Disabled Annuitant assumption	No change
Other General Service female	125% of same table and set back as Non-Disabled Annuitant assumption	No change
Police & Fire female	100% of same table and set back as Non-Disabled Annuitant assumption	No change

# **LAKE COUNTY EDUCATION SERVICE DISTRICT**

## **NOTES TO THE BASIC FINANCIAL STATEMENTS**

**June 30, 2023**

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### **PENSION PLAN (Cont.):**

#### **Changes Subsequent to the Measurement Date**

There were no changes subsequent to the measurement date, that we are aware of.

#### ***Deferred Items***

Deferred items are calculated at the system-wide level and are allocated to employers based on their proportionate share. For the measurement period ending June 30, 2022, employers will report the following deferred items:

- A difference between expected and actual experience, which is being amortized over the remaining service lives of all plan participants, including retirees. One year of this amortization is included in the employer's total pension expense for the measurement period.

#### **Employer Contributions**

OPERS includes accrued contributions when due pursuant to legal requirements, as of June 30 in its Statement of Changes in Fiduciary Net Position.

Beginning with fiscal year 2016, OPERS will be able to report cash contributions and UAL side account amortization by employer, and will publish this information on the OPERS Website. Prior to fiscal year 2016, contributions to the OPSRP Defined Benefit plan were not accounted for by employer, as all employers were pooled for actuarial purposes.

#### **Elements of Changes in Net Position**

This information can be found in the Schedule of Changes in Net Pension Liability found on page 76, of the June 30, 2022 Oregon PERS ACFR. [2022-Annual-Comprehensive-Financial-Report.pdf \(oregon.gov\)](#).

#### ***Pension Liabilities/(Assets), Pension Expense, and Deferred Outflows and Inflows of Resources Related to Pensions***

At June 30, 2023, the employer reported a liability of \$859,210 for its proportionate share of the net pension liability. The net pension liability/(asset) 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 as of that date. The employer's proportion of the net pension liability was based on a projection of the employer's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined.

# **LAKE COUNTY EDUCATION SERVICE DISTRICT**

## **NOTES TO THE BASIC FINANCIAL STATEMENTS**

**June 30, 2023**

### **PENSION PLAN (Cont.):**

At June 30, 2022, the employer's proportion was 0.01439890%.

For the year ended June 30, 2023, the employer recognized pension expense of \$96,875. As of June 30, 2022, the employer reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 41,708	\$ 5,358
Changes of assumptions	134,815	1,232
Net difference between projected and actual earnings on investments	-	153,610
Changes in proportionate share	83,529	197,356
Differences between employer contributions and employer's proportionate share of system contributions	45,694	4,053
Total Deferred Outflows/Inflows	\$ 305,746	\$ 361,609
Post-measurement date contributions	247,590	N/A
Total Deferred Outflow/(Inflow) of Resources	<u>\$ 553,336</u>	<u>\$ 361,609</u>
Net Deferred Outflow/(Inflow) of Resources prior to post-measurement date contributions		<u>(55,863)</u>

The District reported \$247,590 as deferred outflows of resources related to pensions resulting from employer contributions subsequent to the measurement date that will be recognized as a reduction of the net pension liability in the next fiscal year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense/(income) as follows:

Employer subsequent fiscal years	Deferred Outflow/(Inflow) of Resources (prior to post-measurement date contributions)
1st Fiscal Year	\$ (13,086)
2nd Fiscal Year	(48,692)
3rd Fiscal Year	(62,702)
4th Fiscal Year	73,076
5th Fiscal Year	(4,459)
Thereafter	-
Total	<u>\$ (55,863)</u>

# **LAKE COUNTY EDUCATION SERVICE DISTRICT**

## **NOTES TO THE BASIC FINANCIAL STATEMENTS**

**June 30, 2023**

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### **OTHER POST-EMPLOYMENT BENEFITS (OPEB) RHIA:**

*Oregon Public Employees Retirement Systems' (OPERS) Retiree Health Insurance Account (RHIA)*

#### **Plan Description**

The District contributes to the Oregon Public Employees Retirement Systems' (OPERS) Retiree Health Insurance Account (RHIA), a cost-sharing multiple-employer defined benefit post-employment healthcare plan administered by the Oregon Public Employees Retirement Board (OPERB). The plan, which was established under Oregon Revised Statutes 238.420, provides a payment of up to \$60 per month towards the costs of health insurance for eligible OPERS retirees. RHIA post-employment benefits are set by state statute. The plan was closed to new entrants hired on or after August 29, 2003.

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.

Employer contributions are advance-funded on an actuarially determined basis. There is no inflation assumption for RHIA postemployment benefits because the payment amount is set by statute and is not adjusted for increases in healthcare costs.

A comprehensive annual financial report of the funds administered by the OPERB may be obtained by writing to Oregon Public Employees Retirement System, P.O. Box 23700, Tigard, OR 97281-3700, by calling (503) 598-7377, or by accessing the OPERS web site at <https://www.oregon.gov/pers/Pages/Financials/Actuarial-Financial-Information.aspx>.

#### **Funding Policy**

Participating employers are contractually required to contribute at a rate assessed bi-annually by the OPERB. For the fiscal year ended June 30, 2022, PERS employers contributed 0.05% of PERS-covered salaries for Tier One and Tier Two members to fund the normal cost portion of RHIA benefits. No unfunded actuarial liability (UAL) rate was assigned for the RHIA program as it was funded over 100% as of December 31, 2019. Typically, PERS employers contribute an actuarially determined percent of all PERS-covered salaries to amortize the unfunded actuarial accrued liability over a fixed period with new unfunded actuarial accrued liabilities being amortized over 10 years. These rates were based on the December 31, 2019, actuarial valuation.

#### **Contributions**

The District's contributions to OPERS' RHIA for the years ended June 30, 2023, 2021, and 2020 were \$194, \$233, and \$469 respectively, which equaled the required contributions for the year.

#### **Actuarial Methods and Assumptions Used in Developing Total Pension Liability**

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, 2021. That independently audited report was dated February 25, 2022 and can be found at: <https://sos.oregon.gov/audits/Documents/2022-09.pdf>

# LAKE COUNTY EDUCATION SERVICE DISTRICT

## NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2023

### OTHER POST-EMPLOYMENT BENEFITS (OPEB) RHIA (Cont.):

Actuarial Methods and Assumptions - OPEB Plans - RHIA	
	<b>RHIA</b>
Valuation Date	December 31, 2020
Measurement Date	June 30, 2022
Experience Study	2020, published July 20, 2021
Actuarial cost method	Entry Age Normal
Actuarial assumptions:	
Inflation rate	2.40 percent
Long-term expected rate of return	6.90 percent
Discount rate	6.90 percent
Projected salary increases	3.40 percent
Retiree healthcare participation	Healthy retirees: 27.5% Disabled retirees: 15%
Healthcare cost trend rate	Not applicable
Mortality	<b>Healthy retirees and beneficiaries:</b> 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. <b>Active members:</b> Pub-2010 Employee, sex distinct, generational with Unisex, Social Security Data Scale, with job category adjustments and set-backs as described in the valuation. <b>Disabled retirees:</b> 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, 2022.

#### Discount Rate

The discount rate used to measure the total OPEB liability was 6.90 percent. 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.

# **LAKE COUNTY EDUCATION SERVICE DISTRICT**

## **NOTES TO THE BASIC FINANCIAL STATEMENTS**

**June 30, 2023**

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### **OTHER POST-EMPLOYMENT BENEFITS (OPEB) RHIA (Cont.):**

#### **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. Table 31 on page 74 shows Milliman's assumptions for each of the asset classes in which the plans were 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 on page 74. Each asset class assumption is based on a consistent set of underlying assumptions and includes adjustment for the inflation assumption. These assumptions are not based on historical returns, but instead are based on a forward-looking capital market economic model. For more information on the Plan's portfolio, assumed asset allocation, and the long-term expected rate of return for each major class, calculated using both arithmetic and geometric means, see Pension Plan note disclosure above or the PERS' audited financial statements at:

<https://sos.oregon.gov/audits/Documents/2022-09.pdf>

#### **Sensitivity Analysis**

The following presents the employer's proportionate share of the net OPEB liability/(asset) calculated using the discount rate of 6.90 percent, as well as what the employer's proportionate share of the OPEB liability/(asset) would be if it were calculated using a discount rate that is 1-percentage-point lower (5.90 percent) or 1-percentage-point higher (7.90 percent) than the current rate:

	1% Decrease	Discount Rate	1% Increase
	5.90%	6.90%	7.90%
Employer's proportionate share of the net			
OPEB liability	\$ (29,025)	\$ (32,205)	\$ (34,930)

### **OPEB Liabilities/(Assets), OPEB Expense, and Deferred Outflows and Inflows of Resources Related to OPEB**

At June 30, 2023, the District reported a net OPEB RHIA liability/(asset) of \$(32,205 for its proportionate share of the net OPEB RHIA liability/(asset). The OPEB liability/(asset) was measured as of June 30, 2022, and the total OPEB RHIA liability/(asset) used to calculate the net OPEB RHIA liability/(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 RHIA liability/(asset) is determined by comparing the employer's actual, legally required contributions made during the fiscal year to the Plan with the total actual contributions made in the fiscal year of all employers. As of the measurement date of June 30, 2022, the District's proportion was 0.00906316 percent. OPEB RHIA expense/(income) recorded for the year ended June 30, 2023 was \$(5,206).

# **LAKE COUNTY EDUCATION SERVICE DISTRICT**

## **NOTES TO THE BASIC FINANCIAL STATEMENTS**

**June 30, 2023**

### **OTHER POST-EMPLOYMENT BENEFITS (OPEB) RHIA (Cont.):**

At June 30, 2022, the employer reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 873
Changes of assumptions	252	1,073
Net difference between projected and actual earnings on investments	-	2,456
Changes in proportionate share	12,867	5,812
Differences between employer contributions and employer's proportionate share of system contributions	-	-
Total Deferred Outflows/Inflows	\$ 13,119	\$ 10,214
Post-measurement date contributions	194	N/A
Total Deferred Outflow/(Inflow) of Resources	<u>\$ 13,313</u>	<u>\$ 10,214</u>
Net Deferred Outflow/(Inflow) of Resources prior to post-measurement date contributions		<u>2,905</u>

Contributions of \$194 were made subsequent to the measurement date, but prior to the end of the District's reporting period. These contributions, which are reported as deferred outflows of resources related to OPEB, will be included as a reduction of the net OPEB liability in the next fiscal year.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Employer subsequent fiscal years	Deferred Outflow/(Inflow) of Resources (prior to post-measurement date contributions)
1st Fiscal Year	\$ 874
2nd Fiscal Year	2,794
3rd Fiscal Year	(1,550)
4th Fiscal Year	787
5th Fiscal Year	-
Thereafter	-
Total	<u>\$ 2,905</u>

### **Changes Subsequent to the Measurement Date**

We are not aware of any changes subsequent to the June 30, 2023 Measurement Date that meet this requirement and thus require a brief description under the GASB standard.



# **LAKE COUNTY EDUCATION SERVICE DISTRICT**

## **NOTES TO THE BASIC FINANCIAL STATEMENTS**

**June 30, 2023**

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### **OTHER POST-EMPLOYMENT BENEFITS (OPEB) OEGB:**

#### *OEGB Health Insurance Subsidy*

The OEGB net OPEB liability is reported only as an estimate for the current year financial reporting. No actuarial report was obtained by the district for the current fiscal year.

#### Plan Description

The District operates a single employer retiree benefit plan through the Oregon Educators Benefit Board that provides post-employment health, dental, vision and life insurance benefits to eligible employees and their spouses. The District is required by Oregon Revised Statutes 243.303 to provide retirees and their dependents with group health insurance from the date of retirement to age 65 at the same rate provided to current employees. Premiums for retirees are tiered and based upon the premium rates available to active employees. The retiree is responsible for any portion of the premiums not paid by the Employer. In some cases, the premium itself for retirees, does not represent the full cost of medical coverage (as retirees can be expected to generate higher medical claims and therefore higher premiums than the active population). Providing the same rate to retirees as provided to current employees, raises the medical premium rates for the entire employee group. This additional cost is called the “implicit subsidy” and is required to be valued under GASB 75. This “plan” is not a stand-alone plan, and therefore, does not issue its own financial statements.

#### Funding Policy

When the District has retirees participating in their health insurance plan, it will, when applicable, collect insurance premiums from all retirees each month and deposit them. The District will then pay healthcare insurance premiums for all retirees at the applicable rate for each family classification.

#### Actuarial Methods and Assumptions

The District has not engaged an actuary to perform an evaluation of the OPEB OEGB program. If they had, the methodology would be generally based upon those used for valuing pension benefits under Oregon PERS, and developed in consultation with Milliman.

The District has no participating employees or spouses, and no employees eligible for participation for fiscal year ended June 30, 2023. Without an actuarial report, the related liability is not calculable for reporting.

The amount of net OPEB liability (asset) for OEGB is below the threshold for materiality for all opinion units and therefore, will not be reported on the Statement of Net Position.

# **LAKE COUNTY EDUCATION SERVICE DISTRICT**

## **NOTES TO THE BASIC FINANCIAL STATEMENTS**

**June 30, 2023**

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### **CONTINGENT LIABILITIES:**

Amounts received or receivable from grantor agencies are subject to review and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time although the District expects such amount, if any, to be immaterial. The District is not currently named as a defendant in any pending or threatened litigation.

### **RISK:**

To reduce the risk of loss from liability, fire, theft, accident, medical costs, and error and omissions, the District maintains various commercial insurance policies.

The District came under the State Unemployment Act as of July 1, 1974. The District has elected to pay State Unemployment insurance to the State to pay for any claims paid to former employees. Any reimbursements are paid by the fund incurring the liability to the Employment Division of the State of Oregon. The estimated liability for unpaid claims is calculated as the present value of expected but unpaid claims based on historical experience and going concern assessments. The District's estimated liability for unpaid unemployment claims is immaterial. Therefore, no liability amount appears on the District's statement of net position or balance sheet.

Certain employees have health care coverage provided by a third-party insurance company. Premiums to the insurance company are paid by employer contributions for eligible employees.

There have been no significant reductions in coverage from the prior years and settlements have not exceeded insurance coverage in the past three years.

### **INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS:**

Interfund transfers for the year ended June 30, 2023, were as follows:

	<b>Fund</b>	<b>Budget</b>	<b>Actual</b>	<b>Variance</b>
<b>Interfund Transfers Out</b>	General Fund # 100	(10,000)	(10,000)	-
	Total Transfers Out	(10,000)	(10,000)	-
<b>Interfund Transfers In</b>	Capital Projects Fund # 400	10,000	10,000	-
	Total Transfers In	10,000	10,000	-

The transfer from the General Fund is aimed at allocating additional financial resources to the Capital Projects Fund. This transfer is intended to provide the Capital Projects Fund with the necessary funding to undertake various capital projects that may be necessary for the Lake County Education Service District.

### **OVER-EXPENDITURES OF APPROPRIATIONS:**

The General Fund expenditures exceeded appropriation in Instruction by \$44,826.

**REQUIRED**  
**SUPPLEMENTARY**  
**INFORMATION**

**LAKE COUNTY EDUCATION SERVICE DISTRICT****Schedule of Revenues, Expenditures,  
and Changes in Fund Balance - Budget and Actual****General Fund #100****For the Fiscal Year Ended June 30, 2023**

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget Over (Under)
<b><u>REVENUES:</u></b>				
Taxes	\$ 685,000	\$ 685,000	\$ 592,211	\$ (92,789)
Earnings on Investments	4,000	4,000	19,094	15,094
Fees and Charges	300	300	699	399
Miscellaneous Revenue	132,082	132,082	95,586	(36,496)
Intermediate Government Aid	-	-	715	715
State Aid	852,535	852,535	914,311	61,776
Federal Aid	-	-	1,100	1,100
<b>Total Revenues</b>	<b>1,673,917</b>	<b>1,673,917</b>	<b>1,623,716</b>	<b>(50,201)</b>
<b><u>EXPENDITURES:</u></b>				
Instruction	81,129	81,129	125,955	44,826
Support Services	1,176,349	1,176,349	1,107,302	(69,047)
Contingency	295,264	295,264	-	(295,264)
<b>Total Expenditures</b>	<b>1,552,742</b>	<b>1,552,742</b>	<b>1,233,257</b>	<b>(319,485)</b>
Excess (Deficiency) of Revenues Over Expenditures	121,175	121,175	390,459	269,284
<b><u>OTHER FINANCING SOURCES (USES):</u></b>				
Interfund Transfers Out	(10,000)	(10,000)	(10,000)	-
Apportionment of Funds by ESD	(416,175)	(416,175)	(411,613)	4,562
<b>Total Other Financing Sources (Uses)</b>	<b>(426,175)</b>	<b>(426,175)</b>	<b>(421,613)</b>	<b>4,562</b>
Net Change in Fund Balance	(305,000)	(305,000)	(31,154)	273,846
Beginning Fund Balance	305,000	305,000	323,665	18,665
<b>Ending Fund Balance</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 292,511</b>	<b>\$ 292,511</b>

**LAKE COUNTY EDUCATION SERVICE DISTRICT**

**Schedule of Revenues, Expenditures,  
and Changes in Fund Balance - Budget and Actual**

**Special Revenue Fund #200**

**For the Fiscal Year Ended June 30, 2023**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Final Budget</u>
				<u>Over</u>
				<u>(Under)</u>
<b><u>REVENUES:</u></b>				
Miscellaneous Revenue	\$ 179,805	\$ 179,805	\$ 177,471	\$ (2,334)
Intermediate Government Aid	115,850	115,850	148,021	32,171
State Aid	537,770	537,770	420,968	(116,802)
Federal Aid	225,576	225,576	295,952	70,376
<b>Total Revenues</b>	<b>1,059,001</b>	<b>1,059,001</b>	<b>1,042,412</b>	<b>(16,589)</b>
<b><u>EXPENDITURES:</u></b>				
Instruction	204,047	204,047	146,749	(57,298)
Support Services	828,304	828,304	783,083	(45,221)
<b>Total Expenditures</b>	<b>1,032,351</b>	<b>1,032,351</b>	<b>929,832</b>	<b>(102,519)</b>
Excess (Deficiency) of Revenues				
Over Expenditures	26,650	26,650	-	85,930
<b><u>OTHER FINANCING SOURCES (USES):</u></b>				
Apportionment of Funds by ESD	(26,650)	(26,650)	(26,650)	-
<b>Total Other Financing Sources (Uses)</b>	<b>(26,650)</b>	<b>(26,650)</b>	<b>(26,650)</b>	<b>-</b>
Net Change in Fund Balance	-	-	85,930	85,930
Beginning Fund Balance	-	-	187,893	187,893
<b>Ending Fund Balance</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 273,823</b>	<b>\$ 273,823</b>

# **LAKE COUNTY EDUCATION SERVICE DISTRICT**

## **SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY**

### **PERS**

#### **Last 10 Fiscal Years**

<b>Fiscal Year June 30,<sup>1</sup></b>	<b>(a) Employer's proportion of the net pension liability (asset)</b>	<b>(b) Employer's proportionate share of the net pension liability (asset)</b>	<b>(c) Employer's covered payroll</b>	<b>(b/c) Employer's proportionate share of the net pension liability (asset) as a percentage of its covered payroll</b>	<b>Plan fiduciary net position as a percentage of the total pension liability</b>
2023	0.00561135%	\$ 859,210	\$ 818,669	104.95%	84.5%
2022	0.00602036%	720,425	608,142	118.46%	87.6%
2021	0.00547274%	1,194,340	488,650	244.42%	75.8%
2020	0.00769143%	1,330,433	550,740	241.57%	80.2%
2019	0.00679640%	1,029,565	515,623	199.67%	82.1%
2018	0.00726491%	979,313	510,693	191.76%	83.1%
2017	0.00904373%	1,357,674	493,416	275.16%	80.5%
2016	0.00885203%	508,236	505,946	100.45%	91.9%
2015	0.00762331%	(172,799)	426,491	-40.52%	103.6%
2014	0.00885203%	71,125	388,688	18.30%	92.0%

<sup>1</sup>Measurement date is one year in arrears.

**LAKE COUNTY EDUCATION SERVICE DISTRICT****SCHEDULE OF EMPLOYER CONTRIBUTIONS****PERS****Last 10 Fiscal Years**

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Year Ended June 30,	(a) Contractually required contribution	(b) Contributions in relation to the contractually required contribution	(a-b) Contribution deficiency (excess)	(c) Employer's covered payroll	(b/c) Contributions as a percent of covered payroll
2023	\$ 247,590	\$ 247,590	\$ -	\$ 818,669	30.24%
2022	225,885	225,885	-	608,142	37.14%
2021	179,773	179,773	-	488,650	36.79%
2020	154,474	154,474	-	550,740	28.05%
2019	149,673	149,673	-	515,623	27.20%
2018	131,301	131,301	-	562,032	23.36%
2017	97,005	97,005	-	510,693	18.99%
2016	94,864	94,864	-	493,416	19.23%
2015	99,310	896,433	-	505,946	19.63%
2014	88,252	88,252	-	426,491	20.69%

**LAKE COUNTY EDUCATION SERVICE DISTRICT****SCHEDULE OF PROPORTIONATE SHARE OF THE  
NET OPEB LIABILITY****OPEB RHIA****Last 10 Fiscal Years\***

Fiscal Year June 30, <sup>1</sup>	(a) Employer's proportion of the net OPEB liability (asset)	(b) Employer's proportionate share of the net OPEB liability (asset)	(c) Employer's covered payroll	(b/c) Employer's proportionate share of the net OPEB liability (asset) as a percentage of its covered payroll	Plan fiduciary net position as a percentage of the total OPEB liability
2023	0.00906316%	\$ (32,205)	\$ 818,669	-3.93%	194.6%
2022	0.01750988%	(60,129)	608,142	-9.89%	183.9%
2021	0.00599911%	(12,224)	488,650	-2.50%	150.1%
2020	0.00459007%	(8,870)	550,740	-1.61%	144.4%
2019	0.00539959%	(6,027)	515,623	-1.17%	124.0%
2018	0.00491133%	(2,050)	562,032	-0.35%	108.9%
2017	0.04249830%	(17,736)	510,693	0.29%	108.9%
2016	0.04137321%	11,235	493,416	2.28%	94.2%

<sup>1</sup>Measurement date is one year in arrears.

\*This schedule is presented to illustrate the requirement to show information for 10 years. However the full 10-year trend will be presented for those years for which information is available



**LAKE COUNTY EDUCATION SERVICE DISTRICT****SCHEDULE OF EMPLOYER CONTRIBUTIONS****OPEB RHIA****Last 10 Fiscal Years\***

Year Ended June 30,	(a) Contractually required contribution	(b) Contributions in relation to the contractually required contribution	(a-b) Contribution deficiency (excess)	(c) Employer's covered employee payroll	(b/c) Contributions as a percent of covered payroll
2023	\$ 194	\$ 194	\$ -	\$ 818,669	0.02%
2022	233	233	-	608,142	0.04%
2021	469	469	-	488,650	0.10%
2020	428	428	-	550,740	0.08%
2019	2,275	2,275	-	515,623	0.44%
2018	2,615	2,615	-	562,032	0.47%
2017	2,452	2,452	-	510,693	0.48%
2016	2,151	2,151	-	493,416	0.44%

\*This schedule is presented to illustrate the requirement to show information for 10 years. However the full 10-year trend will be presented for those years for which information is available

**SUPPLEMENTARY**  
**INFORMATION**  
**Capital Projects Fund**  
**and**  
**Enterprise Fund**

**LAKE COUNTY EDUCATION SERVICE DISTRICT**

**Schedule of Revenues, Expenditures,  
and Changes in Fund Balance - Budget and Actual**

**Capital Projects Fund #400**

**For the Fiscal Year Ended June 30, 2023**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Final Budget</u>
				<u>Over</u>
				<u>(Under)</u>
<b><u>REVENUES:</u></b>				
Miscellaneous Revenue	\$ 12,000	\$ 12,000	\$ 16,027	\$ 4,027
<b>Total Revenues</b>	<b>12,000</b>	<b>12,000</b>	<b>16,027</b>	<b>4,027</b>
<b><u>EXPENDITURES:</u></b>				
Support Services	25,020	25,020	13,451	(11,569)
Facilities Acquisition and Construction	38,570	38,570	-	(38,570)
<b>Total Expenditures</b>	<b>63,590</b>	<b>63,590</b>	<b>13,451</b>	<b>(50,139)</b>
Excess (Deficiency) of Revenues Over Expenditures	(51,590)	(51,590)	2,576	54,166
<b><u>OTHER FINANCING SOURCES (USES):</u></b>				
Interfund Transfers In	10,000	10,000	10,000	-
<b>Total Other Financing Sources (Uses)</b>	<b>10,000</b>	<b>10,000</b>	<b>10,000</b>	<b>-</b>
Net Change in Fund Balance	(41,590)	(41,590)	12,576	54,166
Beginning Fund Balance	41,590	41,590	42,400	810
<b>Ending Fund Balance</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 54,976</b>	<b>\$ 54,976</b>

**LAKE COUNTY EDUCATION SERVICE DISTRICT**

**Schedule of Revenues, Expenditures,  
and Changes in Fund Balance - Budget and Actual**

**Enterprise Fund #500**

**For the Fiscal Year Ended June 30, 2023**

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Over
				(Under)
<b><u>REVENUES:</u></b>				
Miscellaneous Revenue	\$ 26,779	\$ 26,779	\$ 28,995	\$ 2,216
<b>Total Revenues</b>	<b>26,779</b>	<b>26,779</b>	<b>28,995</b>	<b>2,216</b>
<b><u>EXPENDITURES:</u></b>				
Support Services	26,779	26,779	22,793	(3,986)
<b>Total Expenditures</b>	<b>26,779</b>	<b>26,779</b>	<b>22,793</b>	<b>(3,986)</b>
Net Change in Fund Balance	-	-	6,202	6,202
Beginning Fund Balance	-	-	924	924
<b>Ending Fund Balance</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 7,126</b>	<b>\$ 7,126</b>

## **OTHER INFORMATION**

**LAKE COUNTY EDUCATION SERVICE DISTRICT**  
**SCHEDULE OF LONG-TERM DEBT TRANSACTIONS**  
**For the Fiscal Year Ended June 30, 2023**

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**Canon Copier Lease 2017**

On September 21, 2017, the District entered into a lease agreement with Canon Solutions America for the use of black and white copiers. The Unified Lease Agreement is #S0741694.03. The term of the lease is 72 months at \$176 per month. Interest rate is note imputed and considered to be zero. The Lease was terminated and replaced with a new Lease during the year. The outstanding balance is \$0.

**Current Year Activity:**

	Outstanding Balance July 1, 2022	New Issues and Interest Matured	Principal and Interest Retired	Outstanding Balance June 30, 2023	Due Within One Year
Principal	\$ 2,999	\$ -	\$ 2,999	\$ -	\$ -
Interest	-	-	-	-	-
Total	<u>\$ 2,999</u>	<u>\$ -</u>	<u>\$ 2,999</u>	<u>\$ -</u>	<u>\$ -</u>

**LAKE COUNTY EDUCATION SERVICE DISTRICT**  
**SCHEDULE OF LONG-TERM DEBT TRANSACTIONS**

**For the Fiscal Year Ended June 30, 2023**

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**Canon Copier Lease 2018**

On January 23, 2018, the District entered into a lease agreement with Canon Solutions America for the use of color copiers. The Unified Lease Agreement is #S0785246.01. The term of the lease is 72 months at \$360 per month. Interest rate is note imputed and considered to be zero. The Lease was terminated and replaced with a new Lease during the year. The outstanding balance is \$0.

**Current Year Activity:**

	Outstanding Balance July 1, 2022	New Issues and Interest Matured	Principal and Interest Retired	Outstanding Balance June 30, 2023	Due Within One Year
Principal	\$ 7,195	\$ -	\$ 7,195	\$ -	\$ -
Interest	-	-	-	-	-
Total	<u>\$ 7,195</u>	<u>\$ -</u>	<u>\$ 7,195</u>	<u>\$ -</u>	<u>\$ -</u>

**LAKE COUNTY EDUCATION SERVICE DISTRICT****SCHEDULE OF LONG-TERM DEBT TRANSACTIONS****For the Fiscal Year Ended June 30, 2023****Canon Copier Lease 2018**

On January 23, 2018, the District entered into a lease agreement with Canon Solutions America for the use of color copiers. The Unified Lease Agreement is #S0785246.01. The term of the lease is 72 months at \$360 per month. Interest rate is note imputed and considered to be zero. The Lease was terminated and replaced with a new Lease during the year. The outstanding balance is \$0.

**Current Year Activity:**

	Outstanding Balance July 1, 2022	New Issues and Interest Matured	Principal and Interest Retired	Outstanding Balance June 30, 2023	Due Within One Year
Principal	\$ 7,195	\$ -	\$ 7,195	\$ -	\$ -
Interest	-	-	-	-	-
Total	<u>\$ 7,195</u>	<u>\$ -</u>	<u>\$ 7,195</u>	<u>\$ -</u>	<u>\$ -</u>

**LAKE COUNTY EDUCATION SERVICE DISTRICT****SCHEDULE OF LONG-TERM DEBT TRANSACTIONS****For the Fiscal Year Ended June 30, 2023****Canon Copier Lease 2022**

On October 14, 2022, the District entered into a lease agreement with Canon Solutions America for the use of color copiers. The Unified Lease Agreement is #MA31571. The term of the lease is 60 months at \$389 per month. Interest rate is note imputed and considered to be zero.

**Current Year Activity:**

	Outstanding Balance July 1, 2022	New Issues and Interest Matured	Principal and Interest Retired	Outstanding Balance June 30, 2023	Due Within One Year
Principal	\$ -	\$ 23,340	\$ 3,112	\$ 20,228	\$ 4,668
Interest	-	-	-	-	-
Total	<u>\$ -</u>	<u>\$ 23,340</u>	<u>\$ 3,112</u>	<u>\$ 20,228</u>	<u>\$ 4,668</u>

**Future Requirements:**

	Fiscal Year Ended June 30,	Principal	Interest	Total	Interest Rate
	2024	\$ 4,668	\$ -	\$ 4,668	0.00%
	2025	4,668	-	4,668	0.00%
	2026	4,668	-	4,668	0.00%
	2027	4,668	-	4,668	0.00%
	2028	1,556	-	1,556	0.00%
Total		<u>\$ 20,228</u>	<u>\$ -</u>	<u>\$ 20,228</u>	



**LAKE COUNTY EDUCATION SERVICE DISTRICT**

**Oregon Department of Education Form 581-3211-C**

**For the Fiscal Year Ended June 30, 2023**

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**SUPPLEMENTAL INFORMATION 2022-2023**

Part A is needed for computing Oregon's full allocation for ESEA, Title 1 & other Federal Funds for Education

**B. Energy Bills for Heating - All Funds:**

Please enter your expenditures for electricity  
& heating fuel, and water & sewage  
for these Functions & Objects.

	Objects 325 & 326 & *327
Function 2540	\$ 7,433
Function 2550	\$ -

**C. Replacement of Equipment - General Fund:**

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

Exclude these functions:

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

Exclude these functions:

4150      Construction  
2550      Pupil Transportation  
3100      Food Service  
3300      Community Services

\$ -
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\*Object code 327 (water and sewage) has been added to Part A to be included in the Function 2540 and 2550 totals.

# **LAKE COUNTY EDUCATION SERVICE DISTRICT**

## **Audit Revenue Summary - All Funds**

**For the Fiscal Year Ended June 30, 2023**

### **Revenue from Local Sources**

1110	Ad Valorem Taxes Levied by District
1190	Penalties and Interest on Taxes
1500	Earnings on Investments
1700	Extracurricular Activities
1910	Rentals
1920	Contributions and Donations From Private Sources
1940	Services Provided Other Local Education Agencies
1970	Services Provided Other Funds
1980	Fees Charged to Grants
1990	Miscellaneous

<b>Fund 100</b>	<b>Fund 200</b>	<b>Fund 400</b>	<b>Fund 500</b>
\$ 588,120	\$ -	\$ -	\$ -
4,092	-	-	-
19,094	-	-	-
699	-	-	-
66,173	-	-	-
-	15,000	-	-
-	146,405	-	26,803
-	-	16,027	-
26,289	-	-	-
3,124	16,067	-	2,191
\$ 707,591	\$ 177,471	\$ 16,027	\$ 28,995

### **Total Revenue from Local Sources**

### **Revenue from Intermediate Sources**

2199	Other Intermediate Sources
2200	Restricted Revenue

<b>Fund 100</b>	<b>Fund 200</b>	<b>Fund 400</b>	<b>Fund 500</b>
\$ 715	\$ -	\$ -	\$ -
-	148,021	-	-
\$ 715	\$ 148,021	\$ -	\$ -

### **Total Revenue from Intermediate Sources**

### **Revenue from State Sources**

3101	State School Fund - General Support
3299	Other Restricted Grants-In-Aid

<b>Fund 100</b>	<b>Fund 200</b>	<b>Fund 400</b>	<b>Fund 500</b>
\$ 892,311	\$ -	\$ -	\$ -
22,000	420,968	-	-
\$ 914,311	\$ 420,968	\$ -	\$ -

### **Total Revenue from State Sources**

### **Revenue from Federal Sources**

4500	Restricted Revenue From the Federal Government Through the State
4802	Impact Aid to School Districts for Operation (PL 874)

<b>Fund 100</b>	<b>Fund 200</b>	<b>Fund 400</b>	<b>Fund 500</b>
\$ -	\$ 295,952	\$ -	\$ -
1,100	-	-	-
\$ 1,100	\$ 295,952	\$ -	\$ -

### **Total Revenue from Federal Sources**

### **Revenue from Other Sources**

5200	Interfund Transfers
------	---------------------

<b>Fund 100</b>	<b>Fund 200</b>	<b>Fund 400</b>	<b>Fund 500</b>
\$ -	\$ -	\$ 10,000	\$ -
\$ -	\$ -	\$ 10,000	\$ -

### **Total Revenue from Other Sources**

### **Grand Total**

<b>\$ 1,623,717</b>	<b>\$ 1,042,412</b>	<b>\$ 26,027</b>	<b>\$ 28,995</b>
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**LAKE COUNTY EDUCATION SERVICE DISTRICT**

**Audit Expenditure Summary-General Fund #100**

**For the Fiscal Year Ended June 30, 2023**

**FUND: General Fund #100**

<b>Instruction Expenditures</b>		<b>Totals</b>	<b>Object 100</b>	<b>Object 200</b>	<b>Object 300</b>	<b>Object 400</b>	<b>Object 600</b>	<b>Object 700</b>
1250	Less Restrictive Programs for Students	125,955	67,074	47,314	11,009	559	-	-
1400	Summer School Programs	-	-	-	-	-	-	-
<b>Total Instruction Expenditures</b>		\$ 125,955	\$ 67,074	\$ 47,314	\$ 11,009	\$ 559	\$ -	\$ -
<b>Support Services Expenditures</b>		<b>Totals</b>	<b>Object 100</b>	<b>Object 200</b>	<b>Object 300</b>	<b>Object 400</b>	<b>Object 600</b>	<b>Object 700</b>
2110	Attendance and Social Work Services	\$ 18,773	\$ 11,707	\$ 4,802	\$ 1,801	\$ 263	\$ 200	\$ -
2130	Health Services	13,619	-	-	13,619	-	-	-
2140	Psychological Services	138,082	77,962	45,582	11,761	2,777	-	-
2150	Speech Pathology and Audiology Services	312,758	107,748	68,095	135,349	1,313	253	-
2190	Service Direction, Student Support Services	69,133	36,824	21,097	4,886	6,325	-	-
2210	Improvement of Instruction Services	141,379	77,257	44,754	17,510	1,858	-	-
2220	Educational Media Services	5,882	-	-	5,882	-	-	-
2310	Board of Education Services	43,401	-	-	25,256	1,199	16,945	-
2320	Executive Administration Services	98,539	59,324	33,007	4,608	104	1,495	-
2520	Fiscal Services	153,813	36,139	21,503	94,499	305	1,366	-
2540	Operation and Maintenance of Plant Services	25,725	6,269	687	11,627	3,844	3,297	-
2570	Internal Services	37,033	20,444	12,886	1,410	2,292	-	-
2640	Staff Services	650	-	-	-	650	-	-
2660	Technology Services	48,516	-	-	42,155	6,211	150	-
<b>Total Support Services Expenditures</b>		\$1,107,302	\$ 433,675	\$ 252,414	\$ 370,365	\$ 27,143	\$ 23,706	\$ -
<b>Other Uses Expenditures</b>		<b>Totals</b>	<b>Object 100</b>	<b>Object 200</b>	<b>Object 300</b>	<b>Object 400</b>	<b>Object 600</b>	<b>Object 700</b>
5200	Transfers of Funds	\$ 10,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 10,000
5300	Apportionment of Funds by ESD	411,613	-	-	-	-	-	411,613
<b>Total Other Uses Expenditures</b>		\$ 421,613	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 421,613
<b>Grand Total</b>		<b>\$1,654,870</b>	<b>\$ 500,748</b>	<b>\$ 299,728</b>	<b>\$ 381,374</b>	<b>\$ 27,702</b>	<b>\$ 23,706</b>	<b>\$ 421,613</b>

**LAKE COUNTY EDUCATION SERVICE DISTRICT**

**Audit Expenditure Summary-Special Revenue Fund #200**

**For the Fiscal Year Ended June 30, 2023**

**FUND: Special Revenue Fund #200**

**Instruction Expenditures**

1250 Less Restrictive Programs for Students  
with Disabilities

1260 Treatment and Habilitation

**Total Instruction Expenditures**

<b>Totals</b>	<b>Object 100</b>	<b>Object 200</b>	<b>Object 300</b>	<b>Object 400</b>	<b>Object 600</b>	<b>Object 700</b>
\$ 1,383	\$ -	\$ -	\$ 1,269	\$ -	\$ 114	\$ -
145,366	83,027	46,552	7,250	599	7,939	\$ -
\$ 146,749	\$ 83,027	\$ 46,552	\$ 8,518	\$ 599	\$ 8,053	\$ -

**Support Services Expenditures**

2110 Attendance and Social Work Services

2120 Guidance Services

2140 Psychological Services

2210 Improvement of Instruction Services

2240 Instructional Staff Development

2410 Office of the Principal Services

2520 Fiscal Services

2540 Operation and Maintenance of Plant  
Services

2620 Planning, Research, Development,  
Evaluation Services, Grant Writing and  
Statistical Services

2640 Staff Services

2660 Technology Services

**Total Support Services Expenditures**

<b>Totals</b>	<b>Object 100</b>	<b>Object 200</b>	<b>Object 300</b>	<b>Object 400</b>	<b>Object 600</b>	<b>Object 700</b>
\$ 15,000	\$ -	\$ -	\$ 15,000	\$ -	\$ -	\$ -
123,409	65,073	33,144	12,024	7,341	5,827	-
352,308	216,432	109,316	11,299	2,276	12,986	-
28,595	13,792	8,093	4,740	-	1,970	-
8,232	-	-	8,029	-	203	-
33,227	21,958	9,448	1,821	-	-	-
63,013	39,587	22,586	840	-	-	-
3,957	-	-	-	3,895	62	-
142,640	85,000	47,796	6,508	952	2,383	-
2,703	-	-	-	2,703	-	-
9,999	-	-	-	9,174	826	-
\$ 783,083	\$ 441,842	\$ 230,383	\$ 60,261	\$ 26,341	\$ 24,256	\$ -

**Other Uses Expenditures**

5300 Apportionment of Funds by ESD

**Total Other Uses Expenditures**

**Grand Total**

<b>Totals</b>	<b>Object 100</b>	<b>Object 200</b>	<b>Object 300</b>	<b>Object 400</b>	<b>Object 600</b>	<b>Object 700</b>
\$ 26,650	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 26,650
\$ 26,650	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 26,650
<b>\$ 956,482</b>	<b>\$ 524,869</b>	<b>\$ 276,935</b>	<b>\$ 68,779</b>	<b>\$ 26,940</b>	<b>\$ 32,309</b>	<b>\$ 26,650</b>

**LAKE COUNTY EDUCATION SERVICE DISTRICT**

**Audit Expenditure Summary-Capital Projects Fund #400**

**For the Fiscal Year Ended June 30, 2023**

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**FUND: Capital Projects Fund #400**

**Support Services Expenditures**

2570 Internal Services

**Total Support Services Expenditures**

**Grand Total**

<b>Totals</b>	<b>Object 300</b>	<b>Object 400</b>	<b>Object 600</b>
\$ 13,451	\$ 3,241	\$ 8,335	\$ 1,875
\$ 13,451	\$ 3,241	\$ 8,335	\$ 1,875
<b>\$ 13,451</b>	<b>\$ 3,241</b>	<b>\$ 8,335</b>	<b>\$ 1,875</b>

**LAKE COUNTY EDUCATION SERVICE DISTRICT**

**Audit Expenditure Summary- Enterprise Fund #500**

**For the Fiscal Year Ended June 30, 2023**

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**FUND: Enterprise Fund #500**

**Support Services Expenditures**

2570 Internal Services

**Total Support Services Expenditures**

**Grand Total**

<b>Totals</b>	<b>Object 100</b>	<b>Object 200</b>	<b>Object 300</b>	<b>Object 400</b>
\$ 22,793	\$ 5,185	\$ 3,249	\$ 9,968	\$ 4,391
\$ 22,793	\$ 5,185	\$ 3,249	\$ 9,968	\$ 4,391
<b>\$ 22,793</b>	<b>\$ 5,185</b>	<b>\$ 3,249</b>	<b>\$ 9,968</b>	<b>\$ 4,391</b>

**LAKE COUNTY EDUCATION SERVICE DISTRICT**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**For the Fiscal Year Ended June 30, 2023**

Assistance Listing (AL) #													
Federal Grantor/Pass Through Grantor/Program Title	Federal Awarding Agency Prefix	AL Three-Digit Extension	Additional Award Identification	Federal Program Name	Cluster Name	Grant Fund	Assistance Listing Number	Grant Period	Original Program or Grant Amount	(Receivable) / Deferred Revenue June 30, 2022	Cash Received	Amount Expended	(Receivable) / Deferred Revenue June 30, 2023
IDEA - Special Education Grants to States(Preschool Grants)	84	173				Fund #294	84.173	2021-22	2,370	(1,196)		-	(1,196)
IDEA - Special Education Grants to States(Preschool Grants)	84	173A				Fund #294	84.173A	2021-22	1,369	(342)			(342)
IDEA - Special Education Grants to States(Part B Sec.611)	84	27				Fund #294	84.027	2021-22	10,642	(6,338)		-	(6,338)
IDEA - Special Education Grants to States(Part B Sec.611)	84	27A				Fund #294	84.027A	2021-22	2,537	(634)			(634)
IDEA - Special Education Grants to States(Part C)	84	181				Fund #295	84.181	2021-22	4,470	(3,147)			(3,147)
Individuals with Disabilities Act, Part C ARP	84	181				Fund #295	84.181	2021-22	1,948	(487)			(487)
Total IDEA passed through Douglas ESD									23,336	(12,144)	-	-	(12,144)
Title I-A - Grants to Local Education Agencies	84	10				GL Fund #255	84.010	2021-24	10,500	-	9,533	9,533	-
Passed Through Oregon Department of Education:													
Elementary & Secondary School Emergency Relief, II	84	425	COVID-19, 84.425D	Elementary and Secondary School Emergency Relief Fun	Educational Stabilization Fund	Fund #247	84.425	2020-23	261,000	(23,398)	193,978	170,580	-
ARP Emergency Assistance for Non-Public Schools	84	425	COVID-19, 84.425D	Elementary and Secondary School Emergency Relief Fun	Educational Stabilization Fund	GL Fund #253	84.425D	2021-24	155,770	-	67,000	36,677	30,323
Governor's Emergency Education Relief Fund	84	425	COVID-19, 84.425	Elementary and Secondary School Emergency Relief Fun	Educational Stabilization Fund	GL Fund #253	84.425	2021-22	21,580	-	21,580	21,580	-
Total Elementary & Secondary School Relief Fund									438,350	(23,398)	282,558	228,837	30,323
Total U.S. Department of Education									\$ 472,186	\$ (35,542)	\$ 292,091	\$ 238,370	\$ 18,179
Passed Through Lake County													
Fish and Wildlife Refuge Payment in Lieu of Taxes						General	15.226	2022-23	\$ 1,100	\$ -	\$ 1,100	\$ 1,100	\$ -
Total U.S. Department of Interior									\$ 1,100	\$ -	\$ 1,100	\$ 1,100	\$ -
TOTALS									\$ 473,286	\$ (35,542)	\$ 293,191	\$ 239,470	\$ 18,179
This schedule is prepared using the modified accrual basis of accounting.													
RECONCILIATION TO REVENUE:													
Cash Receipts per Schedule Above									\$ 293,191				
Grants Receivable/Deferred Revenue Beginning of Year									(35,542)				
Grants Receivable/Deferred Revenue End of Year									(18,179)				
Federal Revenue Recognized per Financial Statements									\$ 239,470				

**REPORT ON LEGAL**  
**AND**  
**OTHER REGULATORY REQUIREMENTS**



# **LAKE COUNTY EDUCATION SERVICE DISTRICT**

## **INDEPENDENT AUDITOR'S REPORT** **REQUIRED BY OREGON STATE REGULATIONS**

**As of June 30, 2023**

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To the Governing Body of the Lake County Education Service District  
Lake County, Oregon

We have audited the basic financial statements of the Lake County Education Service District as of and for the year ended June 30, 2023 and have issued our report thereon dated December 29, 2023. We conducted our audit in accordance with auditing standards generally accepted in the United States of America.

### **Compliance**

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

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

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

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

- Expenditures exceeded appropriations in one fund

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

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

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



Steve Tuchscherer, CPA  
Umpqua Valley Financial  
Roseburg, Oregon  
December 29, 2023