

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

**ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2023**



**12700 SW 72nd Ave.
Tigard, OR 97223**

WILLAMETTE EDUCATION SERVICE DISTRICT
MARION COUNTY, OREGON

2022-2023

ANNUAL FINANCIAL REPORT

WILLAMETTE EDUCATION SERVICE DISTRICT
MARION COUNTY, OREGON

BOARD OF DIRECTORS

TERM EXPIRES

Anna Ali, Board Chair	June 30, 2027
Justin Hopkins, Vice Chair	June 30, 2027
Arturo Vargas	June 30, 2025
Karen Pugsley	June 30, 2025
Alonso Oliveros	June 30, 2027
Larry Trott	June 30, 2025
Frank Pender	June 30, 2025
Jeff Crapper	June 30, 2027
Judy Sylva	June 30, 2027
Rachel Stucky	Non-Voting Advisory Member

All Board members receive mail at the address below.

ADMINISTRATION

Dr. Joe Morelock, Superintendent (Registered Agent)
Russell Allen, Executive Director
Ashley Netzel, Business Services Controller

2611 Pringle Road SE
Salem, OR 97302

WILLAMETTE EDUCATION SERVICE DISTRICT
MARION COUNTY, OREGON

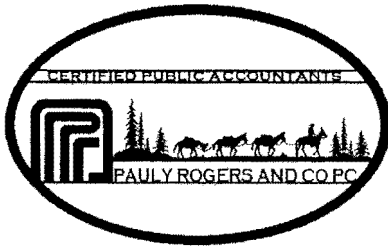
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WILLAMETTE EDUCATION SERVICE DISTRICT
MARION COUNTY, OREGON

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

December 15, 2023

INDEPENDENT AUDITORS' REPORT

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

Opinions

We have audited the accompanying basic financial statements of the governmental activities, fiduciary fund, the cash flows where applicable, each major fund, and the internal service fund information of Willamette Education Service District (the District), as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the basic financial statements as listed in the table of contents.

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, fiduciary fund, each major and the internal service fund information of the 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 for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

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

Supplementary Information

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

Other Information

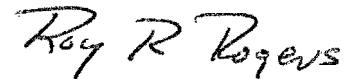
Management is responsible for the other information included in the annual report. The other information comprises the other information, as listed in the table of contents, and the listing of Board Members, located before the table of contents, but does not include the basic financial statements and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

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

Report on Other Legal and Regulatory Requirements

In accordance with *Government Auditing Standards*, we have also issued our reports dated December 15, 2023 on our consideration of the internal control over financial reporting and on our tests of compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of these reports are to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the internal control over financial reporting or on compliance. The reports are an integral part of an audit performed in accordance with *Government Auditing Standards* in considering internal control over financial reporting and compliance.

In accordance with Minimum Standards for Audits of Oregon Municipal Corporations, we have issued our report dated December 15, 2023, on our consideration of compliance with certain provisions of laws and regulations, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules. The purpose of that report is to describe the scope of our testing of compliance and the results of that testing and not to provide an opinion on compliance.

A handwritten signature in black ink that reads "Roy R. Rogers". The signature is written in a cursive, flowing style.

ROY R. ROGERS, CPA
PAULY, ROGERS AND CO., P.C.

WILLAMETTE EDUCATION SERVICE DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2023

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

FINANCIAL HIGHLIGHTS

The District's net position as of June 30, 2023 improved by \$6.9 million from the net position of June 30, 2022. Assets increased by \$8.8 million mainly due to the purchase of Willamette Career Academy and the Yamhill Center Remodel. Liabilities increased by \$1.9 million due to Accounts Payable and other long-term liabilities. The governmental funds balance increased by \$1.4 million as a result of revenue being recorded but not yet expended on the Yamhill Center Remodel. The District's governmental activities report a combined ending fund balance of \$11.1 million. The General Fund unassigned ending fund balance is \$5.9 million, an increase of 7% over the prior fiscal year.

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

In the government-wide statements, the liabilities of the District exceeded its assets on June 30, 2023 by \$3.3 million.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis are intended to serve as an introduction to the District's basic financial statements. The District's basic financial statements consist of four components:

- Government-wide financial statements
- Fund financial statements
- Notes to the basic financial statements.
- Supplementary information

Government-Wide Financial Statements

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

Statement of Net Position

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

Statement of Activities

The Statement of Activities presents information showing how the net position of the District changed over the year by tracking revenues, expenses and other transactions that increase or reduce the net position. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods, such as uncollected taxes and earned but unused vacation leave. The Statement of Activities shows the net position as of June 30, 2023 improved by \$6.7 million.

The government-wide financial statements can be found on pages 1 and 2.

Fund Financial Statements. The fund financial statements provide more detailed information about the District's funds, focusing on its major funds – not the District as a whole. A fund is a self-balancing set of accounts used to maintain control over resources that have been segregated for specific activities or objectives. The District uses fund accounting to ensure and demonstrate compliance with financial and budgetary legal requirements. All District funds fall into four categories: governmental, proprietary and fiduciary.

Governmental Funds

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

The District maintains four individual governmental funds:

- General
- Special Revenue
- Debt Service
- Capital Projects

Information is presented separately in the governmental fund Balance Sheet and the Statement of Revenues, Expenditures and Changes.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented in the governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions.

Both the governmental fund Balance Sheet and Statement of Revenues, Expenditures and Changes in Fund Balances are reconciled to the government-wide Statement of Net Position and Statement of Activities.

Proprietary Funds

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

Fiduciary Funds

The Fiduciary fund is used to account for resources held for the benefit of parties outside of the District.

Notes to the Basic Financial Statements

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

Other Information

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. For the District, liabilities exceeded assets by \$3.3 million as of June 30, 2023.

Capital assets, which consist of the District's land, buildings, building improvements, vehicles and equipment, and GASB 87 and GASB 96 right to use assets represent approximately 45% of total assets. The remaining assets consist mainly of prepaid pension costs, cash and accounts receivable.

The District's largest liabilities, net pension liability, pension obligation bonds, GASB 87 lease liabilities and other long-term debt, account for 87% of liabilities. Current liabilities, representing 13% of total liabilities, consist primarily of accounts payable, payroll liabilities, compensated absences and unearned revenue.

The following table shows the change in net position from June 30, 2022 to June 30, 2023.

NET POSITION

	Governmental Balances	
	June 30, 2023	June 30, 2022
Assets		
Current and Other Assets	\$ 20,128,110	\$ 20,029,448
Capital Assets (Net of Depreciation and Amortization)	24,379,593	12,989,667
Deferred Outflows Related to Pensions and OPEB	9,988,460	12,627,295
Total Assets	54,496,163	45,646,410
 Liabilities		
Current Liabilities	7,542,620	4,777,054
Long-Term Liabilities	40,241,149	35,784,662
Deferred Inflows Related to Pensions and OPEB	9,854,487	15,119,288
Total Liabilities	57,638,256	55,681,004
 Net Position		
Net Investment in Capital Assets	16,690,256	8,748,072
Restricted for OPEB RHIA Asset	608,173	480,945
Restricted for Debt Service	8,530	182
Restricted for Capital Projects	2,216,848	-
Restricted for Grants	2,958,417	4,224,642
Unrestricted	(25,624,317)	(23,488,435)
Total Net Position	\$ (3,142,093)	\$ (10,034,594)

CHANGES IN NET POSITION

	Governmental Activities	
	June 30, 2023	June 30, 2022
Revenues		
Program Revenues		
Charges for Services	\$ 7,079,924	\$ 5,692,412
Operating Grants and Contributions	55,382,148	37,744,017
General Revenues		
Property Taxes	13,765,402	13,123,068
State School Fund - General Support	31,023,955	29,691,560
Lease Revenue	-	690,715
Earnings on Investments	447,810	101,302
Intermediate Revenue	30,530	35,377
Other Local Revenue	7,998,549	5,510,567
Total Revenues	<u>115,728,318</u>	<u>92,589,018</u>
Expenses		
Program Expenses		
Instruction	45,645,645	40,340,740
Support Services	60,165,411	48,164,850
Enterprise and Community Services	19,369	115,363
Facilities Acquisition	985,620	-
Interest on Long-Term Debt	1,942,237	1,857,332
Unallocated Amortization	-	602,964
Interest on Lease Liability	77,535	76,607
Total Program Expenses	<u>108,835,817</u>	<u>91,157,856</u>
Change in Net Position	6,892,501	1,431,162
Net Position - beginning	<u>(10,034,594)</u>	<u>(11,465,756)</u>
Net Position - ending	<u>\$ (3,142,093)</u>	<u>\$ (10,034,594)</u>

Financial Analysis of the District's Funds

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

Governmental Funds

The focus of the District's governmental funds is to provide information on relatively short-term cash flow and funding for future basic services. Such information is useful in assessing the District's financing requirements. Unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of a fiscal year. On June 30, 2023, the District's governmental funds reported combined ending fund balances of \$11.1 million.

General Fund

The General Fund is the chief operating fund of the District. As of June 30, 2023, the unassigned fund balance was \$5.9 million.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

The District's investment in capital assets includes land, buildings and improvements, vehicles and equipment, and GASB 87 and GASB 96 right to use assets. As of June 30, 2023, capital assets net of depreciation were \$24.4 million.

Long-Term Obligations

As of June 30, 2023 long-term liabilities were \$40.2 million. Net pension liability and OPEB related deferrals were \$9.9 million.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

The most significant factors impacting the overall District's budget is the State School Fund and grant funding from the Oregon Department of Education. The State School Fund will increase by 4.3% in 2023-24, however the biennial growth in the two largest state grants, Early Intervention/Early Childhood Special Education and Regional Inclusive Services, were both inadequate to maintain current service levels. Funding in other state grants is anticipated to be allow for the maintenance of current service levels. Lastly, all remaining federal stimulus dollars must be spent by September 30, 2024. Overall, however, program funding is stable.

REQUESTS FOR INFORMATION

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

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

WILLAMETTE EDUCATION SERVICE DISTRICT
MARION COUNTY, OREGON

BASIC FINANCIAL STATEMENTS

WILLAMETTE EDUCATION SERVICE DISTRICT
MARION COUNTY, OREGON

STATEMENT OF NET POSITION
June 30, 2023

ASSETS

Deposits and Investments	\$	1,736,101
Receivables		17,377,462
Prepaid Expenses		406,374
Lease right-to-use asset, net of amortization		3,819,730
Subscription right-to-use asset, net of amortization		139,586
OPEB RHIA Asset		608,173
Capital Assets:		
Land		3,300,650
Buildings and Equipment, Net of Depreciation		17,119,627

TOTAL ASSETS 44,507,703

DEFERRED OUTFLOWS OF RESOURCES

OPEB Related Deferrals - Health Insurance		144,487
RHIA Related Deferrals		46,024
Pension Related Deferrals - PERS		9,797,949

TOTAL ASSETS AND PENSION RELATED DEFERRALS 54,496,163

LIABILITIES

Accounts Payable		3,262,949
Payroll and Withholdings Payable		3,592,914
Accrued Interest		5,713
Compensated Absences		56,793
Unearned Revenue		90,544
Lease Liability, Current		477,568
Subscription Liability, Current		56,139
Long-Term Liabilities:		
OPEB Liability - Health Insurance		962,553
Net Pension Liability - PERS		20,643,956
Obligations Due Within One Year		2,570,025
Obligations Due in More Than One Year		12,694,799
Unamortized Bond Premium		19,009
Lease Liability, Long Term		3,260,903
Subscription Liability, Long Term		89,904

TOTAL LIABILITIES 47,783,769

DEFERRED INFLOWS OF RESOURCES

OPEB Related Deferrals - Health Insurance		197,122
RHIA Related Deferrals		130,510
Pension Related Deferrals - PERS		9,526,855

TOTAL LIABILITIES AND PENSION RELATED DEFERRALS 57,638,256

NET POSITION

Net Investment in Capital Assets		16,690,256
Restricted for OPEB RHIA Asset		608,173
Restricted for Debt Service		8,530
Restricted for Capital Projects		2,216,848
Restricted for Grants		2,958,417
Unrestricted		(25,624,317)

TOTAL NET POSITION \$ (3,142,093)

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

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

**STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2023**

Functions/Programs	Expenditures	Program Revenues		Net Revenues (Expenses) and Changes in Net Position
		Charges For Services	Operating Grants and Contributions	Governmental Activities
Governmental Activities:				
Instruction	\$ 45,645,645	\$ 3,091,830	\$ 24,220,431	\$ (18,333,384)
Support Services	60,165,411	3,988,094	31,161,717	(25,015,600)
Enterprise and Community Services	19,369	-	-	(19,369)
Facilities Acquisition	985,620	-	-	(985,620)
Interest on Long-Term Obligations	1,942,237	-	-	(1,942,237)
Interest on Lease Liability	77,535	-	-	(77,535)
Total Governmental Activities	\$ 108,835,817	\$ 7,079,924	\$ 55,382,148	(46,373,745)
General Revenues				
Property Taxes				13,765,402
State School Fund General Support				31,023,955
Other Local Revenue				7,998,549
Intermediate Revenue				30,530
Earnings on Investments				447,810
Total General Revenues				53,266,246
Change in Net Position				6,892,501
Beginning Net Position				(10,034,594)
Ending Net Position				\$ (3,142,093)

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

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

**BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2023**

	GENERAL FUND	SPECIAL REVENUE	DEBT SERVICE	CAPITAL PROJECTS	TOTAL
ASSETS					
Deposits and Investments	\$ -	\$ -	\$ 8,530	\$ 1,236,426	\$ 1,244,956
Receivables:					
Property Taxes	430,325	-	-	-	430,325
Accounts	11,837	16,725,739	-	-	16,737,576
Prepays	-	38,182	-	-	38,182
Due from Other Funds	9,558,961	-	-	1,270,623	10,829,584
Total Assets	\$ 10,001,123	\$ 16,763,921	\$ 8,530	\$ 2,507,049	\$ 29,280,623
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES					
Liabilities:					
Accounts Payable	\$ 105,901	\$ 2,852,402	\$ -	\$ 290,201	\$ 3,248,504
Payroll Liabilities	3,592,914	-	-	-	3,592,914
Due to Other Funds	-	10,829,584	-	-	10,829,584
Unearned Revenue	-	85,336	-	-	85,336
Total Liabilities	3,698,815	13,767,322	-	290,201	17,756,338
Deferred Inflows of Resources:					
Unavailable Revenue-Property Taxes	409,654	-	-	-	409,654
Total Deferred Inflows of Resources	409,654	-	-	-	409,654
Fund Balances:					
Nonspendable	-	38,182	-	-	38,182
Restricted:					
Debt Service	-	-	8,530	-	8,530
Capital Projects	-	-	-	2,216,848	2,216,848
Grants	-	2,958,417	-	-	2,958,417
Unassigned	5,892,654	-	-	-	5,892,654
Total Fund Balances	5,892,654	2,996,599	8,530	2,216,848	11,114,631
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 10,001,123	\$ 16,763,921	\$ 8,530	\$ 2,507,049	\$ 29,280,623

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

**WILLAMETTE EDUCATION SERVICE DISTRICT
MARION COUNTY, OREGON
RECONCILIATION OF THE GOVERNMENTAL FUNDS
BALANCE SHEET TO STATEMENT OF NET POSITION
June 30, 2023**

Total Fund Balances - Governmental Funds	\$	11,114,631
<p>The net pension asset (liability) for PERS is the difference between the total pension liability and the assets set aside to pay benefits earned to past and current employees and beneficiaries.</p>		
		(20,643,956)
OPEB RHIA Asset		608,173
<p>Deferred inflows and outflows of resources related to the pension plan include differences between expected and actual experience, changes of assumptions, differences between projects and actual earning, and contributions subsequent to the measurement date.</p>		
Deferred Outflows - PERS	\$	9,797,949
Deferred Inflows - PERS		(9,526,855)
Deferred Outflows - OPEB - Health Insurance		144,487
Deferred Inflows - OPEB - Health Insurance		(197,122)
Deferred Outflows - RHIA		46,024
Deferred Inflows - RHIA		<u>(130,510)</u>
		133,973
<p>The cost of capital assets (land, buildings and equipment) purchased or constructed is reported as an expenditure in governmental funds. The Statement of Net Position includes those capital assets among the assets of the District as a whole.</p>		
Net Capital Assets		20,420,277
<p>The unamortized portion of prepaid pension cost and bond premiums is not available to pay for current period expenditures, and therefore is not reported in the governmental funds.</p>		
Bond Premium		(19,009)
<p>Long-term liabilities applicable to the governmental activities are not due and payable in the current period and accordingly are not reported as fund liabilities. All liabilities, both current and long term, are reported in the Statement of Net Position.</p>		
Long-term Liabilities:		
Other Post-Employment Benefits - Health Insurance		(962,553)
Accrued Vacation		(56,793)
Accrued Interest		(5,713)
Lease Liability		(3,738,471)
SBITA Liability		(146,043)
Limited Tax Pension Bonds Payable		<u>(15,264,824)</u>
		(20,174,397)
<p>The assets and liabilities of the Internal Service funds are included in the governmental activities in the Statement of Net Position.</p>		
		681,053
Unearned Revenue related to property taxes		409,654
<p>Prepayments for services are expensed when paid on the fund basis but are amortized over their useful life on the statement of activities. The statement of net position includes the remaining useful life of those prepayments.</p>		
		368,192
<p>Right-to-use assets are not financial resources and therefore are not reported in the governmental funds.</p>		
Lease Right-to-use asset		3,819,730
Subscription Right-to-use asset		<u>139,586</u>
		<u>3,959,316</u>
Net Position	\$	<u>(3,142,093)</u>

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

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

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - GOVERNMENTAL FUNDS
For the Year Ended June 30, 2023**

	GENERAL FUND	SPECIAL REVENUE	DEBT SERVICE	CAPITAL PROJECTS	TOTAL
REVENUES					
Local Sources	\$ 16,895,169	\$ 7,602,328	\$ 2,641,229	\$ -	\$ 27,138,726
Intermediate Sources	10,530	20,000	-	-	30,530
State Sources	31,023,955	43,111,032	-	-	74,134,987
Federal Sources	-	11,790,413	-	-	11,790,413
Total Revenues	<u>47,929,654</u>	<u>62,523,773</u>	<u>2,641,229</u>	<u>-</u>	<u>113,094,656</u>
EXPENDITURES					
Current:					
Instruction	-	32,502,517	-	-	32,502,517
Support Services	6,233,311	35,584,038	-	-	41,817,349
Community Services	-	13,792	-	-	13,792
Facilities Acquisition	-	-	-	275,687	275,687
Capital Outlay	50,729	8,324,674	-	447,465	8,822,868
Debt Service:					
Principal	-	-	1,206,923	-	1,206,923
Interest	-	-	1,942,894	-	1,942,894
Total Expenditures	<u>6,284,040</u>	<u>76,425,021</u>	<u>3,149,817</u>	<u>723,152</u>	<u>86,582,030</u>
Excess (Deficiency) of Revenues over Expenditures	41,645,614	(13,901,248)	(508,588)	(723,152)	26,512,626
OTHER FINANCING SOURCES (USES)					
5200 Transfers In	-	83,469	516,936	2,940,000	3,540,405
5202 Resolution Transfers In	-	15,219,194	-	-	15,219,194
5200 Transfers Out	(41,214,033)	(2,927,432)	-	-	(44,141,465)
5100 Lease Financing	-	259,792	-	-	259,792
Total Other Financing Sources (Uses)	<u>(41,214,033)</u>	<u>12,635,023</u>	<u>516,936</u>	<u>2,940,000</u>	<u>(25,122,074)</u>
Net Change in Fund Balances	431,581	(1,266,225)	8,348	2,216,848	1,390,552
Fund Balances at Beginning of Year	<u>5,461,073</u>	<u>4,262,824</u>	<u>182</u>	<u>-</u>	<u>9,724,079</u>
Fund Balances at End of Year	<u>\$ 5,892,654</u>	<u>\$ 2,996,599</u>	<u>\$ 8,530</u>	<u>\$ 2,216,848</u>	<u>\$ 11,114,631</u>

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

WILLAMETTE EDUCATION SERVICE DISTRICT
MARION COUNTY, OREGON
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
TO STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2023

Total Net Changes in Fund Balances - Governmental Funds	\$	1,390,552
<p>The PERS pension expense represents the changes in net pension asset (liability) from year to year due to changes in total pension liability and the fair value of pension plan net position available to pay pension benefits.</p>		
		(3,343,398)
Changes in OPEB Liability		(40,160)
Changes in RHIA Liability (Income)		97,706
<p>Repayment of bond principal, capital leases and post retirement obligations is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position. Additions to bond principal, capital leases and post retirement obligations is an expense for the Statement of Net Position but not the governmental funds.</p>		
Accrued Interest	\$	656
Bond Premium		3,802
Debt Principal Repaid		1,206,924
		1,211,382
<p>Capital outlays are reported in governmental funds as expenditures. However, in the Statement of Activities, the cost of those assets is capitalized and allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlay exceeds depreciation. Capital asset dispositions create a gain or loss on the Statement of Activities, but dispositions that do not result from a sale of assets are not recognized in the governmental funds. Depreciation Expense is also recognized in the Statement of Activities but not in the governmental funds.</p>		
Capital Asset Additions		8,112,935
Depreciation Expense		(682,325)
		7,430,610
<p>Compensated absences are recognized as an expenditure in the governmental funds when they are paid, but the liability is recorded in the Statement of Net Position until they are paid.</p>		
		1,755
<p>The activities of the Internal Service funds are included in the governmental activities in the Statement of Activities.</p>		
		(18,980)
Payments on Lease Liability decreases liabilities in the Statement of Net Position		827,325
Payments on Subscription Liability decreases liabilities in the Statement of Net Position		51,977
<p>Expenditure for Right-to-use Assets reduces the Prepaid Expenses in the Statement of Net Position and Amortization Expense increases the expenses on the Statement of Activities.</p>		
Amortization Expense - Lease		(657,834)
Amortization Expense - Subscriptions		(58,434)
		(716,268)
Change in Net Position - Governmental Activities	\$	6,892,501

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

WILLAMETTE EDUCATION SERVICE DISTRICT
MARION COUNTY, OREGON

STATEMENT OF NET POSITION - INTERNAL SERVICE FUND
June 30, 2023

ASSETS

Deposits and Investments	\$ 491,145
Accounts Receivable	<u>209,561</u>
Total Assets	<u>700,706</u>

LIABILITIES

Accounts Payable	14,445
Unearned Revenue	<u>5,208</u>
Total Liabilities	<u>19,653</u>

NET POSITION

Unrestricted	<u>681,053</u>
Total Net Position	<u><u>\$ 681,053</u></u>

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

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

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

Operating Revenues:	
Services Provided Other Funds	<u>\$ 2,633,662</u>
Operating Expenses:	
Cost of Services	<u> 2,652,642</u>
Operating Income (Loss)	<u> (18,980)</u>
Change in Net Position	(18,980)
Net Position - Beginning	<u> 700,033</u>
Net Position - Ending	<u><u> \$ 681,053</u></u>

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

WILLAMETTE EDUCATION SERVICE DISTRICT
MARION COUNTY, OREGON

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

Cash Flows from Operating Activities:	
Receipts from Other Funds	\$ 2,612,020
Payments to Vendors	<u>(2,653,042)</u>
Net Cash (Used) Provided by Operating Activities	(41,022)
Cash Balance - Beginning	<u>532,167</u>
Cash Balance - Ending	<u><u>\$ 491,145</u></u>
Reconciliation of Operating Income to	
Net Cash Provided (Used) by Operating Activities:	
Operating Income	\$ (18,980)
Adjustments to Reconcile Net Income to Net Cash	
(Increase)/Decrease in Accounts Receivable	13,071
Increase/(Decrease) in Accounts Payable	(400)
Increase/(Decrease) in Unearned Revenue	<u>(34,713)</u>
	<u><u>\$ (41,022)</u></u>

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

WILLAMETTE EDUCATION SERVICE DISTRICT
MARION COUNTY, OREGON
FIDUCIARY FUNDS - CUSTODIAL FUND
STATEMENT OF FIDUCIARY NET POSITION
June 30, 2023

	<u>Custodial Fund</u>
<u>ASSETS</u>	
Deposits and Investments	\$ 2,487,928
Total Assets	<u>2,487,928</u>
<u>LIABILITIES AND NET POSITION</u>	
Accounts Payable	<u>1,417,406</u>
Total Liabilities	<u>1,417,406</u>
<u>NET POSITION</u>	
Restricted - Other Agencies	<u>1,070,522</u>
Total Liabilities and Net Position	<u>\$ 2,487,928</u>

WILLAMETTE EDUCATION SERVICE DISTRICT
MARION COUNTY, OREGON
FIDUCIARY FUNDS - CUSTODIAL FUND
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
For the Year Ended June 30, 2023

	Custodial Fund
ADDITIONS:	
Transfers In	\$ 385,161
Apportionment Transfers In	40,215,899
Total Additions	40,601,060
DEDUCTIONS:	
Resolution Transfers Out	15,219,194
Apportionment Transits Out	25,895,531
Total Deductions	41,114,725
Change in Net Position	(513,665)
Net Position, Beginning of Year	1,584,187
Net Position, End of Year	\$ 1,070,522

See accompanying notes to basic financial statements.

WILLAMETTE EDUCATION SERVICE DISTRICT
MARION COUNTY, OREGON

NOTES TO THE BASIC FINANCIAL STATEMENTS

WILLAMETTE EDUCATION SERVICE DISTRICT
MARION COUNTY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

REPORTING ENTITY

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

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

GOVERNMENT-WIDE FINANCIAL STATEMENTS

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

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

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

WILLAMETTE EDUCATION SERVICE DISTRICT
MARION COUNTY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

FUND FINANCIAL STATEMENTS

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

MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

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

GOVERNMENTAL FUND TYPES

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

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

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

WILLAMETTE EDUCATION SERVICE DISTRICT
MARION COUNTY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

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

Capital Projects – This fund provides facility services for the District. Services include major repair/ replacement projects at District facilities. This fund was not used in current fiscal year.

Additionally, the following fund types are reported:

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

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

BUDGETS

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

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

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

WILLAMETTE EDUCATION SERVICE DISTRICT
MARION COUNTY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Expenditures of the various funds were within authorized appropriations, except for the Special Revenue – Facility Acquisition which was overexpended by \$52,562.

CASH AND CASH EQUIVALENTS

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

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

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

PROPERTY TAXES RECEIVABLE

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

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

ACCOUNTS RECEIVABLE

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

PREPAIDS

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

WILLAMETTE EDUCATION SERVICE DISTRICT
MARION COUNTY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

GRANTS

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

CAPITAL ASSETS

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

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

USE OF ESTIMATES

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

LONG-TERM OBLIGATIONS

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

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

WILLAMETTE EDUCATION SERVICE DISTRICT
MARION COUNTY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

INTERFUND PAYABLES AND RECEIVABLES AND TRANSFERS

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

SUPPLY INVENTORIES

Purchased inventory is valued at the lower of cost (first-in, first-out method) or market. Inventory is expensed when it is consumed in the government-wide financial statements. Management believes that there was no material inventory at June 30, 2023.

RETIREMENT PLANS

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

DEFERRED OUTFLOWS/INFLOWS OF RESOURCES

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

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

WILLAMETTE EDUCATION SERVICE DISTRICT
MARION COUNTY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

FUND BALANCE

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

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

There were no committed or assigned fund balances at year end.

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

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

WILLAMETTE EDUCATION SERVICE DISTRICT
MARION COUNTY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

NET POSITION

Net position comprises the various net earnings from operations, nonoperating revenues, expenses and contributions of capital. Net position is classified in the following three categories:

Net investment in capital assets – consists of all capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

Restricted – consists of external constraints placed on asset use by creditors, grantors, contributors, or laws or regulations of other governments or constraints imposed by law through constitutional provisions or enabling legislation.

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

COMPENSATED ABSENCES

Sick Leave

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

Accumulated Unpaid Vacation

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

FAIR VALUE INPUTS AND METHODOLOGIES AND HIERARCHY

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

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

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

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

WILLAMETTE EDUCATION SERVICE DISTRICT
MARION COUNTY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

LEASE ASSETS

Lease assets are assets which the government leases for a term of more than one year. The value of the leases at the District's incremental borrowing rate at the time of the lease agreement, amortized over the term of the agreement.

LEASES PAYABLE

In the government-wide financial statements, leases payable are reported as liabilities in the Statement of Net Position. In the governmental fund financial statements, the present value of lease payments is reported as other financing sources.

SUBSCRIPTION ASSETS

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

SUBSCRIPTION LIABILITIES

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

WILLAMETTE EDUCATION SERVICE DISTRICT
MARION COUNTY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

2. DEPOSITS AND INVESTMENTS

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

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

Cash and Investments (recorded at cost) consisted of:

Deposits with Financial Institutions:	
Petty Cash	\$ 204
Demand Deposits	148,767
Local Government Investment Pool	<u>4,075,058</u>
 Total Cash and Investments	 <u>\$ 4,224,029</u>

Cash Reported in:	
Governmental Funds	\$ 1,736,101
Custodial Funds	<u>2,487,928</u>
 Total Cash and Investments	 <u>\$ 4,224,029</u>

DEPOSITS

Deposits with financial institutions include bank demand deposits. Oregon Revised Statutes require deposits to be adequately covered by federal depository insurance or deposited at an approved depository as identified by the Treasury. The total bank balance per the bank statements as of June 30, 2023 was \$1,350,810, of which \$250,000 was covered by federal depository insurance and the remainder was collateralized by the Oregon Public Funds Collateralization Program (PFCP).

Custodial Credit Risk - Deposits

Custodial credit risk for deposits is the risk that, in the event of a bank failure deposits will not be recovered. There is no formal deposit policy for custodial credit risk. As of June 30, 2023, all deposits were insured, or at qualified institutions.

WILLAMETTE EDUCATION SERVICE DISTRICT
MARION COUNTY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

2. DEPOSITS AND INVESTMENTS (CONTINUED)

INVESTMENTS

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

Investments in the Local Government Investment Pool (LGIP) are included in the Oregon Short-Term Fund, which is an external investment pool that is not a 2a-7-like external investment pool, and is not registered with the U.S. Securities and Exchange Commission as an investment company. Fair value of the LGIP is calculated at the same value as the number of pool shares owned. The unit of account is each share held, and the value of the position would be the fair value of the pool's share price multiplied by the number of shares held. Investments in the Short-Term Fund are governed by ORS 294.135, Oregon Investment Council, and portfolio guidelines issued by the Oregon Short-Term Fund Board, which establish diversification percentages and specify the types and maturities of investments. The portfolio guidelines permit securities lending transactions as well as investments in repurchase agreements and reverse repurchase agreements. The fund appears to be in compliance with all portfolio guidelines at June 30, 2022. The LGIP seeks to exchange shares at \$1.00 per share; an investment in the LGIP is neither insured nor guaranteed by the FDIC or any other government agency. Although the LGIP seeks to maintain the value of share investments at \$1.00 per share, it is possible to lose money by investing in the pool. We intend to measure these investments at book value since it materially approximates fair value.

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

The audited financial reports of the Oregon Short Term Fund can be found here:

<https://www.oregon.gov/treasury/public-financial-services/oregon-short-term-funds/Pages/default.aspx>

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

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

Investment Type	Fair Value	Investment Maturities (in months)		
		Less than 3	3-18	18-59
State Treasurer's Investment Pool	\$ 4,075,058	\$ 4,075,058	\$ -	\$ -
Total	<u>\$ 4,075,058</u>	<u>\$ 4,075,058</u>	<u>\$ -</u>	<u>\$ -</u>

WILLAMETTE EDUCATION SERVICE DISTRICT
MARION COUNTY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

2. DEPOSITS AND INVESTMENTS (CONTINUED)

Interest Rate Risk – Investments

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

Custodial Credit Risk - Investments

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

Concentration Risk - Investments

Concentration risk is the risk of loss due to a large portion of investments with a single issuer. To avoid incurring unreasonable risks inherent to over-investing in specific instruments or in individual financial institutions, the LGIP is invested in, which is not required to have a risk rating. State statutes do not limit the percentage of investments in this instrument. As of June 30, 2023, 100% of the investments were in the State Treasurer's Investment Pool.

3. CAPITAL ASSETS

Changes in capital assets for the year ended June 30, 2023 are as follows:

	<u>July 1, 2022</u>	<u>Additions</u>	<u>Deletions</u>	<u>June 30, 2023</u>
Capital Assets not being Depreciated				
Land	\$ 1,260,650	\$ 2,040,000	\$ -	\$ 3,300,650
Total Capital Assets Not Being Depreciated	1,260,650	2,040,000	-	3,300,650
Capital Assets being Depreciated				
Buildings & Improvements	11,827,500	5,473,947	-	17,301,447
Equipment	9,699,417	598,988	-	10,298,405
Total Capital Assets Being Depreciated	21,526,917	6,072,935	-	27,599,852
Accumulated Depreciation				
Buildings & Improvements	(3,423,966)	(304,117)	-	(3,728,083)
Equipment	(6,373,934)	(378,208)	-	(6,752,142)
Total Accumulated Depreciation	(9,797,900)	(682,325)	-	(10,480,225)
Total Capital Assets Being Depreciated, Net	11,729,017	5,390,610	-	17,119,627
Total Capital Assets, Net Accumulated Depreciation	<u>\$ 12,989,667</u>			<u>\$ 20,420,277</u>

WILLAMETTE EDUCATION SERVICE DISTRICT
MARION COUNTY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

3. CAPITAL ASSETS (CONTINUED)

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

<u>Governmental Activities</u>	
Instruction	\$ 299,014
Support Services	382,727
Enterprise and Community Services	<u>584</u>
 Total Governmental Activities	 <u>\$ 682,325</u>

4. INTERFUND TRANSFERS AND TRANSIT TRANSFERS

Transfers

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

	<u>Transfers Out</u>	<u>Transfers In</u>
General Fund	\$ 41,214,033	\$ -
Special Revenue Fund	2,927,432	15,302,663
Debt Service Fund	-	516,936
Capital Projects	-	2,940,000
Custodial Fund	<u>15,219,194</u>	<u>40,601,060</u>
 Total Transfers	 <u>\$ 59,360,659</u>	 <u>\$ 59,360,659</u>

5. INTERFUND PAYABLES/RECEIVABLES

Due-to/Due-from

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

	<u>Due from Other Funds</u>	<u>Due to Other Funds</u>
General Fund	\$ 9,558,961	\$ -
Special Revenue Fund	-	10,829,584
Capital Projects Fund	<u>1,270,623</u>	<u>-</u>
 Total Due to/Due froms	 <u>\$ 10,829,584</u>	 <u>\$ 10,829,584</u>

WILLAMETTE EDUCATION SERVICE DISTRICT
MARION COUNTY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

6. LONG-TERM OBLIGATIONS

Changes in General Obligation Bonds were as follows for the year ended June 30, 2023:

<i>Direct Borrowing</i>	<u>Interest Rates</u>	<u>Balances July 1, 2022</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balances June 30, 2023</u>	<u>Balances Due within One Year</u>
Series 2016 FFC						
Original issue \$6,700,000	1.89%					
15 years; Principal		\$ 4,241,595	\$ -	\$ (436,770)	\$ 3,804,825	\$ 445,025
		<u>\$ 4,241,595</u>	<u>\$ -</u>	<u>\$ (436,770)</u>	<u>\$ 3,804,825</u>	<u>\$ 445,025</u>

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

Changes in PERS UAL Bonds and the total for long-term obligations for the year ended June 30, 2023 were as follows:

<i>PERS UAL Bonds</i>	<u>Interest Rates</u>	<u>Balances July 1, 2022</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balances June 30, 2023</u>	<u>Due within One Year</u>
Series 2003						
Original issue \$15,260,920,	1.5-6.27%					
26 years; Principal		\$ 8,373,159	\$ -	\$ (398,160)	\$ 7,974,999	\$ 1,475,000
Series 2003 (Yamhill ESD)						
Original issue \$3,441,101,	2.76-6.27%					
26 years; Principal		1,936,994	-	(91,994)	1,845,000	340,000
Series 2005						
Original issue \$3,765,000,	4.113-4.759%					
24 years; Principal		1,920,000	-	(280,000)	1,640,000	310,000
Total PERS UAL Bonds		<u>12,230,153</u>	<u>-</u>	<u>(770,154)</u>	<u>11,459,999</u>	<u>2,125,000</u>
Total Long-Term Obligations		<u>\$ 16,471,748</u>	<u>\$ -</u>	<u>\$ (1,206,924)</u>	<u>\$ 15,264,824</u>	<u>\$ 2,570,025</u>

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

WILLAMETTE EDUCATION SERVICE DISTRICT
MARION COUNTY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

6. LONG-TERM OBLIGATIONS (CONTINUED)

Future maturities of bonds outstanding as of June 30, 2023 are as follows:

Fiscal Year Ending	General Obligation Bonds	
	Series 2016	
	Principal	Interest
2024	\$ 445,025	\$ 71,911
2025	453,436	63,500
2026	462,006	54,930
2027	470,737	46,198
2028	479,635	37,301
2029-2031	1,493,986	56,826
Total	<u>\$ 3,804,825</u>	<u>\$ 330,666</u>

Fiscal Year Ending	PERS UAL Bonds					
	Series 2003		Series 2003 (Yamhill ESD)		Series 2005	
	Principal	Interest	Principal	Interest	Principal	Interest
2024	\$ 1,475,000	\$ 451,946	\$ 340,000	\$ 104,563	\$ 310,000	\$ 78,048
2025	1,650,000	369,200	380,000	85,484	340,000	63,295
2026	1,840,000	275,480	425,000	63,900	370,000	47,114
2027	2,040,000	170,968	475,000	39,760	405,000	29,506
2028	969,999	55,096	225,000	12,780	215,000	10,232
Total	<u>\$ 7,974,999</u>	<u>\$ 1,322,690</u>	<u>\$ 1,845,000</u>	<u>\$ 306,487</u>	<u>\$ 1,640,000</u>	<u>\$ 228,195</u>

WILLAMETTE EDUCATION SERVICE DISTRICT
MARION COUNTY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

7. DEFINED BENEFIT PENSION PLAN

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

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

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

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

WILLAMETTE EDUCATION SERVICE DISTRICT
MARION COUNTY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

7. DEFINED BENEFIT PENSION PLAN (CONTINUED)

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

Contributions – PERS funding policy provides for monthly employer contributions at actuarially determined rates. These contributions, expressed as a percentage of covered payroll, are intended to accumulate sufficient assets to pay benefits when due. The funding policy applies to the PERS Defined Benefit Plan and the Other Postemployment Benefit Plans. Employer contribution rates during the period were based on the December 31, 2019 actuarial valuation, which became effective July 1, 2021. The state of Oregon and certain schools, community colleges, and political subdivision have made unfunded actuarial liability payments and their rates have been reduced. Employer contributions for the year ended June 30, 2023 were \$1,919,157, excluding amounts to fund employer specific liabilities. In addition, approximately \$1,586,778 in employee contributions were paid or picked up by the District in 2022-2023.

Pension Asset or Liability – At June 30, 2023, the District reported a net pension liability of \$20,643,956 for its proportionate share of the net pension liability. The pension liability was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation dated December 31, 2020. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. As of the measurement dates of June 30, 2022 and 2021, the District's proportion was 0.135 percent and 0.122 percent, respectively. Pension expense for the year ended June 30, 2023 was \$3,343,398.

WILLAMETTE EDUCATION SERVICE DISTRICT
MARION COUNTY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

7. DEFINED BENEFIT PENSION PLAN (CONTINUED)

The rates in effect for the year ended June 30, 2023 were:

- (1) Tier 1/Tier 2 – 9.11%
- (2) OPSRP general services – 6.00%

	Deferred Outflow of Resources	Deferred Inflow of Resources
Difference between expected and actual experience	\$ 1,002,098	\$ 128,740
Changes in assumptions	3,239,148	29,593
Net difference between projected and actual earnings on pension plan investments	-	3,690,740
Net changes in proportionate share	3,637,546	883,641
Differences between District contributions and proportionate share of contributions	-	4,794,141
Subtotal - Amortized Deferrals (below)	7,878,792	9,526,855
District contributions subsequent to measurement date	1,919,157	-
Deferred outflow (inflow) of resources	\$ 9,797,949	\$ 9,526,855

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

Subtotal amounts related to pension as deferred outflows of resources, \$7,878,792, and deferred inflows of resources, (\$9,526,855), net to (\$1,648,063) and will be recognized in pension expense as follows:

Year ending June 30,	Amount
2024	\$ (520,760)
2025	(489,791)
2026	(1,891,565)
2027	1,369,730
2028	(115,677)
Thereafter	-
Total	\$ (1,648,063)

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

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

WILLAMETTE EDUCATION SERVICE DISTRICT
MARION COUNTY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

7. DEFINED BENEFIT PENSION PLAN (CONTINUED)

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

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

Actuarial Methods and Assumptions:

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

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

WILLAMETTE EDUCATION SERVICE DISTRICT
MARION COUNTY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

7. DEFINED BENEFIT PENSION PLAN (CONTINUED)

Assumed Asset Allocation:

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

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

Long-Term Expected Rate of Return:

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

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

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

WILLAMETTE EDUCATION SERVICE DISTRICT
MARION COUNTY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

7. DEFINED BENEFIT PENSION PLAN (CONTINUED)

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

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

	1% Decrease (5.90%)	Discount Rate (6.90%)	1% Increase (7.90%)
District's proportionate share of the net pension liability	\$ 36,610,271	\$ 20,643,956	\$ 7,280,888

Changes Subsequent to the Measurement Date

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

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

OPSRP Individual Account Program (OPSRP IAP)

Plan Description:

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

WILLAMETTE EDUCATION SERVICE DISTRICT
MARION COUNTY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

7. DEFINED BENEFIT PENSION PLAN (CONTINUED)

Pension Benefits:

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

Death Benefits:

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

Contributions:

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

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

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

WILLAMETTE EDUCATION SERVICE DISTRICT
MARION COUNTY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

8. OTHER POST-EMPLOYMENT BENEFITS – RHIA

Plan Description:

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

Funding Policy:

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

Participating employers are contractually required to contribute to RHIA at a rate assessed each year by OPERS, and the District currently contributes 0.05% of annual covered OPERF payroll and 0.00% of OPSRP payroll under a contractual requirement in effect until June 30, 2023. Consistent with GASB Statement 75, the OPERS Board of Trustees sets the employer contribution rates as a measure of the proportionate relationship of the employer to all employers consistent with the manner in which contributions to the OPEB plan are determined. The basis for the employer's portion is determined by comparing the employer's actual, legally required contributions made during the fiscal year to the plan with the total actual contributions made in the fiscal year of all employers. The District's contributions to RHIA are included with PERS and equaled the required contributions for the year.

At June 30, 2023, the District reported a net OPEB asset of \$608,173 for its proportionate share of the net OPEB asset. The OPEB liability was measured as of June 30, 2022, and the total OPEB liability used to calculate the net OPEB asset was determined by an actuarial valuation as of December 31, 2020. Consistent with GASB Statement No. 75, paragraph 59(a), the District's proportion of the net OPEB asset is determined by comparing the employer's actual, legally required contributions made during the fiscal year to the Plan with the total actual contributions made in the fiscal year of all employers. As of the measurement dates of June 30, 2022 and 2021, the District's proportion was 0.171 percent and 0.140 percent, respectively. OPEB income for the year ended June 30, 2023 was \$97,706.

WILLAMETTE EDUCATION SERVICE DISTRICT
MARION COUNTY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

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

Components of OPEB Expense/(Income):

Employer's proportionate share of collective system OPEB Expense/(Income)	\$ (91,057)
Net amortization of employer-specific deferred amounts from:	
- Changes in proportionate share (per paragraph 64 of GASB 75)	(2,439)
- Differences between employer contributions and employer's proportionate share of system contributions (per paragraph 65 of GASB 75)	-
Employer's Total OPEB Expense/(Income)	<u>\$ (93,496)</u>

Components of Deferred Outflows/Inflows of Resources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ -	\$ 16,481
Changes in assumptions	4,762	20,272
Net difference between projected and actual earnings on pension plan investments	-	46,381
Net changes in proportionate share	41,262	47,376
Differences between contributions and proportionate share of contributions	-	-
Subtotal - Amortized Deferrals (below)	<u>46,024</u>	<u>130,510</u>
Contributions subsequent to measuring date	-	-
Deferred outflow (inflow) of resources	<u>\$ 46,024</u>	<u>\$ 130,510</u>

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

Subtotal amounts related to OPEB as deferred outflows of resources, \$46,024, and deferred inflows of resources, (\$130,510), net to (\$84,486) and will be recognized in OPEB expense as follows:

Year ending June 30,	Amount
2024	\$ (26,044)
2025	(44,028)
2026	(29,269)
2027	14,855
2028	-
Thereafter	-
Total:	<u>\$ (84,486)</u>

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

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

WILLAMETTE EDUCATION SERVICE DISTRICT
MARION COUNTY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

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

Actuarial Methods and Assumptions:

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

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

Discount Rate:

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

Long-Term Expected Rate of Return:

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

WILLAMETTE EDUCATION SERVICE DISTRICT
MARION COUNTY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

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

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

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

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

	1% Decrease (5.90%)	Discount Rate (6.90%)	1% Increase (7.90%)
District's proportionate share of the net OPEB asset	\$ 548,135	\$ 608,173	\$ 659,639

Changes Subsequent to the Measurement Date

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

WILLAMETTE EDUCATION SERVICE DISTRICT
MARION COUNTY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

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

Post-Employment Health Insurance Subsidy

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

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

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

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

As of July 1, 2021, the following employees were covered by the benefit terms:

Program Participates:	
Active	367
Inactive	8
Spouses of Ineligible Retirees	<u>1</u>
Total	<u><u>376</u></u>

Total OPEB Liability

The District's total OPEB liability of \$962,553 was measured as of June 30, 2021, and was determined by an actuarial valuation as of July 1, 2021.

Actuarial Assumptions and Other Inputs

The District's total OPEB liability in the July 1, 2021 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified.

WILLAMETTE EDUCATION SERVICE DISTRICT
MARION COUNTY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

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

Actuarial Assumptions

Valuation Date	July 1, 2021
Actuarial Cost Method	Entry Age Normal
Discount Rate	2.16%
Election and Lapse Rates	30% of eligible employees. 60% of male members and 35% of females members will elect spouse coverage. 5% annual lapse rate
Mortality	RP-2014 Employee and Healthy Annuitant tables, White collar, sex distinct for members and dependents. For members only, a one year setback is applied. Future mortality improvement is not projected as it would be immaterial to the valuation.
Inflation Rate	2.4% per year
Annual Salary Rate Increases	3.4% per year

Changes in Total OPEB Liability:

	<u>Total OPEB Liability</u>
Total OPEB Liability Balance 6/30/2022	\$ <u>971,422</u>
Changes for the year:	
Service cost	138,114
Interest on total OPEB Liability	23,213
Changes to benefit terms	-
Economic/demographic gain or losses	-
Assumptions changes or inputs	(100,132)
Benefit payments	<u>(70,064)</u>
Total OPEB Liability Balance 6/30/23	<u>\$ 962,553</u>

Discount Rate Sensitivity:

	<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
Total OPEB Liability, as of June 30, 2023	\$ 1,035,005	\$ 962,553	\$ 894,990

Trend Rate Sensitivity:

	<u>1% Decrease</u>	<u>Current Trend Rate</u>	<u>1% Increase</u>
Total OPEB Liability, as of June 30, 2023	\$ 864,283	\$ 962,553	\$ 1,078,134

WILLAMETTE EDUCATION SERVICE DISTRICT
MARION COUNTY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

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

Schedule of Deferred Inflows and Outflows of Resources

	Deferred Inflows of Resources	Deferred Outflows of Resources
Differences between expected and actual experience	\$ (82,408)	\$ -
Changes of assumptions or inputs	(114,714)	55,049
Subtotal amortized deferral	(197,122)	55,049
Contributions/(benefits) after measurement date	-	89,438
Deferred outflow (inflow) of resources	\$ (197,122)	\$ 144,487

The amount of contributions/(benefits) subsequent to the measurement date will be included as a reduction of the net pension liability in the fiscal year ended June 30, 2024.

Subtotal amounts related to OPEB as deferred outflows of resources, \$55,049, and deferred inflows of resources, (\$197,122), net to (\$142,073) and will be recognized in OPEB expense as follows:

Year ending June 30,	Amount
2024	\$ (31,729)
2025	(27,274)
2026	(23,572)
2027	(18,520)
2028	(15,476)
Thereafter	(25,502)
Total	\$ (142,073)

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

WILLAMETTE EDUCATION SERVICE DISTRICT
MARION COUNTY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

10. COMMITMENTS AND CONTINGENCIES

Federal Programs

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

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

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

11. PROPERTY TAX LIMITATIONS

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

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

WILLAMETTE EDUCATION SERVICE DISTRICT
MARION COUNTY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

12. RISK MANAGEMENT

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

13. TAX ABATEMENTS

As of June 30, 2023, the District potentially had tax abatements through various state allowed programs that impacted levied taxes and would require disclosure under GASB 77. Based on the information available from the county as of the date of issuance of these basic financial statements, the amount of abatements for the year ended June 30, 2023 is deemed immaterial by management.

WILLAMETTE EDUCATION SERVICE DISTRICT
MARION COUNTY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

14. LEASE LIABILITY

For the year ended 6/30/2023, the financial statements include the adoption of GASB Statement No. 87, Leases. The primary objective of this statement is to enhance the relevance and consistency of information about governments' leasing activities. This statement establishes a single model for lease accounting based on the principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources. For additional information, refer to the disclosures below.

On 08/01/2021, the District entered into a 60 month lease as Lessee for the use of Copier 754746-11. An initial lease liability was recorded in the amount of \$7,323. As of 06/30/2023, the value of the lease liability is \$4,628. The District is required to make monthly fixed payments of \$131. The lease has an interest rate of 2.7600%. The value of the right to use asset as of 06/30/2023 of \$7,323 with accumulated amortization of \$2,807 is included with Equipment on the Lease Class activities table found below. The District has 1 extension option(s), each for 12 months.

On 08/01/2021, the District entered into a 60 month lease as Lessee for the use of Copier 754746-12. An initial lease liability was recorded in the amount of \$8,950. As of 06/30/2023, the value of the lease liability is \$5,656. The District is required to make monthly fixed payments of \$160. The lease has an interest rate of 2.7600%. The value of the right to use asset as of 06/30/2023 of \$8,950 with accumulated amortization of \$3,431 is included with Equipment on the Lease Class activities table found below. The District has 1 extension option(s), each for 12 months.

On 07/01/2021, the District entered into a 52 month lease as Lessee for the use of Copier 0754746-021. An initial lease liability was recorded in the amount of \$7,841. As of 06/30/2023, the value of the lease liability is \$4,329. The District is required to make monthly fixed payments of \$160. The lease has an interest rate of 2.6700%. The value of the right to use asset as of 06/30/2023 of \$7,841 with accumulated amortization of \$3,617 is included with Equipment on the Lease Class activities table found below. The District has 1 extension option(s), each for 12 months.

On 08/30/2021, the District entered into a 60 month lease as Lessee for the use of Copier 754746-13. An initial lease liability was recorded in the amount of \$7,323. As of 06/30/2023, the value of the lease liability is \$4,748. The District is required to make monthly fixed payments of \$131. The lease has an interest rate of 2.7600%. The value of the right to use asset as of 06/30/2023 of \$7,323 with accumulated amortization of \$2,689 is included with Equipment on the Lease Class activities table found below. The District has 1 extension option(s), each for 12 months.

On 08/31/2021, the District entered into a 60 month lease as Lessee for the use of Copier 754746-14. An initial lease liability was recorded in the amount of \$7,835. As of 06/30/2023, the value of the lease liability is \$5,030. The District is required to make monthly fixed payments of \$142. The lease has an interest rate of 2.7600%. The value of the right to use asset as of 06/30/2023 of \$7,835 with accumulated amortization of \$2,924 is included with Equipment on the Lease Class activities table found below. The District has 1 extension option(s), each for 12 months.

WILLAMETTE EDUCATION SERVICE DISTRICT
MARION COUNTY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

14. LEASE LIABILITY (CONTINUED)

On 08/31/2021, the District entered into a 60 month lease as Lessee for the use of Copier 754746-15. An initial lease liability was recorded in the amount of \$8,810. As of 06/30/2023, the value of the lease liability is \$5,656. The District is required to make monthly fixed payments of \$160. The lease has an interest rate of 2.7600%. The value of the right to use asset as of 06/30/2023 of \$8,810 with accumulated amortization of \$3,288 is included with Equipment on the Lease Class activities table found below. The District has 1 extension option(s), each for 12 months.

On 08/01/2021, the District entered into a 60 month lease as Lessee for the use of Copier 754746-16. An initial lease liability was recorded in the amount of \$8,950. As of 06/30/2023, the value of the lease liability is \$5,656. The District is required to make monthly fixed payments of \$160. The lease has an interest rate of 2.7600%. The value of the right to use asset as of 06/30/2023 of \$8,950 with accumulated amortization of \$3,431 is included with Equipment on the Lease Class activities table found below. The District has 1 extension option(s), each for 12 months.

On 07/01/2021, the District entered into a 58 month lease as Lessee for the use of Copier 754746-2. An initial lease liability was recorded in the amount of \$8,671. As of 06/30/2023, the value of the lease liability is \$5,215. The District is required to make monthly fixed payments of \$160. The lease has an interest rate of 2.7600%. The value of the right to use asset as of 06/30/2023 of \$8,671 with accumulated amortization of \$3,588 is included with Equipment on the Lease Class activities table found below. The District has 1 extension option(s), each for 12 months.

On 08/01/2021, the District entered into a 60 month lease as Lessee for the use of Copier 754746-4. An initial lease liability was recorded in the amount of \$7,960. As of 06/30/2023, the value of the lease liability is \$5,030. The District is required to make monthly fixed payments of \$142. The lease has an interest rate of 2.7600%. The value of the right to use asset as of 06/30/2023 of \$7,960 with accumulated amortization of \$3,051 is included with Equipment on the Lease Class activities table found below. The District has 1 extension option(s), each for 12 months.

On 08/01/2021, the District entered into a 60 month lease as Lessee for the use of Copier 754746-8. An initial lease liability was recorded in the amount of \$8,950. As of 06/30/2023, the value of the lease liability is \$5,656. The District is required to make monthly fixed payments of \$160. The lease has an interest rate of 2.7600%. The value of the right to use asset as of 06/30/2023 of \$8,950 with accumulated amortization of \$3,431 is included with Equipment on the Lease Class activities table found below. The District has 1 extension option(s), each for 12 months.

On 08/01/2021, the District entered into a 60 month lease as Lessee for the use of Copier 754746-10. An initial lease liability was recorded in the amount of \$8,950. As of 06/30/2023, the value of the lease liability is \$5,656. The District is required to make monthly fixed payments of \$160. The lease has an interest rate of 2.7600%. The value of the right to use asset as of 06/30/2023 of \$8,950 with accumulated amortization of \$3,431 is included with Equipment on the Lease Class activities table found below. The District has 1 extension option(s), each for 12 months.

WILLAMETTE EDUCATION SERVICE DISTRICT
MARION COUNTY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

14. LEASE LIABILITY (CONTINUED)

On 07/01/2021, the District entered into a 25 month lease as Lessee for the use of 3745 Portland Road. An initial lease liability was recorded in the amount of \$204,476. As of 06/30/2023, the value of the lease liability is \$16,297. The District is required to make monthly fixed payments of \$7,699. The lease has an interest rate of 1.8900%. The value of the right to use asset as of 06/30/2023 of \$204,476 with accumulated amortization of \$191,696 is included with Buildings on the Lease Class activities table found below. The District has 2 extension option(s), each for 12 months.

On 07/01/2021, the District entered into a 24 month lease as Lessee for the use of 2060 Vista 100 & 110. An initial lease liability was recorded in the amount of \$86,204. As of 06/30/2023, the value of the lease liability is \$0. The District is required to make monthly fixed payments of \$4,136. The lease has an interest rate of 1.8900%. The value of the right to use asset as of 06/30/2023 of \$0 with accumulated amortization of \$0 is included with Buildings on the Lease Class activities table found below.

On 07/01/2021, the District entered into a 37 month lease as Lessee for the use of 2060 Vista 120. An initial lease liability was recorded in the amount of \$29,153. As of 06/30/2023, the value of the lease liability is \$11,302. The District is required to make monthly fixed payments of \$847. The lease has an interest rate of 1.8900%. The value of the right to use asset as of 06/30/2023 of \$29,153 with accumulated amortization of \$18,542 is included with Buildings on the Lease Class activities table found below. The District has 1 extension option(s), each for 24 months.

On 07/01/2021, the District entered into a 105 month lease as Lessee for the use of 174 River Road. An initial lease liability was recorded in the amount of \$382,561. As of 06/30/2023, the value of the lease liability is \$309,205. The District is required to make monthly fixed payments of \$3,500. The lease has an interest rate of 1.8900%. The value of the right to use asset as of 06/30/2023 of \$382,561 with accumulated amortization of \$87,443 is included with Buildings on the Lease Class activities table found below. The District has 2 extension option(s), each for 36 months.

On 07/01/2021, the District entered into a 146 month lease as Lessee for the use of 2600 Pringle. An initial lease liability was recorded in the amount of \$2,983,407. As of 06/30/2023, the value of the lease liability is \$2,598,536. The District is required to make monthly fixed payments of \$19,650. The lease has an interest rate of 1.8900%. The value of the right to use asset as of 06/30/2023 of \$2,983,407 with accumulated amortization of \$490,423 is included with Buildings on the Lease Class activities table found below. The District has 2 extension option(s), each for 60 months.

On 07/01/2021, the District entered into a 79 month lease as Lessee for the use of 2315 Pringle Rd A. An initial lease liability was recorded in the amount of \$118,704. As of 06/30/2023, the value of the lease liability is \$87,567. The District is required to make monthly fixed payments of \$1,420. The lease has an interest rate of 1.8900%. The value of the right to use asset as of 06/30/2023 of \$118,704 with accumulated amortization of \$35,835 is included with Buildings on the Lease Class activities table found below. The District has 2 extension option(s), each for 36 months.

WILLAMETTE EDUCATION SERVICE DISTRICT
MARION COUNTY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

14. LEASE LIABILITY (CONTINUED)

On 07/01/2021, the District entered into a 80 month lease as Lessee for the use of 2315 Pringle Rd H. An initial lease liability was recorded in the amount of \$183,352. As of 06/30/2023, the value of the lease liability is \$134,195. The District is required to make monthly fixed payments of \$2,235. The lease has an interest rate of 1.8900%. The value of the right to use asset as of 06/30/2023 of \$183,352 with accumulated amortization of \$55,006 is included with Buildings on the Lease Class activities table found below. The District has 2 extension option(s), each for 36 months.

On 07/01/2021, the District entered into a 52 month lease as Lessee for the use of Copier 0754746-022. An initial lease liability was recorded in the amount of \$7,826. As of 06/30/2023, the value of the lease liability is \$4,324. The District is required to make monthly fixed payments of \$160. The lease has an interest rate of 2.7600%. The value of the right to use asset as of 06/30/2023 of \$7,826 with accumulated amortization of \$3,610 is included with Equipment on the Lease Class activities table found below. The District has 1 extension option(s), each for 12 months.

On 06/01/2022, the District entered into a 48 month lease as Lessee for the use of 576 Glatt Circle. An initial lease liability was recorded in the amount of \$208,141. As of 06/30/2023, the value of the lease liability is \$158,778. The District is required to make monthly fixed payments of \$4,395. The lease has an interest rate of 1.8900%. The value of the right to use asset as of 06/30/2023 of \$208,141 with accumulated amortization of \$56,371 is included with Buildings on the Lease Class activities table found below. The District has 1 extension option(s), each for 24 months.

On 07/01/2021, the District entered into a 60 month lease as Lessee for the use of 1025 Park Avenue. An initial lease liability was recorded in the amount of \$85,748. As of 06/30/2023, the value of the lease liability is \$53,389. The District is required to make monthly fixed payments of \$1,439. The lease has an interest rate of 1.8900%. The value of the right to use asset as of 06/30/2023 of \$85,748 with accumulated amortization of \$34,299 is included with Buildings on the Lease Class activities table found below. The District has 2 extension option(s), each for 24 months.

On 07/01/2021, the District entered into a 38 month lease as Lessee for the use of Copier 0754746-017. An initial lease liability was recorded in the amount of \$5,425. As of 06/30/2023, the value of the lease liability is \$2,051. The District is required to make monthly fixed payments of \$149. The lease has an interest rate of 2.7600%. The value of the right to use asset as of 06/30/2023 of \$5,425 with accumulated amortization of \$3,414 is included with Equipment on the Lease Class activities table found below. The District has 1 extension option(s), each for 12 months.

On 07/01/2021, the District entered into a 52 month lease as Lessee for the use of Copier 0754746-020. An initial lease liability was recorded in the amount of \$7,826. As of 06/30/2023, the value of the lease liability is \$4,324. The District is required to make monthly fixed payments of \$160. The lease has an interest rate of 2.7600%. The value of the right to use asset as of 06/30/2023 of \$7,826 with accumulated amortization of \$3,610 is included with Equipment on the Lease Class activities table found below. The District has 1 extension option(s), each for 12 months.

On 07/01/2021, the District entered into a 52 month lease as Lessee for the use of Copier 0754746-024. An initial lease liability was recorded in the amount of \$4,658. As of 06/30/2023, the value of the lease liability is \$2,574. The District is required to make monthly fixed payments of \$95. The lease has an interest rate of 2.7600%. The value of the right to use asset as of 06/30/2023 of \$4,658 with accumulated amortization of \$2,149 is included with Equipment on the Lease Class activities table found below. The District has 1 extension option(s), each for 12 months.

WILLAMETTE EDUCATION SERVICE DISTRICT
MARION COUNTY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

14. LEASE LIABILITY (CONTINUED)

On 07/01/2021, the District entered into a 27 month lease as Lessee for the use of 2765 19th Street. An initial lease liability was recorded in the amount of \$59,761. As of 06/30/2023, the value of the lease liability is \$8,825. The District is required to make monthly fixed payments of \$2,108. The lease has an interest rate of 1.8900%. The value of the right to use asset as of 06/30/2023 of \$59,761 with accumulated amortization of \$52,155 is included with Buildings on the Lease Class activities table found below. The District has 2 extension option(s), each for 12 months.

On 07/01/2021, the District entered into a 52 month lease as Lessee for the use of Copier 0754746-023. An initial lease liability was recorded in the amount of \$7,826. As of 06/30/2023, the value of the lease liability is \$4,324. The District is required to make monthly fixed payments of \$160. The lease has an interest rate of 2.7600%. The value of the right to use asset as of 06/30/2023 of \$7,826 with accumulated amortization of \$3,610 is included with Equipment on the Lease Class activities table found below. The District has 1 extension option(s), each for 12 months.

On 07/01/2021, the District entered into a 23 month lease as Lessee for the use of Copier 0754746-015. An initial lease liability was recorded in the amount of \$3,481. As of 06/30/2023, the value of the lease liability is \$0. The District is required to make monthly fixed payments of \$149. The lease has an interest rate of 2.7600%. The value of the right to use asset as of 06/30/2023 of \$0 with accumulated amortization of \$0 is included with Equipment on the Lease Class activities table found below. The District has 1 extension option(s), each for 12 months.

On 07/01/2021, the District entered into a 52 month lease as Lessee for the use of Copier 0754746-019. An initial lease liability was recorded in the amount of \$7,826. As of 06/30/2023, the value of the lease liability is \$4,324. The District is required to make monthly fixed payments of \$160. The lease has an interest rate of 2.7600%. The value of the right to use asset as of 06/30/2023 of \$7,826 with accumulated amortization of \$3,610 is included with Equipment on the Lease Class activities table found below. The District has 1 extension option(s), each for 12 months.

On 08/01/2021, the District entered into a 60 month lease as Lessee for the use of Copier 754746-7. An initial lease liability was recorded in the amount of \$11,535. As of 06/30/2023, the value of the lease liability is \$7,290. The District is required to make monthly fixed payments of \$206. The lease has an interest rate of 2.7600%. The value of the right to use asset as of 06/30/2023 of \$11,535 with accumulated amortization of \$4,422 is included with Equipment on the Lease Class activities table found below. The District has 1 extension option(s), each for 12 months.

On 07/01/2021, the District entered into a 55 month lease as Lessee for the use of Copier 754746-1. An initial lease liability was recorded in the amount of \$4,994. As of 06/30/2023, the value of the lease liability is \$2,928. The District is required to make monthly fixed payments of \$95. The lease has an interest rate of 2.7600%. The value of the right to use asset as of 06/30/2023 of \$4,994 with accumulated amortization of \$2,160 is included with Equipment on the Lease Class activities table found below. The District has 1 extension option(s), each for 12 months.

On 07/01/2021, the District entered into a 31 month lease as Lessee for the use of Copier 0754746-016. An initial lease liability was recorded in the amount of \$4,600. As of 06/30/2023, the value of the lease liability is \$1,180. The District is required to make monthly fixed payments of \$149. The lease has an interest rate of 2.7600%. The value of the right to use asset as of 06/30/2023 of \$4,600 with accumulated amortization of \$3,490 is included with Equipment on the Lease Class activities table found below. The District has 1 extension option(s), each for 12 months.

WILLAMETTE EDUCATION SERVICE DISTRICT
MARION COUNTY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

14. LEASE LIABILITY (CONTINUED)

	Changes in Lease Liability				Due within a Year
	Balance at July 1, 2022	Additions	Reductions	Balance at June 30, 2023	
Equipment	\$ 153,512	\$ -	\$ 41,334	\$ 112,178	\$ 40,076
Building	4,152,492	259,792	785,991	3,626,293	437,492
Total	\$ 4,306,004	\$ 259,792	\$ 827,325	\$ 3,738,471	\$ 477,568

Fiscal Year Ending June 30,	Principal and Interest Requirements to Maturity			
	Governmental Activities			
	Principal Payments	Lease Assets Interest Payments		Total Requirements
2024	\$ 477,568	\$ 67,179	\$ 544,747	\$ 64,434
2025	464,163	58,101	522,264	56,754
2026	472,318	48,886	521,204	48,886
2027	390,870	40,557	431,427	41,411
2028	379,226	33,095	412,321	34,339
2029-2033	1,502,601	76,594	1,579,195	77,786
2034-2037	51,725	122	51,847	51,850
Total	\$ 3,738,471	\$ 324,534	\$ 4,063,005	\$ 375,460

WILLAMETTE EDUCATION SERVICE DISTRICT
MARION COUNTY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

15. RIGHT TO USE ASSET

Right to use assets are for the leases in Note 14.

Amount of Lease Assets by Major Classes of Underlying Asset (Right-to-Use Asset)			
At June 30, 2023			
Asset Class	Lease Asset Value	Accumulated Amortization	Net Value
Equipment	\$ 188,251	\$ (78,860)	\$ 109,391
Building	4,515,095	(1,034,754)	3,480,341
Total	\$ 4,703,346	\$ (1,113,614)	\$ 3,589,732

Changes in Right-to-Use Asset				
	Balance at July 1, 2022	Additions	Reductions	Balance at June 30, 2023
Equipment	\$ 191,732	\$ -	\$ (3,481)	\$ 188,251
Building	4,629,004	259,792	(373,701)	4,515,095
Accumulated Amortization				
Equipment	(39,969)	(42,372)	3,481	(78,860)
Building	(562,995)	(615,462)	143,703	(1,034,754)
Total Lease Assets, Net	\$ 4,217,772	\$ (398,042)	\$ (229,998)	\$ 3,589,732

WILLAMETTE EDUCATION SERVICE DISTRICT
MARION COUNTY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

16. SUBSCRIPTION BASED INFORMATION TECHNOLOGY ARRANGEMENTS (SBITAs) LIABILITY

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

On 07/01/2022, the District entered into a 60 month subscription for the use of Finalsite - WESD. An initial subscription liability was recorded in the amount of \$46,793. As of 06/30/2023, the value of the subscription liability is \$41,043. The District is required to make annual fixed payments of \$5,750. The subscription has an interest rate of 1.8900%. The value of the right to use asset as of 06/30/2023 of \$56,793 with accumulated amortization of \$11,359 is included with Software on the Subscription Class activities table found below.

On 07/01/2022, the District entered into a 36 month subscription for the use of PowerSchool eFinance . An initial subscription liability was recorded in the amount of \$21,290. As of 06/30/2023, the value of the subscription liability is \$14,321. The District is required to make annual fixed payments of \$6,969. The subscription has an interest rate of 1.8900%. The value of the right to use asset as of 06/30/2023 of \$21,290 with accumulated amortization of \$7,097 is included with Software on the Subscription Class activities table found below.

On 07/01/2022, the District entered into a 36 month subscription for the use of PowerSchool. An initial subscription liability was recorded in the amount of \$96,048. As of 06/30/2023, the value of the subscription liability is \$64,609. The District is required to make annual fixed payments of \$31,439. The subscription has an interest rate of 1.8900%. The value of the right to use asset as of 06/30/2023 of \$96,048 with accumulated amortization of \$32,016 is included with Software on the Subscription Class activities table found below.

On 07/01/2022, the District entered into a 36 month subscription for the use of PowerSchool Special Programs - SPED. An initial subscription liability was recorded in the amount of \$22,424. As of 06/30/2023, the value of the subscription liability is \$15,084. The District is required to make annual fixed payments of \$7,340. The subscription has an interest rate of 1.8900%. The value of the right to use asset as of 06/30/2023 of \$22,424 with accumulated amortization of \$7,475 is included with Software on the Subscription Class activities table found below.

On 07/01/2022, the District entered into a 36 month subscription for the use of PowerSchool SIS - OASIS. An initial subscription liability was recorded in the amount of \$1,465. As of 06/30/2023, the value of the subscription liability is \$985. The District is required to make annual fixed payments of \$480. The subscription has an interest rate of 1.8900%. The value of the right to use asset as of 06/30/2023 of \$1,465 with accumulated amortization of \$488 is included with Software on the Subscription Class activities table found below.

WILLAMETTE EDUCATION SERVICE DISTRICT
MARION COUNTY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

**16. SUBSCRIPTION BASED INFORMATION TECHNOLOGY ARRANGEMENTS (SBITAs) LIABILITY
(CONTINUED)**

Changes in Software Liability

	Balance at July 1, 2022	Additions	Reductions	Balance at June 30, 2023	Due within a Year
Software	\$ -	\$ 198,020	\$ 51,977	\$ 146,043	\$ 56,139
Total	\$ -	\$ 198,020	\$ 51,977	\$ 146,043	\$ 56,139

Principal and Interest Requirements to Maturity

Fiscal Year Ending June 30,	Governmental Activities		
	Software		Total
	Principal Payments	Interest Payments	Payments
2024	\$ 55,660	\$ 2,553	\$ 58,213
2025	58,492	1,501	59,993
2026	10,355	395	10,750
2027	10,551	199	10,750
Total	\$ 135,058	\$ 4,648	\$ 139,706

Fiscal Year Ending June 30,	Unallocated Activities		
	Software		Total
	Principal Payments	Interest Payments	Payments
2024	\$ 479	\$ 19	\$ 498
2025	507	10	517
Total	\$ 986	\$ 29	\$ 1,015

WILLAMETTE EDUCATION SERVICE DISTRICT
MARION COUNTY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

16. SUBSCRIPTION BASED INFORMATION TECHNOLOGY ARRANGEMENTS (SBITAs) ASSET

Right to use assets are for the SBITAs in Note 14.

Amount of Subscription Assets by Major Classes of Underlying Asset (Right-to-Use Asset)			
At June 30, 2023			
Asset Class	Subscription Asset Value	Accumulated Amortization	Net Value
Software	\$ 198,020	\$ 58,434	\$ 139,586
Total	\$ 198,020	\$ 58,434	\$ 139,586

Changes in Subscription Right-to-Use Asset				
	Balance at July 1, 2022	Additions	Reductions	Balance at June 30, 2023
Software	\$ -	\$ 198,020	\$ -	\$ 198,020
Accumulated Amortization Software	-	(58,434)	-	(58,434)
Total Software Assets, Net	\$ -	\$ 139,586	\$ -	\$ 139,586

WILLAMETTE EDUCATION SERVICE DISTRICT
MARION COUNTY, OREGON

REQUIRED SUPPLEMENTARY INFORMATION

WILLAMETTE EDUCATION SERVICE DISTRICT
MARION COUNTY, OREGON

SCHEDULE OF CHANGES IN TOTAL PENSION LIABILITY AND RELATED RATIOS
OTHER POST EMPLOYMENT BENEFITS
June 30, 2023

IMPLICIT MEDICAL BENEFIT (OPEB):

SCHEDULE OF CHANGES IN TOTAL PENSION LIABILITY AND RELATED RATIOS

Year Ended June 30,	Total OPEB Liability - Beginning	Service Cost	Interest	Changes of Benefit Terms	Econ/Demo Gains/Losses	Changes of Assumptions	Total OPEB Benefit Payments	Estimated Liability - End of Year	Covered Payroll	Total OPEB Liability as a % of Covered Payroll
2023	\$ 971,422	\$ 138,114	\$ 23,213	\$ -	\$ -	\$ (100,132)	\$ (70,064)	\$ 962,553	\$ N/A	N/A %
2022	967,781	124,546	23,173	-	(37,571)	(18,453)	(88,054)	971,422	N/A	N/A
2021	868,018	109,045	32,360	-	-	64,277	(105,919)	967,781	N/A	N/A
2020	934,861	78,842	37,284	-	(115,529)	34,086	(101,526)	868,018	N/A	N/A
2019	947,633	78,961	34,837	-	-	(18,652)	(107,918)	934,861	N/A	N/A
2018	1,009,962	82,322	29,326	-	-	(46,497)	(127,480)	947,633	N/A	N/A

SCHEDULE OF EMPLOYER CONTRIBUTIONS

Year Ended June 30,	(a) Actuarially Determined Contribution	(b) Contributions During Year	(b)-(a) Difference	(c) Covered Payroll	(b/c) Contributions as a Percentage of Payroll
2023	\$ 138,114	\$ -	\$ N/A	\$ N/A	N/A %
2022	124,546	-	N/A	N/A	N/A
2021	109,045	-	N/A	N/A	N/A
2020	78,842	-	N/A	N/A	N/A
2019	78,961	-	N/A	N/A	N/A
2018	82,322	-	N/A	N/A	N/A

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

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

WILLAMETTE EDUCATION SERVICE DISTRICT
MARION COUNTY, OREGON

REQUIRED SUPPLEMENTARY INFORMATION
June 30, 2023

PERS

SCHEDULE OF THE PROPORTIONATE SHARE OF THE NET PENSION LIABILITY

Year Ended June 30,	(a) Employer's proportion of the net pension liability (NPL)	(b) Employer's proportionate share of the net pension liability (NPL)	(c) Employer's covered payroll	(b/c) NPL as a percentage of covered payroll	Plan fiduciary net position as a percentage of the total pension liability
2023	0.13 %	\$ 20,643,956	\$ 25,750,690	80.2 %	84.5 %
2022	0.12	14,596,041	19,576,264	74.6	87.6
2021	0.12	27,072,597	18,807,314	143.9	75.8
2020	0.09	16,428,343	17,696,125	92.8	80.2
2019	0.12	18,058,387	16,085,649	112.3	82.1
2018	0.11	14,368,814	15,830,479	90.8	83.1
2017	0.09	14,129,940	14,752,388	95.8	80.5
2016	0.08	4,577,809	14,542,311	31.5	91.9
2015	0.11	(2,591,864)	13,935,602	(18.6)	103.6
2014	0.11	5,835,169	15,637,984	37.3	92.0

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

These schedules are presented to illustrate the requirements to show information for 10 years.

SCHEDULE OF CONTRIBUTIONS

Year	Statutorily required contribution	Contributions in relation to the statutorily required contribution	Contribution deficiency (excess)	Employer's covered payroll	Contributions as a percent of covered payroll
2023	\$ 1,919,157	\$ 1,919,157	\$ -	\$ 26,641,487	7.2 %
2022	4,379,681	4,379,681	-	25,750,690	17.0
2021	3,950,224	3,950,224	-	19,576,264	20.2
2020	3,708,754	3,708,754	-	18,807,314	19.7
2019	3,238,768	3,238,768	-	17,696,125	18.3
2018	2,801,048	2,801,048	-	16,085,649	17.4
2017	2,258,580	2,258,580	-	15,830,479	14.3
2016	2,075,084	2,075,084	-	14,752,388	14.1
2015	3,184,010	3,184,010	-	14,542,311	21.9
2014	3,019,726	3,019,726	-	13,935,602	21.7

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

These schedules are presented to illustrate the requirements to show information for 10 years.

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

**REQUIRED SUPPLEMENTARY INFORMATION
June 30, 2023**

RHIA

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

Year Ended June 30,	(a) Employer's proportion of the net OPEB asset/ (liability) (NOA/(L))	(b) Employer's proportionate share of the net OPEB asset/ (liability) (NOA(L))	(c) Employer's covered payroll	(b/c) NOA/(L) as a percentage of covered payroll	Plan fiduciary net position as a percentage of the total OPEB liability
2023	0.171 %	\$ 608,173	\$ 25,750,690	2.4 %	194.6 %
2022	0.140	480,945	19,576,264	2.5	183.9
2021	0.222	451,879	18,807,314	2.4	150.1
2020	0.160	309,713	17,696,125	1.8	144.4
2019	0.156	174,671	16,085,649	1.1	124.0
2018	0.151	63,111	15,830,479	0.4	108.9

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

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

SCHEDULE OF CONTRIBUTIONS

Year Ended June 30,	Statutorily required contribution	Contributions in relation to the statutorily required contribution	Contribution deficiency (excess)	Employer's covered payroll	Contributions as a percent of covered payroll
2023	\$ N/A	\$ N/A	\$ -	\$ 26,641,487	- %
2022	N/A	N/A	-	25,750,690	-
2021	N/A	N/A	-	19,576,264	-
2020	N/A	N/A	-	18,807,314	-
2019	N/A	N/A	-	17,696,125	-
2018	N/A	N/A	-	16,085,649	-

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

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

All statutorily required contributions were made and are included within PERS contributions (see p. 55).

**WILLAMETTE EDUCATION SERVICE DISTRICT
MARION COUNTY, OREGON
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
For the Year Ended June 30, 2023**

	<u>GENERAL FUND</u>			VARIANCE TO FINAL BUDGET
	BUDGET		ACTUAL	
	ORIGINAL	FINAL		
REVENUES				
Local Sources	\$ 15,814,000	\$ 16,114,000	\$ 16,895,169	\$ 781,169
Intermediate Sources	15,000	15,000	10,530	(4,470)
State Sources	30,575,000	31,075,000	31,023,955	(51,045)
Total Revenues	<u>46,404,000</u>	<u>47,204,000</u>	<u>47,929,654</u>	<u>725,654</u>
EXPENDITURES				
Support Services	6,240,000	6,320,000 (1)	6,284,040	35,960
Contingencies	5,000,000	5,000,000 (1)	-	5,000,000
Total Expenditures	<u>11,240,000</u>	<u>11,320,000</u>	<u>6,284,040</u>	<u>5,035,960</u>
Excess (Deficiency) of Revenues over Expenditures	35,164,000	35,884,000	41,645,614	5,761,614
OTHER FINANCING SOURCES (USES)				
5200 Transfers Out	(40,664,000)	(41,384,000) (1)	(41,214,033)	169,967
Total Other Financing Sources (Uses)	<u>(40,664,000)</u>	<u>(41,384,000)</u>	<u>(41,214,033)</u>	<u>169,967</u>
Net Change in Fund Balance	(5,500,000)	(5,500,000)	431,581	5,931,581
Beginning Fund Balance	<u>5,500,000</u>	<u>5,500,000</u>	<u>5,461,073</u>	<u>(38,927)</u>
Ending Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,892,654</u>	<u>\$ 5,892,654</u>

(1) Appropriation Level

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

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
For the Year Ended June 30, 2023**

	<u>SPECIAL REVENUE FUND</u>			VARIANCE TO FINAL BUDGET
	BUDGET		ACTUAL	
	ORIGINAL	FINAL		
REVENUES				
Local Sources	\$ 6,298,250	\$ 6,298,250	\$ 7,602,328	\$ 1,304,078
Intermediate Sources	10,000	10,000	20,000	10,000
State Sources	42,931,322	42,931,322	43,111,032	179,710
Federal Sources	16,138,220	16,138,220	11,790,413	(4,347,807)
Total Revenues	65,377,792	65,377,792	62,523,773	(2,854,019)
EXPENDITURES				
Instruction	35,358,281	35,358,281 (1)	32,865,711	2,492,570
Support Services	38,655,523	38,655,523 (1)	36,042,576	2,612,947
Community Services	547,096	547,096 (1)	64,172	482,924
Facility Acquisition	7,400,000	7,400,000 (1)	7,452,562	(52,562)
Total Expenditures	81,960,900	81,960,900	76,425,021	5,535,879
Excess (Deficiency) of Revenues over Expend	(16,583,108)	(16,583,108)	(13,901,248)	2,681,860
OTHER FINANCING SOURCES (USES)				
R5200 Interfund Transfers In	148,653	148,653	83,469	(65,184)
R5202 Resolution Transfers In	16,447,516	16,447,516	15,219,194	(1,228,322)
5200 Transfers Out	(3,430,000)	(3,430,000) (1)	(2,927,432)	502,568
R5100 Lease Financing	-	- (1)	259,792	259,792
Total Other Financing Sources (Uses)	13,166,169	13,166,169	12,635,023	531,146
Net Change in Fund Balance	(3,416,939)	(3,416,939)	(1,266,225)	2,150,714
Beginning Fund Balance	3,416,939	3,416,939	4,262,824	845,885
Ending Fund Balance	\$ -	\$ -	\$ 2,996,599	\$ 2,996,599

(1) Appropriation Level

WILLAMETTE EDUCATION SERVICE DISTRICT
MARION COUNTY, OREGON

SUPPLEMENTARY INFORMATION

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

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
For the Year Ended June 30, 2023**

<u>DEBT SERVICE FUND</u>				
	BUDGET		ACTUAL	VARIANCE TO FINAL BUDGET
	ORIGINAL	FINAL		
REVENUES				
Local Sources	\$ 2,636,684	\$ 2,636,684	\$ 2,641,229	\$ 4,545
EXPENDITURES				
Debt Service	3,149,820	3,149,820 (1)	3,149,817	3
Excess (Deficiency) of Revenues over Expenditures	(513,136)	(513,136)	(508,588)	4,548
OTHER FINANCING SOURCES (USES)				
R5200 Interfund Transfers In	516,936	516,936	516,936	-
TOTAL OTHER FINANCING SOURCES (USES)	516,936	516,936	516,936	-
Net Change in Fund Balance	3,800	3,800	8,348	4,548
Beginning Fund Balance	200	200	182	(18)
Ending Fund Balance	\$ 4,000	\$ 4,000	\$ 8,530	\$ 4,530

(1) Appropriation Level

WILLAMETTE EDUCATION SERVICE DISTRICT
MARION COUNTY, OREGON
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
For the Year Ended June 30, 2023

CAPITAL PROJECTS FUND

	BUDGET		ACTUAL	VARIANCE TO FINAL BUDGET
	ORIGINAL	FINAL		
REVENUES				
Local Sources	\$ 1,000,000	\$ 1,000,000	\$ -	\$ (1,000,000)
Total Revenues	<u>1,000,000</u>	<u>1,000,000</u>	<u>-</u>	<u>(1,000,000)</u>
EXPENDITURES				
Building Construction and Improvement	4,000,000	4,000,000 (1)	723,152	3,276,848
Total Expenditures	<u>4,000,000</u>	<u>4,000,000</u>	<u>723,152</u>	<u>3,276,848</u>
Excess (Deficiency) of Revenues over Expenditures	(3,000,000)	(3,000,000)	(723,152)	2,276,848
OTHER FINANCING SOURCES (USES)				
5200 Transfers In	3,000,000	3,000,000	2,940,000	(60,000)
Total Other Financing Sources (Uses)	<u>3,000,000</u>	<u>3,000,000</u>	<u>2,940,000</u>	<u>(60,000)</u>
Net Change in Fund Balance	-	-	2,216,848	2,216,848
Beginning Fund Balance	-	-	-	-
Ending Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,216,848</u>	<u>\$ 2,216,848</u>

(1) Appropriation Level

WILLAMETTE EDUCATION SERVICE DISTRICT
MARION COUNTY, OREGON
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
 BUDGET AND ACTUAL
 For the Year Ended June 30, 2023

INTERNAL SERVICE FUND

	BUDGET		ACTUAL	VARIANCE TO FINAL BUDGET
	ORIGINAL	FINAL		
REVENUES				
Local Sources	\$ 2,924,848	\$ 2,924,848	\$ 2,633,662	\$ (291,186)
Total Revenues	<u>2,924,848</u>	<u>2,924,848</u>	<u>2,633,662</u>	<u>(291,186)</u>
EXPENDITURES				
Support Services	3,350,000	3,350,000 (1)	2,652,642	697,358
Contingencies	<u>195,000</u>	<u>195,000 (1)</u>	<u>-</u>	<u>195,000</u>
Total Expenditures	<u>3,545,000</u>	<u>3,545,000</u>	<u>2,652,642</u>	<u>892,358</u>
Excess (Deficiency) of Revenues over Expenditures	(620,152)	(620,152)	(18,980)	601,172
Net Change in Fund Balance	(620,152)	(620,152)	(18,980)	601,172
Beginning Fund Balance	<u>620,152</u>	<u>620,152</u>	<u>700,033</u>	<u>79,881</u>
Ending Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 681,053</u>	<u>\$ 681,053</u>

(1) Appropriation Level

WILLAMETTE EDUCATION SERVICE DISTRICT
MARION COUNTY, OREGON
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
For the Year Ended June 30, 2023

	<u>CUSTODIAL FUND</u>		<u>ACTUAL</u>	<u>VARIANCE TO FINAL BUDGET</u>
	<u>BUDGET</u>			
	<u>ORIGINAL</u>	<u>FINAL</u>		
REVENUES				
Local Sources	\$ 20,000	\$ 20,000	\$ -	\$ (20,000)
TOTAL REVENUES	<u>20,000</u>	<u>20,000</u>	<u>-</u>	<u>(20,000)</u>
Excess (Deficiency) of Revenues over Expenditures	20,000	20,000	-	(20,000)
OTHER FINANCING SOURCES (USES)				
R5200 Transfers In	700,000	700,000	385,161	(314,839)
R5201 Apportionment Transfers In	40,000,000	40,720,000	40,215,899	(504,101)
5200 Other Transfers Out	(20,000)	(20,000)	-	20,000
5202 Resolution Transfers Out	(15,560,500)	(15,560,500) (1)	(15,219,194)	341,306
5300 Apportionment Transits Out	<u>(26,186,000)</u>	<u>(26,906,000) (1)</u>	<u>(25,895,531)</u>	<u>1,010,469</u>
Total Other Financing Sources (Uses)	<u>(1,066,500)</u>	<u>(1,066,500)</u>	<u>(513,665)</u>	<u>552,835</u>
Net Change in Due to Other Agencies	(1,046,500)	(1,046,500)	(513,665)	532,835
Beginning Balance	<u>1,046,500</u>	<u>1,046,500</u>	<u>1,584,187</u>	<u>537,687</u>
Ending Balance Due to Agencies	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,070,522</u>	<u>\$ 1,070,522</u>

(1) Appropriation Level

* Fund balance transfers are allowable under State Statute and are not required to be budgeted for

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

**SCHEDULE OF PROPERTY TAX TRANSACTIONS AND BALANCES
OF TAXES UNCOLLECTED - GENERAL FUND
For the Year Ended June 30, 2023**

TAX YEAR	IMPOSED LEVY OR UNCOLLECTED AT 7-1-22	DEDUCT DISCOUNTS	ADJUSTMENTS TO ROLLS	INTEREST	CASH COLLECTIONS BY COUNTY TREASURER	BALANCE UNCOLLECTED OR UNSEG- REGATED AT 6-30-23
CURRENT:						
2022-23	\$ 14,151,959	\$ 380,779	\$ (35,105)	\$ 3,940	\$ 13,477,516	\$ 262,499
PRIOR YEARS:						
2021-22	249,834	(213)	(21,331)	10,689	141,360	98,045
2020-21	91,899	(1)	(7,819)	6,862	34,820	56,123
2019-20	54,688	(3)	(9,580)	8,943	28,092	25,962
2018-19	24,479	(2)	(6,041)	5,628	14,550	9,518
2017-18 & Prior	40,025	-	(6,176)	5,142	6,039	32,952
Total Prior	460,925	(219)	(50,947)	37,264	224,861	222,600
Total	<u>\$ 14,612,884</u>	<u>\$ 380,560</u>	<u>\$ (86,052)</u>	<u>\$ 41,204</u>	<u>\$ 13,702,377</u>	<u>\$ 485,099</u>

RECONCILIATION OF REVENUE:	GENERAL FUND
Cash Collections by County Treasurer Above	\$ 13,702,377
Accrual of Receivables:	
June 30, 2022	(51,271)
June 30, 2023	81,708
Payments in Lieu of Taxes	<u>32,588</u>
Total Revenue	<u>\$ 13,765,402</u>

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

<u>Program Title</u>	<u>Pass Through Organization</u>	<u>Federal AL Number</u>	<u>Pass Through Entity Number</u>	<u>Expenditures</u>
U.S. Department of Education				
Title I - Grants to Local Educational Agencies		84.010	73301	\$ 10,500
Title I - Neglected and Delinquent Children	Oregon Department of Education	84.013	15603	50,385
		84.013	15603	<u>414,015</u>
Total Title I - Neglected and Delinquent Children				<u>464,400</u>
Title IC - Migrant Education - Basic State Grant Program	Oregon Department of Education	84.011	58927	4,193
	Oregon Department of Education	84.011	68140	35,769
	Oregon Department of Education	84.011	68129	109,118
	Oregon Department of Education	84.011	70949	590,603
	Oregon Department of Education	84.011	73286	718,204
	Oregon Department of Education	84.011	68129	549,402
	Oregon Department of Education	84.011	73268	153,759
	Oregon Department of Education	84.011	75623	86
Total Title I_Migrant Education				<u>2,161,134</u>
Special Education - Vocational Rehabilitation Grant to State	Oregon Department of Education	84.126	10204	74,101
Total Special Education - Vocational Rehabilitation Grant to State				<u>74,101</u>
Special Education - Grants to State, Part B 611 & Part B 611 ARP	Oregon Department of Education	84.027	15599	10,885
	Oregon Department of Education	84.027	15603	127,600
	Oregon Department of Education	84.027	11045	3,451,612
	Oregon Department of Education	84.027	11114	1,085,696
	Oregon Department of Education	84.027	22002	454,613
	Oregon Department of Education	84.027	73638	23,078
	Oregon Department of Education	COVID-19 84.027	15599	1,170
	Oregon Department of Education	84.027	15288	2,598
	Oregon Department of Education	84.027	15288	4,356
	Oregon Department of Education	COVID-19 84.027	15288	644
Subtotal				<u>5,162,252</u>
Special Education - Grants to State, Part B 619 & Part B 619 ARP	Oregon Department of Education	84.173	11045	31,364
	Oregon Department of Education	84.173	11114	273,614
Subtotal				<u>304,978</u>
Total Special Education Cluster				<u>5,467,230</u>
Special Education For Infants and Families (Part C & Part C ARP)		84.181	11114	447,528
Total Special Education For Infants and Families				<u>447,528</u>
Elementary & Secondary School Emergency Relief Fund		COVID-19 84.425D	70964	12,038
		COVID-19 84.425C	75270	21,781
		COVID-19 84.425C	74366	75,000
		COVID-19 84.425C	73301	259,951
		COVID-19 84.425D	65037	1,571,616
		COVID-19 84.425D	64780	2,254
		COVID-19 84.425D	64785	158,033
		COVID-19 84.425D	64796	49,846
		COVID-19 84.425U	75560	786,236
Total Elementary & Secondary School Emergency Relief Fund				<u>2,936,755</u>
Total U.S. Department of Education				<u>11,561,648</u>
U.S. Department of Health & Human Services				
Medical Assistance Program (Medicaid)		93.778		228,765
Total U.S. Department of Health & Human Services				<u>228,765</u>
Total Grants Expended or Passed Through to Subrecipients				<u>11,790,413</u>
TOTAL FEDERAL FINANCIAL ASSISTANCE				<u>\$ 11,790,413</u>

WILLAMETTE EDUCATION SERVICE DISTRICT
MARION COUNTY, OREGON

OTHER INFORMATION

**AUDIT REVENUE SUMMARY
WILLAMETTE EDUCATION SERVICE DISTRICT**

Revenue from Local Sources							
	Fund 100	Fund 200	Fund 300	Fund 400	Fund 500	Fund 600	Fund 700
1110 Ad Valorem Taxes Levied by District	\$ 13,765,402	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
1500 Earnings on Investments	439,280	-	8,530	-	-	-	-
1700 Extracurricular Activities	-	100,526	-	-	-	-	-
1910 Rentals	10,183	-	-	-	-	-	-
1920 Contributions and Donations From Private Sources	11	480,703	-	-	-	-	-
1940 Services Provided Other Local Education Agencies	10,595	4,453,376	-	-	-	2,020,817	-
1960 Recovery of Prior Years' Expenditure	5,017	855	-	-	-	176	-
1970 Services Provided Other Funds	-	-	2,632,699	-	-	-	-
1980 Fees Charged to Grants	2,605,770	-	-	-	-	-	-
1990 Miscellaneous	58,810	2,566,695	-	-	-	612,669	-
Total Revenue from Local Sources	16,895,068	7,602,157	2,641,229	-	-	2,633,662	-
Revenue from Intermediate Sources							
	Fund 100	Fund 200	Fund 300	Fund 400	Fund 500	Fund 600	Fund 700
2199 Other Intermediate Sources	10,530	-	-	-	-	-	-
2200 Restricted Revenue	-	20,000	-	-	-	-	-
Total Revenue from Intermediate Sources	10,530	20,000	-	-	-	-	-
Revenue from State Sources							
	Fund 100	Fund 200	Fund 300	Fund 400	Fund 500	Fund 600	Fund 700
3101 State School Fund - General Support	31,018,290	-	-	-	-	-	-
3104 State Managed County Timber	5,665	-	-	-	-	-	-
3299 Other Restricted Grants-in-Aid	-	43,111,032	-	-	-	-	-
Total Revenue from State Sources	31,023,955	43,111,032	-	-	-	-	-
Revenue from Federal Sources							
	Fund 100	Fund 200	Fund 300	Fund 400	Fund 500	Fund 600	Fund 700
4500 Restricted Revenue From the Federal Government Through the State	-	11,561,649	-	-	-	-	-
4501 Medicaid Reimbursement for Eligible Early Intervention (EI) Services (Ages Birth to 3)	-	66,949	-	-	-	-	-
4502 Medicaid Reimbursement for Eligible Early Childhood Special Education (ECSE) Services (Ages 3-5)	-	161,816	-	-	-	-	-
Total Revenue from Federal Sources	-	11,790,414	-	-	-	-	-
Revenue from Other Sources							
	Fund 100	Fund 200	Fund 300	Fund 400	Fund 500	Fund 600	Fund 700
5100 Long Term Debt Financing Sources	-	259,792	-	-	-	-	-
5200 Interfund Transfers	-	15,302,663	516,936	2,940,000	-	-	40,601,060
5400 Resources - Beginning Fund Balance	5,461,173	4,262,996	183	-	-	700,033	1,584,187
Total Revenue from Other Sources	5,461,173	19,825,451	517,119	2,940,000	-	700,033	42,185,247
Grand Total	\$ 53,390,726	\$82,349,054	\$3,158,348	\$2,940,000	\$ -	\$3,333,695	\$42,185,247

**DISTRICT AUDIT EXPENDITURE SUMMARY
WILLAMETTE EDUCATION SERVICE DISTRICT**

Fund: 100 General Fund

Support Services Expenditures		Totals	Object 100	Object 200	Object 300	Object 400	Object 500	Object 600	Object 700
2110	Attendance and Social Work Services	\$ 16,209	\$ 10,167	\$ 5,075	\$ 967	\$ -	\$ -	\$ -	\$ -
2130	Health Services	448	-	-	-	448	-	-	-
2240	Instructional Staff Development	5,312	-	-	3,209	2,103	-	-	-
2310	Board of Education Services	413,362	17,056	8,768	111,414	11,565	-	264,559	-
2320	Executive Administration Services	699,382	463,515	206,173	17,090	9,965	-	2,640	-
2410	Office of the Principal Services	57,098	39,270	17,810	18	-	-	-	-
2520	Fiscal Services	1,150,066	694,418	355,722	29,489	44,117	-	26,320	-
2540	Operation and Maintenance of Plant Services	1,267,961	463,230	263,606	345,002	103,528	32,785	59,811	-
2610	Direction of Central Support Services	227,110	96,807	57,692	54,022	16,978	-	1,611	-
2620	Planning, Research, Development, Evaluation Services, Grant Writing and Statistical S	126,180	85,656	37,683	651	1,133	-	1,057	-
2630	Information Services	336,067	195,084	92,503	6,502	41,343	-	635	-
2640	Staff Services	874,332	496,949	240,487	73,973	59,652	-	3,271	-
2660	Technology Services	1,056,212	391,847	189,678	191,337	229,673	17,998	35,678	-
2690	Other Support Services - Central	48,492	27,120	12,957	800	7,615	-	-	-
2700	Supplemental Retirement Program	5,809	-	5,809	-	-	-	-	-
Total Support Services Expenditures		6,284,040	2,981,119	1,493,963	834,474	528,120	50,783	395,582	-
Other Uses Expenditures		Totals	Object 100	Object 200	Object 300	Object 400	Object 500	Object 600	Object 700
5200	Transfers of Funds	41,214,033	-	-	-	-	-	-	41,214,033
Total Other Uses Expenditures		41,214,033	-	-	-	-	-	-	41,214,033
Grand Total		\$ 47,498,073	\$ 2,981,119	\$ 1,493,963	\$ 834,474	\$ 528,120	\$ 50,783	\$ 395,582	\$ 41,214,033

**DISTRICT AUDIT EXPENDITURE SUMMARY
WILLAMETTE EDUCATION SERVICE DISTRICT**

Fund: 200 Special Revenue Funds

Instruction Expenditures		Totals	Object 100	Object 200	Object 300	Object 400	Object 500	Object 600	Object 700
1131	High School Programs	\$ 1,724,975	\$ 554,223	\$ 333,081	\$ 82,521	\$ 504,995	\$ 211,321	\$ 38,833	\$ -
1140	Pre-Kindergarten Programs	519,089	233,589	147,459	23,369	85,382	-	29,290	-
1220	Restrictive Programs for Students with Disabilities	393,002	183,282	104,277	9,027	74,240	-	22,175	-
1260	Treatment and Habilitation	22,037,913	8,537,673	4,954,253	7,065,778	285,292	-	1,194,917	-
1280	Alternative Education	1,698,043	885,909	548,853	161,056	99,025	-	3,200	-
1293	Migrant Education	1,885,661	322,478	121,806	1,287,824	46,465	-	107,078	-
1294	Youth Corrections Education	4,599,798	2,180,585	1,220,042	351,396	435,677	151,873	260,223	-
1400	Summer School Programs	7,239	-	-	-	7,239	-	-	-
Total Instruction Expenditures		32,865,710	12,897,740	7,429,771	8,980,971	1,538,315	363,194	1,655,716	-
Support Services Expenditures		Totals	Object 100	Object 200	Object 300	Object 400	Object 500	Object 600	Object 700
2110	Attendance and Social Work Services	1,195,125	669,876	360,655	88,894	25,755	-	49,945	-
2120	Guidance Services	909,092	405,101	247,663	216,461	9,724	-	30,143	-
2130	Health Services	760,923	226,129	123,862	409,318	687	-	928	-
2140	Psychological Services	817,807	166,276	84,749	563,891	2,892	-	-	-
2150	Speech Pathology and Audiology Services	2,711,150	933,638	621,066	1,155,445	98,802	-	2,200	-
2160	Other Student Treatment Services	7,734,286	3,687,095	2,006,667	998,245	688,861	271,142	345,087	-
2210	Improvement of Instruction Services	9,182,966	3,000,665	1,472,422	3,356,516	307,240	-	1,046,122	-
2220	Educational Media Services	579,133	173,100	106,496	91,580	182,184	-	25,774	-
2230	Assessment & Testing	121,258	19,705	10,731	53,947	35,683	-	1,290	-
2240	Instructional Staff Development	205,678	4,044	2,062	191,648	6,102	-	1,822	-
2310	Board of Education Services	380,988	247,076	87,786	20,758	24,006	-	1,362	-
2320	Executive Administration Services	12,274	-	-	9,055	2,526	-	693	-
2410	Office of the Principal Services	600,000	330,689	175,845	61,053	31,123	-	1,290	-
2520	Fiscal Services	3,839,335	443,400	139,761	3,255,850	-	-	324	-
2540	Operation and Maintenance of Plant Services	835,202	136,950	95,260	371,027	153,100	70,804	8,061	-
2550	Student Transportation Services	65,265	-	-	2,510	-	62,756	-	-
2570	Internal Services	2,152	-	-	1,965	187	-	-	-
2610	Direction of Central Support Services	434,702	233,100	108,789	46,523	23,170	-	23,120	-
2620	Planning, Research, Development, Evaluation Services, Grant Writing and Statistical S	2,786,861	788,432	310,830	1,449,349	111,843	-	128,407	-
2630	Information Services	405,600	187,724	98,245	93,725	20,390	-	5,515	-
2640	Staff Services	89,692	48,885	29,950	1,747	5,778	-	3,332	-
2660	Technology Services	1,890,320	511,889	274,537	451,932	584,003	53,836	14,123	-
2670	Records Management Services	222,975	133,462	67,753	7,109	2,648	-	12,003	-
Total Support Services Expenditures		35,782,784	12,347,238	6,325,129	12,888,548	2,313,604	458,538	1,899,521	-
Enterprise and Community Services Expenditures		Totals	Object 100	Object 200	Object 300	Object 400	Object 500	Object 600	Object 700
3100	Food Services	55,780	1,844	606	2,950	-	50,380	-	-
3300	Community Services	8,392	6,014	1,905	-	-	-	474	-
Total Enterprise and Community Services Expenditures		64,172	7,858	2,511	2,950	-	50,380	474	-
Facilities Acquisition and Construction Expenditures		Totals	Object 100	Object 200	Object 300	Object 400	Object 500	Object 600	Object 700
4150	Building Acquisition, Construction, and Improvement Services	7,452,562	-	-	-	-	7,452,562	-	-
Total Facilities Acquisition and Construction Expenditures		7,452,562	-	-	-	-	7,452,562	-	-
Other Uses Expenditures		Totals	Object 100	Object 200	Object 300	Object 400	Object 500	Object 600	Object 700
5200	Transfers of Funds	2,927,432	-	-	-	-	-	-	2,927,432
Total Other Uses Expenditures		2,927,432	-	-	-	-	-	-	2,927,432
Grand Total		\$ 79,092,660	\$ 25,252,836	\$ 13,757,411	\$ 21,882,469	\$ 3,851,919	\$ 8,324,674	\$ 3,355,711	\$ 2,927,432

DISTRICT AUDIT EXPENDITURE SUMMARY
 WILLAMETTE EDUCATION SERVICE DISTRICT

Fund: 300 Debt Service Funds

Other Uses Expenditures		Totals	Object 100	Object 200	Object 300	Object 400	Object 500	Object 600	Object 700
5100	Debt Service	\$ 3,149,817	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,149,817	\$ -
Total Other Uses Expenditures		3,149,817	-	-	-	-	-	3,149,817	-
Grand Total		\$ 3,149,817	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,149,817	\$ -

**DISTRICT AUDIT EXPENDITURE SUMMARY
WILLAMETTE EDUCATION SERVICE DISTRICT**

Fund: 400 Capital Projects Funds

Facilities Acquisition and Construction Expenditures		Totals	Object 100	Object 200	Object 300	Object 400	Object 500	Object 600	Object 700
4150	Building Acquisition, Construction, and Improvement Services	\$ 723,152	\$ -	\$ -	\$ 275,687	\$ -	\$ 447,465	\$ -	\$ -
Total Facilities Acquisition and Construction Expenditures		723,152	-	-	275,687	-	447,465	-	-
Grand Total		\$ 723,152	\$ -	\$ -	\$ 275,687	\$ -	\$ 447,465	\$ -	\$ -

**DISTRICT AUDIT EXPENDITURE SUMMARY
WILLAMETTE EDUCATION SERVICE DISTRICT**

Fund: 600 Internal Service Funds

Support Services Expenditures		Totals	Object 100	Object 200	Object 300	Object 400	Object 500	Object 600	Object 700
2240	Instructional Staff Development	\$ 48,850	\$ -	\$ 48,850	\$ -	\$ -	\$ -	\$ -	\$ -
2520	Fiscal Services	14,102	8,007	5,388	707	-	-	-	-
2620	Planning, Research, Development, Evaluation Services, Grant Writing and Statistical S	200,786	123,609	70,539	2,593	4,045	-	-	-
2660	Technology Services	2,388,905	1,024,149	543,649	564,728	225,899	18,040	12,450	-
Total Support Services Expenditures		2,652,643	1,155,765	668,426	568,028	229,934	18,040	12,450	-
Grand Total		\$ 2,652,643	\$ 1,155,765	\$ 668,426	\$ 568,028	\$ 229,934	\$ 18,040	\$ 12,450	\$ -

DISTRICT AUDIT EXPENDITURE SUMMARY
 WILLAMETTE EDUCATION SERVICE DISTRICT

Fund: 700 Trust and Agency Funds

Other Uses Expenditures		Totals	Object 100	Object 200	Object 300	Object 400	Object 500	Object 600	Object 700
5200	Transfers of Funds	\$ 15,219,194	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 15,219,194
5300	Apportionment of Funds by ESD	25,895,532	-	-	-	-	-	-	25,895,532
Total Other Uses Expenditures		41,114,726	-	-	-	-	-	-	41,114,726
Grand Total		\$ 41,114,726	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 41,114,726

WILLAMETTE EDUCATION SERVICE DISTRICT
MARION COUNTY, OREGON
SUPPLEMENTAL INFORMATION
As Required by The Oregon Department of Education
For the Year Ended June 30, 2023

A. Energy bills for heating - all funds:		Objects 325 and 326 and 327
	Function 2540	\$ 212,266
	Function 2550	-

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

WILLAMETTE EDUCATION SERVICE DISTRICT
MARION COUNTY, OREGON

INDEPENDENT AUDITORS' REPORT REQUIRED BY OREGON STATE REGULATIONS



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

December 15, 2023

Independent Auditors' Report Required by Oregon State Regulations

We have audited the basic financial statements of Willamette Education Service District as of and for the year ended June 30, 2023, and have issued our report thereon dated December 31, 2023. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and Government Auditing Standards.

Compliance

As part of obtaining reasonable assurance about whether the basic financial statements are free of material misstatement, we performed tests of compliance with certain provisions of laws, regulations, contracts, and grants, including the provisions of Oregon Revised 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.**

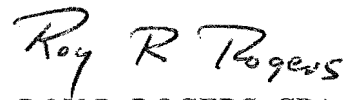
In connection with our testing nothing came to our attention that caused us to believe the Willamette Education Service District was not in substantial compliance with certain provisions of laws, regulations, contracts, and grants, including the provisions of Oregon Revised Statutes as specified in Oregon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

1. Expenditures of the various funds were within authorized appropriations, except as noted on page 15.

OAR 162-10-0230 Internal Control

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

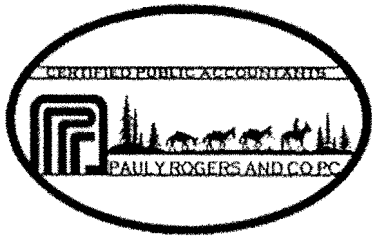
This report is intended solely for the information and use of the Board of Directors and management and the Oregon Secretary of State and is not intended to be and should not be used by anyone other than these parties.

A handwritten signature in cursive script that reads "Roy R. Rogers".

ROY R. ROGERS, CPA
PAULY, ROGERS AND CO., P.C.

WILLAMETTE EDUCATION SERVICE DISTRICT
MARION COUNTY, OREGON

GRANT COMPLIANCE REVIEW



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

December 15, 2023

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

INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON
COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the basic financial statements of the governmental activities, fiduciary fund, internal service fund and each major fund of Willamette Education Service District as of and for the year ended June 30, 2023, and the related notes to the basic financial statements, which collectively comprise the basic financial statements, and have issued our report thereon dated December 15, 2023.

Report on Internal Control over Financial Reporting

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

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

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

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

Report on Compliance and Other Matters

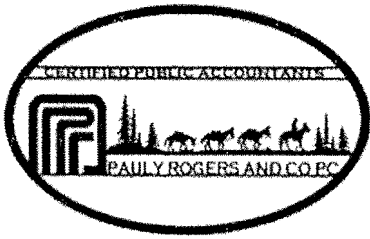
As part of obtaining reasonable assurance about whether the basic financial statements are free from material misstatement, we performed tests of compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect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

Purpose of this Report

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



ROY R. ROGERS, CPA
PAULY, ROGERS AND CO., P.C.



PAULY, ROGERS, AND CO., P.C.
12700 SW 72nd Ave. Tigard, OR 97223
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December 15, 2023

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

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM
AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

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

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

Basis for Opinion on Each Major Federal Program

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

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

Responsibilities of Management for Compliance

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

Auditors' Responsibilities for the Audit of Compliance

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

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

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

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

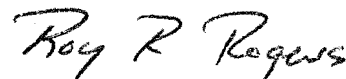
Report on Internal Control over Compliance

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

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

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

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



ROY R. ROGERS, CPA
PAULY, ROGERS AND CO., P.C.

WILLAMETTE EDUCATION SERVICE DISTRICT
MARION COUNTY, OREGON

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the Year Ended June 30, 2023

SECTION I – SUMMARY OF AUDITORS’ RESULTS

FINANCIAL STATEMENTS

Type of auditors’ report issued Unmodified

Internal control over financial reporting:

Material weakness(es) identified? yes no

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

Noncompliance material to financial statements noted? yes no

Any GAGAS audit findings disclosed that are required to be reported in accordance with section 515(d)(2) of the Uniform Guidance? yes no

FEDERAL AWARDS

Internal control over major programs:

Material weakness(es) identified? yes no

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

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

Any audit findings disclosed that are required to be reported in accordance with section 200.516(a) of the Uniform Guidance? yes no

WILLAMETTE EDUCATION SERVICE DISTRICT
MARION COUNTY, OREGON

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the Year Ended June 30, 2023

IDENTIFICATION OF MAJOR PROGRAMS

<u>AL NUMBER</u>	<u>NAME OF FEDERAL PROGRAM CLUSTER</u>
COVID-19, 84.425D, COVID-19 84.425C, COVID-19 84.425U	ESSER

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

Auditee qualified as low-risk auditee? yes no

SECTION II – FINANCIAL STATEMENT FINDINGS

None

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

None

SECTION IV – SCHEDULE OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS

None

WILLAMETTE EDUCATION SERVICE DISTRICT
MARION COUNTY, OREGON

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the Year Ended June 30, 2023

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

1. BASIS OF PRESENTATION

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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