

**INTERMOUNTAIN ESD
UMATILLA COUNTY, OREGON
ANNUAL FINANCIAL REPORT**

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



InterMountain
EDUCATION SERVICE DISTRICT

**INTERMOUNTAIN ESD
UMATILLA COUNTY, OREGON
ANNUAL FINANCIAL REPORT
For the Fiscal Year Ended June 30, 2023**

TABLE OF CONTENTS

	<u>Page</u>
INTRODUCTORY SECTION	
OFFICIALS OF THE DISTRICT	i
FINANCIAL SECTION	
INDEPENDENT AUDITOR’S REPORT	A-D
MANAGEMENT’S DISCUSSION AND ANALYSIS	a-o
BASIC FINANCIAL STATEMENTS	
Government-Wide Financial Statements:	
Statement of Net Position	1
Statement of Activities	2
Fund Financial Statements:	
Governmental Funds:	
Balance Sheet	3
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position	4
Statement of Revenues, Expenditures, and Changes In Fund Balances	5
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	6
Statement of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – General Fund	7
Statement of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – Special Revenues Fund	8
Proprietary Funds:	
Statement of Net Position	9
Statement of Revenues, Expenses, and Changes in Fund Net Position	10
Statement of Cash Flows	11
Notes to the Basic Financial Statements	13
REQUIRED SUPPLEMENTARY INFORMATION	
Schedule of IMESD’s Proportionate Share of the Net Pension Liability (Asset)	52
Schedule of IMESD’s Contributions to the Oregon Public Employee Retirement System	52
Schedule of IMESD’s Proportionate Share of the Net OPEB Liability (Asset) – OPERS Retirement Health Insurance	53
Schedule of IMESD’s Contributions to the Oregon Retirement Health Insurance Account	53

	<u>Page</u>
Schedule of Changes in the District's OPEB Liability and Related Ratios	54
Notes to Required Supplementary Information	55
 SUPPLEMENTAL INFORMATION	
Combining Statements – Non-Major Governmental Funds:	
Combining Balance Sheet	57
Combining Schedule of Revenues, Expenditures, and Changes in Fund Balance	58
Schedules of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual Governmental Funds:	
Capital Projects Fund	59
Debt Service Fund	60
Proprietary Fund:	
Enterprise Fund	61
Schedule of Property Tax Transactions	62
Schedule of Bonded Debt Transactions	63
Schedule of Future Bonded Debt Service Requirements	64
Supplemental Information Required by the Oregon Department of Education	65

**REPORTS OF INDEPENDENT CERTIFIED
PUBLIC ACCOUNTANTS**

INDEPENDENT AUDITOR'S REPORT REQUIRED BY OREGON STATE REGULATIONS	72
 GOVERNMENT AUDITING STANDARDS COMPLIANCE REPORTS	
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	74
Independent Auditor's Report on Compliance for Each Major program and on Internal Control Over Compliance Required by the Uniform Guidance	76
Notes to Schedule of Expenditures of Federal Awards	79
Schedule of Expenditures of Federal Awards	80
Summary Schedule of Prior Audit Findings	82
Schedule of Findings and Questioned Costs	83

IMESD

2022-2023 Board & Budget Committee Members

The Budget Committee consists of 7 Board members and 8 others who serve **3-year** terms. 8 are needed for a quorum.

Board of Directors

		<u>Term Expires</u>
Maria Sanchez	Position 1 – Zone 1	June 30, 2023
Kelly Bissinger	Position 2 – Zone 2	June 30, 2025
Joe McElligott, Vice-Chair	Position 7 – At Large	June 30, 2023
Verneda Wagner	Position 3 – Zone 3	June 30, 2023
Steve Muller	Position 4 – Zone 4	June 30, 2025
Merle Comfort, Chair	Position 5 – Zone 5	June 30, 2025
Dale Bingham	Position 6 – Zone 6	June 30, 2023

Appointed Budget Committee Members

1)	Duane Geyer	Milton-Freewater SD	June 30, 2023
2)	Marty Graham	Athena-Weston SD	June 30, 2023
3)	Dale Freeman	Pendleton SD	June 30, 2024
4)	Anne Morter	Ione SD	June 30, 2023
5)	Leslie Taylor	Ukiah SD	June 30, 2026
6)	Joe Fisher	Imbler SD	June 30, 2026
7)	Emily Smith	Helix SD	June 30, 2026
8)	Candice Patrick	Pendleton SD	June 30, 2026

Meeting Place
InterMountain Education Service District
2001 SW Nye Avenue
Pendleton, OR 97801

FINANCIAL SECTION



Dickey and Tremper, LLP
Certified Public Accountants and Business Advisors

110 SE First Street
P.O. Box 1533
Pendleton, OR 97801
Phone: (541) 276-6862
Toll Free: 1-800-332-6862
Fax: (541) 276-9040
Web: www.dickeyandtremper.com

INDEPENDENT AUDITOR'S REPORT

To the Board of Education
InterMountain Education Service District
Umatilla County, Oregon

Report on the Audit of the Financial Statements

Opinions

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the InterMountain ESD, as of June 30, 2023, and the respective changes in financial position and, where applicable, cash flows and the budgetary comparison for the General Fund and Special Revenues Fund thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibility 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.

Change in Accounting Principle

As described in Note IV.F to the financial statements, in the fiscal year ending June 30, 2023, the District adopted new accounting guidance, GASB Statement No. 96, *Subscription-Based Information Technology Arrangements (SBITAs)*. Our opinion is not modified with respect to this matter.

A

Management's Responsibility for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards 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 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 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 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 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 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, schedules of the District's Proportionate Share of the Net

Pension Liability (Asset) and the District's Contributions to the Oregon Public Employees Retirement System, Schedule of Proportionate Share of Net OPEB Liability (Asset), Schedule of Contributions OPERS Retirement Health Insurance Account, and the Schedule of Changes in the District's OPEB Liability and Related Ratios, and Notes to Required Supplementary information as listed in the table of contents to be presented to supplement the basic financial statements. Such information, 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.

Supplemental Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The accompanying supplemental information as listed in the Table of Contents and schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* 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. Such information 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. The 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 supplemental information 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 Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 29, 2023, on our consideration of the InterMountain ESD's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering InterMountain ESD's internal control over financial reporting and compliance.

Report on Other Legal and Regulatory Requirements

In accordance with Minimum Standards for Audits of Oregon Municipal Corporations, we have also issued our report dated December 29, 2023, on our consideration of the Intermountain ESD's internal control over financial reporting and on tests of its compliance with the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules OAR 162-10-000 to 162-10-320. 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.

Dickey and Tremper, LLP

Dickey and Tremper, LLP
Certified Public Accountants
Pendleton, Oregon

December 29, 2023

MANAGEMENT'S DISCUSSION AND
ANALYSIS

INTERMOUNTAIN EDUCATION SERVICE DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2023

As management of InterMountain Education Service District (referred to as the District), we offer readers of the District's financial statements this narrative and analysis of the financial activities for the fiscal year ended June 30, 2023. We encourage readers to consider the information presented here in conjunction with the financial statements that begin with Exhibit 1.

FINANCIAL HIGHLIGHTS

- In the government-wide financial statement at June 30, 2023, the District's liabilities plus deferred inflows of resources outstripped assets and deferred outflows of resources, causing an overarching *deficit* totaling \$5,726,407. This deficit is primarily caused by outstanding pension bonds, as well as the District portion of the state's unfunded pension liability (PERS) and OPEB liability (health insurance). IMESD, like other government agencies across the State has a PERS liability due to the contractual defined benefit plan for more tenured State employees. Notably, the pension liability decreased over the prior year, with differences between District contributions and the actuarial calculation of the District's proportionate share of the State's collective pension contribution causing the largest reduction.

In addition, the District implemented Governmental Accounting Standards Board Statement No. 96 *Subscription-Based Information Technology Arrangements*. As a result, the District recognized the right to use subscription asset (software) and the corresponding liability on the Statement of Net Position. The negotiated arrangements must meet the prescribed criteria set forth by the Standards Board, such as right to use the software for over one year. Amortization of the assets were recorded on the Statement of Net Position. The Statement of Activities includes a restatement of the beginning net position on July 1, 2022 for the implementation of a Subscription-Based Technology Arrangement related to government activities.

- The 2022-2023 budget was supported by 51% of the State's \$9.3B Basic School Support for the 2021-2023 biennium. Property tax collections improved significantly with the continued economic growth on the west end of the District's boundary.
- The District's investments for 2023 included hiring additional IT staff, special education coaches and one school psychology staff to serve the component Districts. Reporting for the on-line learning platform for school districts moved from the General Fund to a dedicated Special Revenue Fund. Furthermore, the budget included the negotiated COLA and benefits per the collective bargaining agreements.
- The District received improved funding for its Early Intervention/Early Childhood Special Education and Regional Inclusive contracts, Student Investment Grant and ESSER (federal COVID) grants. Carryover dollars from 2022 also provided

supplementary resources. The programs invested in more staff and professional development to improve programs.

- Overall, the Proprietary Funds' revenue was reduced with fewer sales of technology and less E-Rate processing due to federal COVID grants sunsetting for school districts and other government agencies. The IT program also shed its service contracts to government agencies and non-profits. The Cooperative posted record administrative fees from its AEPA negotiated contracts (tracks, school supplies, technology). Revenue totaled \$8,461,289 for the fiscal year ended June 30, 2023 compared to \$9,869,503 the previous year. Expenses were lower with fewer resale equipment purchases and the General Fund supporting a portion of technology payroll.
- The District's governmental funds report a combined ending fund balance totaling \$10,558,509 at June 30, 2023 compared to \$10,102,043 at June 30, 2022. The higher ending fund balance primarily resulted from improvement in federal and state grants.
- At June 30, 2023, the unassigned fund balance for the General Fund was \$6,583,059 approximately 41% of total General Fund expenditures (including transfers). The District maintains a larger fund balance to support grants and contracted services during the first half of each fiscal year. The slower allocation of State contracts and grants, along with subsequent payments, typically drain the District's cash flow.

OVERVIEW OF THE FINANCIAL STATEMENTS

The District's basic financial statements consist of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the basic financial statements. This report also contains supplementary information in addition to the basic financial statements themselves.

GOVERNMENT-WIDE FINANCIAL STATEMENTS

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

- The Statement of Net Position. The Statement of Net Position presents information on all of the assets and liabilities of the District at year end. Net position is the difference remaining after the liabilities have been paid or otherwise satisfied. Over time, increases or decreases in net position serve as a useful indicator of whether the financial position of the District is improving or deteriorating.
- The Statement of Activities. The Statement of Activities presents information displaying how the net position of the District changed over the year by reporting revenues, expenses and other transactions that increase or reduce net position. All changes in net position are recorded as soon as the underlying event giving rise to the change occurs.

In the government-wide financial statements, the district's activities are shown in two categories:

- Governmental Activities – Most of the district's basic functions are recorded in this category. They include regular and special program instructional and support services, administrative and fiscal support, and community services. These activities are primarily financed through property tax revenues, Oregon State School Fund, and inter-governmental grants and contracts.
- Business-Type Activities – These functions include cooperative purchasing, printing, communications and information technology services. These activities provide business services to member districts, other municipal entities and non-profit organizations.

FUND FINANCIAL STATEMENTS

The fund financial statements provide more detailed information about the District's funds, focusing on its most significant or "major" fund – not the District as a whole. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The InterMountain Education Service District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the District can be divided into two categories: governmental funds and proprietary funds.

Governmental Funds. The governmental funds are used to account for essentially the same functions reported as statement of 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.

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

The District maintains 36 individual governmental funds with activity. Information is presented separately in the governmental fund Balance Sheet, the governmental fund Statement of Revenues, Expenditures and Changes in Fund Balances for the General Fund and Special Revenues Fund both of which are considered to be major funds. Operating results from the Capital Projects Fund and Debt Service Fund are combined in a single aggregated presentation. Individual fund data for each non-major governmental fund is provided in the form of combining statements.

Proprietary Funds. The District maintains one proprietary fund type, which is a business-type or enterprise fund. There are three proprietary funds maintained by the District. The

proprietary funds are used to account the operating activities for InterMountain Cooperative, InterMountain Communications and Print Solutions and InterMountain Technology.

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

Other Information. Supplementary Information and other financial schedules reflect combining schedules for the non-major government funds and detail budget to actual analysis for the fiscal year ending June 30, 2023.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Current and Other Assets on the tables below primarily consist of cash, accounts receivable from other governmental agencies, inventory and inter-fund receivables. At June 30, 2023, cash totaled \$5,579,973. Total cash improved with increased state funding, property tax collections, cooperative contracts (AEPA) and E-Rate revenue. Prior year cash balances totaled \$5,245,147. Restricted cash, held in escrow for payment of Pension Bonds totaled \$22,321. Intergovernmental receivables total \$10,492,854 with the majority of accounts owing from State contracts and grants, \$4,023,378. The Entrepreneurial Funds carried receivable balances totaling \$690,380 from other governmental agencies or non-profit organizations.

The District implemented Governmental Accounting Standards Board Statement No. 96 *Subscription-Based Information Technology Arrangements (SBITA)*. As a result, the District recognized the right to use subscription asset (software) and the corresponding liability on the Statement of Net Position. The District reported a SBITA asset totaling \$85,765 and an offsetting payable totaling \$68,326 on the Statement of Net Position.

The District leases various buildings and equipment to operate its programs. These leases are reported on the Statement of Net Position both as assets, \$861,481, that are amortized over the life of the lease and as liabilities, \$872,848.

Capital assets represent 11% of the total assets and consist of the District's land, buildings, building improvements, vehicles, and equipment. For the year ended June 30, 2023, larger investments in capital assets included mini-split units (HVAC) for the main building, two servers and three switches for IT infrastructure, fire alarm systems at two leased locations and a new car for the ESD fleet. The Early Childhood Special Education Expansion and Preschool Promise Grants started a playground project at one of its remote sites. The project was completed in the 2023-2024 fiscal year.

Deferred outflows of resources related to pensions totaled \$13,023,291 and primarily comprise contributions from the side account and customary employer assessments, the net difference between projected and actual investment earnings, changes in assumptions; combined with changes in the District's proportionate share of the unfunded actuarial liability (UAL) and the differences between expected and actual experience. The District also carried a smaller deferred outflow from OPEB.

The District's largest liability consists of three PERS Bond issues. Union-Baker ESD issued bonds in 2002 and Umatilla-Morrow ESD issued in 2004. The bonds were sold to fund or partially fund the PERS unfunded actuarial liability (UAL). At June 30, 2023, the bonds balance totaled \$4,600,000. In August 2021, the District sold \$13,875,000 in PERS bonds to reduce its UAL. The interest rates vary from 0.18% to 2.90%. The maturity date is June 30, 2040. On June 30, 2023, the balance totaled \$13,080,000.

As mentioned earlier, the District has a net pension liability totaling \$8,702,855. This pension liability reflects the District's proportionate share of the State of Oregon's UAL. This liability has dropped from \$11,285,073 in the previous year with the primary difference in the District's proportionate share of the pension UAL decreasing.

The District also reported a \$894,258 OPEB liability to reflect the implicit rate subsidy for the Districts retiree health insurance and a \$307,163 OPEB asset from PERS retiree health insurance. The implicit rate subsidy is produced by State Statute that requires the District to offer health insurance to retirees at the lower rate paid for current employees until the retiree turns 65 years of age. In an open, private market, retirees would pay higher premiums to cover increased healthcare costs related to their age. The lower rates enjoyed by the District's retirees creates a net OPEB liability totaling \$894,258 that the District is required to record on its financial statements.

In addition, the District has long-term debt on its main building in Pendleton. The debt was underwritten for the purchase and renovation of the Hermiston property, as well as a property no longer owned by the District in Milton-Freewater. The principal balance totaled \$70,848.

The District also reported Deferred Inflows of Resources resulting primarily from the net difference between projected and actual earnings on pension investments totaling \$7,727,119. The accrual is driven by net difference between the projected and actual earning on investments, and the changes in proportionate share of the State's pension liability. The Deferred Inflow of Resources related to OPEB totaled \$400,996.

The District carries inter-fund receivables due from the Special Revenue Funds. Some funds will carry negative cash balances until a grant, contract or other receivable is collected. As a result, the cash borrowed from the District's General Fund offset these amounts and is reflected as "interfund payable" at June 30, 2023. Additional liabilities of the district include operating accounts payable and unearned revenues.

The majority of the District's unrestricted deficit net position (\$5,726,407) is due to the significant pension liability and bonds noted above. This deficit is somewhat offset by receivables due from other government agencies and the investment in capital assets (e.g. land, buildings, vehicles and equipment). The District uses these capital assets to provide services to students, staff, and other District residents; consequently, these assets are not available for future spending. As mentioned earlier, the District does carry current and long-term debt related to buildings.

Consolidated Net Position at June 30, 2023

	<u>2023</u>	<u>2022</u>	<u>Current Year Difference</u>
Cash and cash equivalents	\$ 5,579,973	\$ 5,245,147	\$ 334,826
Other current assets	1,004,633	782,312	222,321
Intergovernmental receivables	10,942,854	8,908,671	2,034,183
Leases receivable	189,078	248,003	(58,925)
Net OPEB asset	307,163	439,244	(132,081)
Leased assets (net of amortization)	861,481	713,834	147,647
SBITA assets, net	85,765	-	85,765
Capital assets (net of depreciation)	<u>2,421,371</u>	<u>1,902,424</u>	<u>518,947</u>
Total Assets	<u>21,392,318</u>	<u>18,239,635</u>	<u>3,152,683</u>
Deferred Outflows of Resources	<u>13,124,962</u>	<u>19,484,983</u>	<u>(6,360,021)</u>
Current liabilities	3,351,223	1,747,502	1,603,721
Unearned revenue	286,135	306,450	(20,315)
Long term obligations (current)	1,694,098	1,479,698	214,400
Net OPEB liability	894,258	810,585	83,673
Net pension liability	8,702,855	11,285,073	(2,582,218)
Long term obligations (noncurrent)	<u>16,997,925</u>	<u>18,265,541</u>	<u>(1,267,616)</u>
Total Liabilities	<u>31,926,494</u>	<u>33,894,849</u>	<u>(1,968,355)</u>
Deferred Inflows of Resources	<u>8,317,193</u>	<u>10,632,187</u>	<u>(2,314,994)</u>
Net Position			
Invested in capital assets	2,356,594	1,765,110	591,484
Restricted For:			
Debt service	22,321	3,462	18,859
Medicaid projects	1,284,468	1,718,784	(434,316)
Unrestricted	<u>(9,389,790)</u>	<u>10,454,071</u>	<u>1,064,281</u>
Total Net Position	<u>\$ (5,726,407)</u>	<u>\$ (6,802,418)</u>	<u>\$ 1,240,308</u>

Governmental Net Position at June 30, 2023

	2023	2022	Current Year Difference
Cash and cash equivalents	\$ 3,117,990	\$ 4,038,858	\$ (920,868)
Other current assets	507,182	427,243	79,939
Intergovernmental receivables	10,492,079	7,918,475	2,573,604
Leases receivable	189,078	211,319	(22,241)
Net OPEB asset	271,182	274,947	(3,765)
Leased assets (net of amortization)	604,981	549,537	55,444
SBITA assets, net	85,765	-	85,765
Capital assets (net of depreciation)	2,369,900	1,856,501	513,399
Total Assets	17,638,157	15,276,880	2,361,277
Deferred Outflows of Resources	12,794,430	18,768,172	(5,973,742)
Current liabilities	2,881,323	1,684,409	1,196,914
Unearned revenue	286,135	306,450	(20,315)
Long term obligations (current)	1,639,264	1,419,089	220,175
Net OPEB liability	694,954	621,084	73,870
Net pension liability	7,788,702	9,901,156	(2,112,454)
Long term obligations (noncurrent)	16,792,026	18,158,765	(1,366,739)
Total Liabilities	30,082,404	32,090,953	(2,008,549)
Deferred Inflows of Resources	6,802,473	9,324,025	(2,521,552)
Net Position			
Invested in capital assets	2,309,356	1,719,187	590,169
Restricted For:			
Debt service	22,321	3,462	18,859
Medicaid projects	1,284,468	1,718,784	(434,316)
Unrestricted	(10,068,435)	(10,811,359)	742,924
Total Net Position	\$ (6,452,290)	\$ (7,369,926)	\$ 917,636

Proprietary Net Position at June 30, 2023

	2023	2022	Current Year Difference
Cash and cash equivalents	\$ 2,461,983	\$ 1,206,289	\$ 1,255,694
Other current assets	497,451	355,069	142,382
Intergovernmental receivables	450,775	990,196	(539,421)
Net OPEB asset	35,981	36,684	(703)
Leased assets (net of amortization)	256,500	164,297	92,203
SBITA assets, net	-	-	-
Capital assets (net of depreciation)	51,471	45,923	5,548
Total Assets	3,754,161	2,798,458	955,703
Deferred Outflows of Resources	330,532	716,811	(386,279)
Current Liabilities	469,900	63,093	406,807
Long-term obligations (current)	54,834	60,609	(5,775)
Net OPEB liability	199,304	189,501	9,803
Net pension liability	914,153	1,383,917	(469,764)
Long-term obligations (noncurrent)	205,899	106,776	99,123
Total Liabilities	1,844,090	1,803,896	40,194
Deferred Inflows of Resources	1,514,720	1,308,162	206,558
Net Position			
Invested in capital assets	47,238	45,923	1,315
Restricted	-	-	-
Unrestricted	678,645	357,288	321,357
Total Net Position	\$ 725,883	\$ 403,211	\$ 322,672

Significant Variances: The significant variances in the District's net position for the year ended June 30, 2023 are as follows:

- Revenues were improved, with the larger increases reflected in charges for goods and services and collection of property taxes. State School Support was also higher in the second year of the biennium. Operating grant revenue was lower with reductions to smaller grant allocations. Revenues totaled \$53,173,318 compared to \$50,060,807 for the same period last year.
- With employment costs 48% of total expenditures, the rise in expenditures is primarily due to hiring additional employees and honoring the negotiated employment contracts. Contracted speech language pathology and other therapists increased costs as assistants were required to support teletherapy. Payments to other districts were higher with improved State School Formula revenue and Medicaid Administrative Claims. Conversely, entrepreneurial purchasing of resale-technology was markedly lower as local Component Districts purchased less technology.
- Cooperative purchasing fees with the Associated Education Purchasing Association was strong in the track and field, technology and roofing categories. As mentioned earlier, E-Rate processing fee revenue was also significant with the last of the federal COVID funding added for schools to purchase tablets and other technology for students to attend class on-line.

Changes in Net Position (Consolidated) at June 30, 2023

	<u>2023</u>	<u>2022</u>	<u>Difference</u>
Revenues:			
Program Revenues:			
Charges for Services	\$ 26,080,675	\$ 22,960,741	\$ 3,119,934
Operating Grants & Contributions	9,336,414	9,873,583	(537,169)
Capital Grants and Contributions	-	300,000	(300,000)
General Revenues:			
Property taxes	8,757,558	7,766,155	991,403
State school support	5,227,832	5,153,691	74,141
State school support: bond intercept	1,786,542	1,597,245	189,297
Interest and investment Earnings	229,265	42,676	186,589
Miscellaneous	1,755,032	2,366,716	(611,684)
Gain (Loss) on sale of property	-	-	-
Other business type activities	-	-	-
Total Revenues	<u>53,173,318</u>	<u>50,060,807</u>	<u>3,112,511</u>
Expenses:			
Instruction	10,825,106	10,250,745	574,361
Support services	22,571,125	18,544,002	4,027,123
Enterprise & community services	7,847,386	8,491,701	(644,315)
Facility acquisition and construction	-	-	-
Other uses	10,089,248	8,134,016	1,955,232
Interest on long term debt	618,352	604,593	13,759
Total Expenses	<u>51,951,217</u>	<u>46,025,057</u>	<u>5,926,160</u>
Gain on disposal of property	1,295	-	1,295
Change in Net Position	1,223,396	4,035,750	(2,812,354)
Net Position, July 1, 2022, as restated	<u>(6,949,803)</u>	<u>(11,002,465)</u>	<u>(4,052,662)</u>
Net Position, June 30, 2023	<u>\$ (5,726,407)</u>	<u>\$ (6,966,715)</u>	<u>\$ (6,865,016)</u>

Changes in Net Position (Governmental) at June 30, 2023

	<u>2023</u>	<u>2022</u>	<u>Difference</u>
Revenues:			
Program Revenues			
Charges for Services	\$ 17,619,386	\$ 13,091,238	\$ 4,528,148
Operating Grants & Contributions	9,336,414	9,873,583	(537,169)
Capital Grants and Contributions	-	300,000	(300,000)
General Revenues:			
Property taxes	8,757,558	7,766,155	991,403
State school support	5,227,832	5,153,691	74,141
State school support: bond intercept	1,786,542	1,597,245	189,297
Interest and investment Earnings	229,265	42,676	186,589
Miscellaneous	1,755,032	2,366,716	(611,684)
Gain (Loss) on Sale of Property	-	-	-
Total Revenues	<u>44,712,029</u>	<u>40,191,304</u>	<u>4,520,725</u>
Expenses:			
Instruction	10,825,106	10,250,745	574,361
Support Services	22,571,125	18,544,002	4,027,123
Enterprise & community services	7,102	21,740	(14,638)
Facility acquisition and construction	-	-	-
Other uses	10,089,248	8,134,016	1,955,232
Interest on long term debt	618,352	604,593	13,759
Total Expenses	<u>44,110,933</u>	<u>37,555,096</u>	<u>6,555,837</u>
Excess (deficiency) before Transfers	601,096	2,636,208	(2,035,112)
Transfers In	<u>299,628</u>	<u>-</u>	<u>299,628</u>
Change in Net Position	900,724	2,636,208	(1,735,484)
Net Position, July 1, 2022, as restated	<u>(7,353,014)</u>	<u>(10,006,134)</u>	<u>(2,653,120)</u>
Net Position, June 30, 2023	<u>\$ (6,452,290)</u>	<u>\$ (7,369,926)</u>	<u>\$ (4,388,604)</u>

Changes in Net Position (Proprietary) at June 30, 2023

	2023	2022	Difference
Revenues:			
Program Revenues			
Charges for Services	\$ 8,461,289	\$ 9,869,503	\$ (1,408,214)
Total Revenues	8,461,289	9,869,503	(1,408,214)
Expenses:			
Enterprise & community services	7,840,284	8,469,961	(629,677)
Total Expenses	7,840,284	8,469,961	(629,677)
Excess (deficiency) before Transfers	621,005	1,399,542	(778,537)
Transfers Out	299,628	-	299,628
Gain on disposal of property	1,295	-	1,295
Change in Net Position	322,672	1,399,542	(778,537)
Net Position, July 1, 2022, as restated	403,211	(996,331)	1,399,542
Net Position, June 30, 2023	\$ 725,883	\$ 403,211	\$ 322,672

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

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

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

At June 30, 2023, the District's Governmental Funds reported combined ending fund balance of \$10,558,509 an improvement compared to \$10,102,051 for the previous fiscal year end. Improved property tax collections and state contracts were the primary sources of growth. With additional funding, expenditures also increased as the District provided enhanced services to children and school districts while meeting State spending requirements. As mentioned earlier, employment costs rose with a larger employee base and negotiated employment agreements. The District reported \$5,521,152 available for spending at the District's discretion.

General Fund. The General Fund is the primary operating fund for the District. As of June 30, 2023, the unassigned fund balance was \$6,583,059. As a measure of the fund's liquidity, it may be useful to compare total fund balance to total fund expenditures. The fund balance represents 41% of total General Fund expenditures (including transfers out) for the fiscal year ending June 30, 2023.

The District's ending fund balance is larger than the reserves needed for a school district, for which the ending fund balance typically runs at less than 9% of total General Fund

expenditures. The District's ending fund balance is higher than the prescribed percentage due to the cash requirements for operation, as the State pays for contracted services and reimburses grants at a much slower rate than it pays basic school support payments. In addition, school districts and other governmental agencies purchase goods and services from the District, which cause timing differences with cash flow. As mentioned earlier, the ending fund balance increased with improved state school support, property tax collections and administrative fees.

Special Revenue Funds. Special Revenue Funds are designated for specific programs. Sources of these funds usually are contracts or grants from public entities.

State contracts for special education and instructional services were higher for 2023 due to continued state-wide focus on providing more support for birth to five students. The Early Intervention/Early Childhood Special Education program received improved funding and the District was awarded a larger Preschool Promise and Early Learning Hub grants. The District continued to expend Federal COVID grants, primarily for services to the Component Districts. The Special Revenue Fund ending fund balance totaled \$2,408,958.

Capital Projects Fund. The capital projects fund is designated for district capital purchases and/or improvements to buildings.

In the year ended June 30, 2023, larger investments in capital assets included mini-split units (HVAC) for the main building, two servers and three switches for IT infrastructure, fire alarm systems at two leased locations and a new car for the ESD fleet. The Early Childhood Special Education Expansion and Preschool Promise Grants started a playground project at one of its remote sites. The project was completed in the 2023-2024 fiscal year.

GENERAL FUND BUDGETARY HIGHLIGHTS

The General Fund Budget is primarily driven by the State School Support, which includes property taxes and the State School Fund. ESDs receive 4.5% of the State School Fund Formula revenue. The State School Fund – General Support provided 31% of the District's program resources in the General Fund. With property taxes, the percentage rises to 83%. As mentioned previously, the District received 51% of a \$9.3 billion State School Fund allocation in the first year of the biennium. Other budgeted resources included improvements from Student Investment Act, Early Intervention/Early Childhood Special Education and additional funds from the Federal COVID grants. The Virtual Learning Academy required additional investment to finish the year with enough funds to start the 2023-2024 school year.

Appropriations includes new positions included additional nursing, special education coaching, school psychology, special education administration, accounting and new technology staff. For capital improvements, the District budgeted to improve heating, cooling and airflow at its main building. Purchase of a local warehouse did not materialize. Finally, the District invested in the technology program to assist them with implementing its strategic plan.

The budget also included the negotiated COLA and benefits per the collective bargaining agreements. PERS rates for the second year of the biennium were 6.81% for Tier I employees 3.70% for OPSRP employees. A more robust tuition reimbursement program was implemented to assist employees in obtaining education to step into hard to fill positions, such as school psychology and speech language pathology.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets. The District’s investment in capital assets includes land, buildings and improvements, vehicles and equipment. In the fiscal year ended June 30, 2023, larger investments in capital assets included mini-split units (HVAC)for the main building, two servers and three switches for IT infrastructure, fire alarm systems at two leased locations and a new car for the ESD fleet. The Early Childhood Special Education Expansion and Preschool Promise Grants started a playground project at one of its remote sites. The project was completed in the 2023-2024 fiscal year. At June 30, 2023, the District carried approximately \$2,369,900 in capital assets (net of depreciation), as shown in the following table:

**Capital Assets
(net of depreciation)
June 30, 2023**

	Government Activities	Business Type Activities
Land	\$ 112,468	\$ 0
Construction in progress	73,249	0
Building and improvements	1,842,181	0
Furniture and equipment	342,002	51,471
	\$ 2,369,900	\$ 51,471

Long-Term Debt. The District’s outstanding liabilities for the year ending June 30, 2023 totaled \$27,347,961:

	Governmental Activities	Business-Type Activities	Total
Limited Tax Pension Bonds	\$ 17,680,000	\$ -	\$ 17,680,000
Net Pension (Asset) Liability	7,788,702	914,153	8,702,855
Net OPEB Liability	694,954	199,304	894,258
Note Payable	70,848	-	70,848
Total	\$ 26,234,504	\$ 1,113,457	\$ 27,347,961

The note payable is a long-term loan from a local bank. The debt carries a 3.50% interest rate with a maturity day of April 5, 2024. The loan is collateralized with the main office building in Pendleton, Oregon.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

At the end of May 2023, the Oregon legislature approved a \$10.2B State School Fund budget for the 2023-2025 biennium. IMESD's budget was completed well before the end of May utilizing an estimate based on a \$9.9B State School Fund. The additional support was driven by a continued strong State economy to include property tax collections. The 2023-2024 budget is supported by 49% of the State's \$10.2B State School Fund. The budget included moving payroll costs from Federal COVID grants to the General Fund. The General Fund also absorbed 2.5 IT employees that were previously paid for by Business Type Activities. New positions were added in nursing and speech language pathology. For capital improvements, the District budgeted for major repairs at the warehouse and security at the main building in Pendleton. Across all programs, the District honored the collective bargaining agreements with the negotiated COLA and benefits. A stipend was created for hard to fill positions; particularly for medical staff such as nurses, physical therapists, occupational therapists and speech language pathologists.

With the robust economy, the District budgeted for improved resources for the State contracts and subsequent expenditures. However, the legislature approved less funding for major programs causing the ESD to pivot toward reduced services to School Districts and students through staff attrition, freezing hiring and purchasing and using non-recurring grants. The District is currently lobbying with its State partners for additional funding in the next legislative session. The Business Type Activity programs are also adjusting to less funding with the shedding of \$1M non-educational contracts. The programs are strategically utilizing its ending fund balance to stabilize operations while it becomes self-sustainable.

REQUESTS FOR INFORMATION

This financial report is designed to present the user (citizens, taxpayers, investors, and creditors) with a general overview of the District's finances and to demonstrate the District's accountability. Questions concerning any of the information provided in this report or request for additional information should be addressed to the District's Chief Financial Officer at 2001 SW Nye, Pendleton, Oregon 97801.

BASIC FINANCIAL STATEMENTS

**INTERMOUNTAIN ESD
UMATILLA COUNTY, OREGON
STATEMENT OF NET POSITION
June 30, 2023**

	Primary Government		Total
	Governmental Activities	Business-type Activities	
ASSETS			
Cash and cash equivalents	\$ 3,117,990	\$ 2,461,983	\$ 5,579,973
Receivables:			
Property taxes	424,337	-	424,337
Accounts	12,745	239,605	252,350
Intergovernmental	10,492,079	450,775	10,942,854
Leases	189,078	-	189,078
Prepaid items	47,779	450	48,229
Inventories	-	257,396	257,396
Restricted assets:			
Cash and cash equivalents	22,321	-	22,321
Net OPEB Asset	271,182	35,981	307,163
Lease assets, net	604,981	256,500	861,481
SBITA assets, net	85,765	-	85,765
Capital assets:			
Land	112,468	-	112,468
Construction in progress	73,249	-	73,249
Depreciable assets, net of depreciation	2,184,183	51,471	2,235,654
Total Assets	<u>17,638,157</u>	<u>3,754,161</u>	<u>21,392,318</u>
DEFERRED OUTFLOWS OF RESOURCES			
Pension related	12,716,098	307,193	13,023,291
OPEB related	78,332	23,339	101,671
Total Deferred Outflows of Resources	<u>12,794,430</u>	<u>330,532</u>	<u>13,124,962</u>
LIABILITIES			
Accounts payable and accrued expenses	2,881,323	469,900	3,351,223
Unearned revenue	286,135	-	286,135
Long-term obligations:			
Due within one year:			
Long-term liabilities	1,639,264	54,834	1,694,098
Due in more than one year			
Net pension liability	7,788,702	914,153	8,702,855
Net OPEB liability	694,954	199,304	894,258
Long-term liabilities	16,792,026	205,899	16,997,925
Total Liabilities	<u>30,082,404</u>	<u>1,844,090</u>	<u>31,926,494</u>
DEFERRED INFLOWS OF RESOURCES			
Pension related	6,293,491	1,433,628	7,727,119
OPEB related	319,904	81,092	400,996
Lease receivable related	189,078	-	189,078
Total Deferred Inflows of Resources	<u>6,802,473</u>	<u>1,514,720</u>	<u>8,317,193</u>
NET POSITION			
Net investment in capital assets	2,309,356	47,238	2,356,594
Restricted for:			
Debt service	22,321	-	22,321
Medicaid administration	1,284,468	-	1,284,468
Unrestricted	(10,068,435)	678,645	(9,389,790)
Total Net Position	<u>\$ (6,452,290)</u>	<u>\$ 725,883</u>	<u>\$ (5,726,407)</u>

**INTERMOUNTAIN ESD
UMATILLA COUNTY, OREGON
STATEMENT OF ACTIVITIES
For the Fiscal Year Ended June 30, 2023**

Functions / Programs	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Primary Government		
				Governmental Activities	Business-Type Activities	Total
Governmental activities:						
Instruction	\$ 10,825,106	\$ 520,835	\$ 6,720,085	\$ (3,584,186)	\$ -	\$ (3,584,186)
Support services	22,571,125	17,028,291	2,616,329	(2,926,505)	-	(2,926,505)
Enterprise and community services	7,102	-	-	(7,102)	-	(7,102)
Facility acquisition and construction	-	70,260	-	70,260	-	70,260
Other uses	10,089,248	-	-	(10,089,248)	-	(10,089,248)
Interest on long-term obligations	618,352	-	-	(618,352)	-	(618,352)
Total governmental activities	44,110,933	17,619,386	9,336,414	(17,155,133)	-	(17,155,133)
Business-type activities:						
District services cooperative	1,049,565	1,475,905	-	-	426,340	426,340
Technology services	6,618,200	6,787,658	-	-	169,458	169,458
Other business-type activities	172,519	197,726	-	-	25,207	25,207
Total business-type activities	7,840,284	8,461,289	-	-	621,005	621,005
Total primary government	\$ 51,951,217	\$ 26,080,675	\$ 9,336,414	(17,155,133)	621,005	(16,534,128)
General revenues:						
Property taxes levied for general purposes				8,757,558	-	8,757,558
State school fund - general support				5,227,832	-	5,227,832
State school fund - bond intercept				1,786,542	-	1,786,542
Interest and investment earnings				229,265	-	229,265
Miscellaneous				1,755,032	-	1,755,032
Gain (loss) on disposal of capital assets				-	1,295	1,295
Transfers				299,628	(299,628)	-
Total general revenues and transfers				18,055,857	(298,333)	17,757,524
Change in net position				900,724	322,672	1,223,396
Net position, beginning, as restated (See note IV.F)				(7,353,014)	403,211	(6,949,803)
Net position, ending				\$ (6,452,290)	\$ 725,883	\$ (5,726,407)

FUND FINANCIAL STATEMENTS

Major Governmental Funds

General Fund

The General Fund accounts for the financial operations of the District not accounted for in any other fund. Principal sources of revenue are property taxes and state shared revenues. Expenditures are primarily for general operating expenditures and capital improvement costs.

Special Revenues Fund

The Special Revenues Fund accounts for revenue from specific sources that are legally restricted to expenditures for specified purposes.

**INTERMOUNTAIN ESD
UMATILLA COUNTY, OREGON
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2023**

	General Fund	Special Revenues Fund	Other Governmental Funds	Totals
ASSETS				
Cash and cash equivalents	\$ 1,572,980	\$ -	1,567,331	\$ 3,140,311
Receivables:				
Property taxes	424,337	-	-	424,337
Interfund	5,830,709	-	-	5,830,709
Accounts	12,745	-	-	12,745
Intergovernmental	50,562	10,441,517	-	10,492,079
Leases	189,078	-	-	189,078
Prepaid items	35,327	12,452	-	47,779
Total assets	<u>\$ 8,115,738</u>	<u>\$ 10,453,969</u>	<u>\$ 1,567,331</u>	<u>\$ 20,137,038</u>
LIABILITIES				
Accounts payable and accrued liabilities	916,990	\$ 1,928,167	\$ 36,166	\$ 2,881,323
Interfund payable	-	5,830,709	-	5,830,709
Unearned revenue	-	286,135	-	286,135
Total liabilities	<u>916,990</u>	<u>8,045,011</u>	<u>36,166</u>	<u>8,998,167</u>
DEFERRED INFLOWS OF RESOURCES				
Deferred inflows - leases	189,078	-	-	189,078
Unavailable revenue	391,284	-	-	391,284
Total deferred inflows of resources	<u>580,362</u>	<u>-</u>	<u>-</u>	<u>580,362</u>
FUND BALANCES				
Nonspendable	35,327	-	-	35,327
Restricted	-	1,284,468	22,321	1,306,789
Assigned	-	1,124,490	1,508,844	2,633,334
Unassigned	6,583,059	-	-	6,583,059
Total fund balances	<u>6,618,386</u>	<u>2,408,958</u>	<u>1,531,165</u>	<u>10,558,509</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 8,115,738</u>	<u>\$ 10,453,969</u>	<u>\$ 1,567,331</u>	<u>\$ 20,137,038</u>

**INTERMOUNTAIN ESD
UMATILLA COUNTY, OREGON
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
June 30, 2023**

Fund balances - total governmental funds \$ 10,558,509

Amounts reported for governmental activities in the Statement of Net Position are different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds 2,369,900

Lease assets and the related leases payable are not financial resources or payable in the current period and are not reported in the funds (7,135)

SBITA assets and the related payables are not financial resources or payable in the current period and are not reported in the funds 17,439

Net pension liabilities and related deferred outflows and deferred inflows are not due and payable in the current period and therefore are not reported in the funds (1,366,095)

Net OPEB assets/liabilities and related deferred outflows and deferred inflows are not due and payable in the current period and therefore are not reported in the funds (665,344)

Property tax revenue is deferred in the governmental fund statements until collected. However, the revenue is earned when levied, therefore no deferral is necessary. 391,284

Long-term liabilities, including bonds and notes payable, are not due and payable in the current period and therefore are not reported in the fund statements. (17,750,848)

Net position of governmental activities \$ (6,452,290)

INTERMOUNTAIN ESD
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS
For the Fiscal Year Ended June 30, 2023

	General Fund	Special Revenues Fund	Other Governmental Funds	Total Governmental Funds
REVENUES				
Property taxes				
Other local sources:	\$ 8,657,948	\$ -	\$ -	\$ 8,657,948
Charges for services	422,696	2,032,828	104,708	2,560,232
Administrative fees	1,127,657	-	-	1,127,657
Miscellaneous	339,184	1,361,365	59,554	1,760,103
State sources	5,256,402	15,595,826	1,786,541	22,638,769
Federal sources	-	7,648,647	-	7,648,647
Interest on investments	190,069	-	28,630	218,699
TOTAL REVENUES	<u>15,993,956</u>	<u>26,638,666</u>	<u>1,979,433</u>	<u>44,612,055</u>
EXPENDITURES				
Current:				
Instruction	291,238	10,252,845	-	10,544,083
Support services	9,802,953	11,848,975	236,409	21,888,337
Enterprise and community services	-	7,102	-	7,102
Facility acquisition and construction	-	300,000	-	300,000
Debt service	-	-	1,862,781	1,862,781
TOTAL EXPENDITURES	<u>10,094,191</u>	<u>22,408,922</u>	<u>2,099,190</u>	<u>34,602,303</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>5,899,765</u>	<u>4,229,744</u>	<u>(119,757)</u>	<u>10,009,752</u>
OTHER FINANCING SOURCES (USES)				
Issuance of leases and SBITAs	68,787	167,167	-	235,954
Transfers in	799,911	261,487	400,000	1,461,398
Apportionment of funds to other districts	(5,311,148)	(4,778,099)	-	(10,089,247)
Transfers Out	(661,488)	(499,911)	-	(1,161,399)
TOTAL OTHER FINANCING SOURCES (USES)	<u>(5,103,938)</u>	<u>(4,849,356)</u>	<u>400,000</u>	<u>(9,553,294)</u>
NET CHANGE IN FUND BALANCE	795,827	(619,612)	280,243	456,458
FUND BALANCE, Beginning	<u>5,822,559</u>	<u>3,028,570</u>	<u>1,250,922</u>	<u>10,102,051</u>
FUND BALANCE, Ending	<u>\$ 6,618,386</u>	<u>\$ 2,408,958</u>	<u>\$ 1,531,165</u>	<u>\$ 10,558,509</u>

**INTERMOUNTAIN ESD
UMATILLA COUNTY, OREGON
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
For the Fiscal Year Ended June 30, 2023**

Net change in fund balances - governmental funds \$ 456,458

Amounts reported for governmental activities in the Statement of Activities are different because of the following:

Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.

Deferred inflows	99,610
------------------	--------

Repayment of long-term obligation principal is an expenditure in the governmental funds, but the repayment reduces long-term obligations in the Statement of Net Position	1,276,465
---	-----------

Some expenses reported in the Statement of Activities do not require the use of current financial resources and are not reported as expenditures in governmental funds.

Change in pension liability and related deferred outflows and inflows	(1,510,914)
Change in OPEB assets/liabilities and related deferred outflows and inflows	71,300
Change in lease assets/liabilities and related deferred inflows	(6,121)
Change in SBITA assets/liabilities	527

Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of capital assets are allocated over the useful lives and reported as depreciation expense.

Capital asset additions	690,291
Depreciation expense	<u>(176,892)</u>

513,399

Change in net position - governmental activities	<u><u>\$ 900,724</u></u>
---	---------------------------------

**INTERMOUNTAIN ESD
UMATILLA COUNTY, OREGON
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL
GENERAL FUND
For the Fiscal Year Ended June 30, 2023**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive / (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Property taxes	\$ 8,200,000	\$ 8,200,000	\$ 8,657,948	\$ 457,948
Other local sources	1,862,012	1,862,012	1,889,537	27,525
State sources	5,346,519	5,346,519	5,256,402	(90,117)
Federal sources	-	-	-	-
Interest on investments	35,000	35,000	190,069	155,069
TOTAL REVENUES	<u>15,443,531</u>	<u>15,443,531</u>	<u>15,993,956</u>	<u>550,425</u>
EXPENDITURES				
Current:				
Instruction	254,300	301,810	291,238	10,572
Support services	11,999,925	11,952,415	9,802,953	2,149,462
Contingency	750,000	750,000	-	750,000
TOTAL EXPENDITURES	<u>13,004,225</u>	<u>13,004,225</u>	<u>10,094,191</u>	<u>2,910,034</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>2,439,306</u>	<u>2,439,306</u>	<u>5,899,765</u>	<u>3,460,459</u>
OTHER FINANCING SOURCES (USES)				
Issuance of leases and SBITAs	-	-	68,787	68,787
Transfers in	1,030,000	1,030,000	799,911	(230,089)
Apportionment of funds to other districts	(5,645,306)	(5,394,649)	(5,311,148)	83,501
Transfers out	(424,000)	(674,657)	(661,488)	13,169
TOTAL OTHER FINANCING SOURCES (USES)	<u>(5,039,306)</u>	<u>(5,039,306)</u>	<u>(5,103,938)</u>	<u>(64,632)</u>
NET CHANGE IN FUND BALANCE	(2,600,000)	(2,600,000)	795,827	3,395,827
FUND BALANCE, Beginning	4,800,000	4,800,000	5,822,559	1,022,559
FUND BALANCE, Ending	<u>\$ 2,200,000</u>	<u>\$ 2,200,000</u>	<u>\$ 6,618,386</u>	<u>\$ 4,418,386</u>

**INTERMOUNTAIN ESD
UMATILLA COUNTY, OREGON
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL
SPECIAL REVENUES FUND
For the Fiscal Year Ended June 30, 2023**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive / (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Other local sources	\$ 3,732,749	\$ 4,046,233	\$ 3,394,193	\$ (652,040)
State sources	15,552,369	16,467,066	15,595,826	(871,240)
Federal sources	8,537,938	9,739,946	7,648,647	(2,091,299)
TOTAL REVENUES	<u>27,823,056</u>	<u>30,253,245</u>	<u>26,638,666</u>	<u>(3,614,579)</u>
EXPENDITURES				
Current:				
Instruction	10,580,640	11,903,971	10,252,845	1,651,126
Support services	13,569,569	13,611,184	11,848,975	1,762,209
Enterprise and community services	29,200	29,200	7,102	22,098
Facility acquisition and construction	-	300,000	300,000	-
TOTAL EXPENDITURES	<u>24,179,409</u>	<u>25,844,355</u>	<u>22,408,922</u>	<u>3,435,433</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>3,643,647</u>	<u>4,408,890</u>	<u>4,229,744</u>	<u>(179,146)</u>
OTHER FINANCING SOURCES (USES)				
Issuance of leases and SBITAs	-	-	167,167	167,167
Transfers in	24,000	274,657	261,487	(13,170)
Apportionment of funds to other districts	(4,570,693)	(5,586,593)	(4,778,099)	808,494
Transfers out	(730,000)	(730,000)	(499,911)	230,089
TOTAL OTHER FINANCING SOURCES (USES)	<u>(5,276,693)</u>	<u>(6,041,936)</u>	<u>(4,849,356)</u>	<u>1,192,580</u>
NET CHANGE IN FUND BALANCE	(1,633,046)	(1,633,046)	(619,612)	1,013,434
FUND BALANCE, Beginning	<u>1,633,046</u>	<u>1,633,046</u>	<u>3,028,570</u>	<u>1,395,524</u>
FUND BALANCE, Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,408,958</u>	<u>\$ 2,408,958</u>

FUND FINANCIAL STATEMENTS

Proprietary Funds

The Enterprise Fund is used to report for activities for which a fee is charged to external users for goods and services, and to account for the acquisition, operation, and maintenance of assets for use in the InterMountain Purchasing Cooperative, InterMountain Technology, Communication, and the Graphics/Print Shop. This fund is entirely or predominantly self-supported through user charges to the customer.

**INTERMOUNTAIN ESD
UMATILLA COUNTY, OREGON
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
June 30, 2023**

	Enterprise Fund
ASSETS	
Current Assets:	
Cash and cash equivalents	\$ 2,461,983
Receivables:	
Accounts	239,605
Intergovernmental	450,775
Prepaid items	450
Inventories	257,396
Total Current Assets	3,410,209
Noncurrent Assets	
Net OPEB asset	35,981
Lease assets, net	256,500
Capital Assets:	
Depreciable assets, net of depreciation	51,471
Total Noncurrent Assets	343,952
Total Assets	3,754,161
DEFERRED OUTFLOW OF RESOURCES	
Pension related	307,193
OPEB related	23,339
Total Deferred Outflows of Resources	330,532
LIABILITIES	
Current Liabilities:	
Accounts Payable	469,900
Current portion of long-term liabilities	54,834
Total Current Liabilities	524,734
Long-term obligations, net of current portion:	
Net pension liability	914,153
Net OPEB liability	199,304
Lease liabilities	205,899
Total Noncurrent Liabilities	1,319,356
Total Liabilities	1,844,090
DEFERRED INFLOW OF RESOURCES	
Pension related	1,433,628
OPEB related	81,092
Total Deferred Inflows of Resources	1,514,720
NET POSITION	
Net investment in capital assets	47,238
Unrestricted	678,645
Total net position	\$ 725,883

**INTERMOUNTAIN ESD
UMATILLA COUNTY, OREGON
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
For the Fiscal Year Ended June 30, 2023**

	Enterprise Fund
OPERATING REVENUES	
Charges for Services	\$ 8,416,954
Miscellaneous	44,335
TOTAL OPERATING REVENUES	<u>8,461,289</u>
OPERATING EXPENSES	
Personal Services	3,250,971
Materials and Services	4,513,558
Depreciation and amortization	68,725
TOTAL OPERATING EXPENSES	<u>7,833,254</u>
OPERATING INCOME (LOSS)	<u>628,035</u>
NON-OPERATING INCOME (EXPENSES)	
Gain (Loss) on Disposal of Capital Assets	1,295
Interest Expense	(7,030)
TOTAL NON-OPERATING INCOME (EXPENSES)	<u>(5,735)</u>
NET INCOME (LOSS) BEFORE TRANSFERS	<u>622,300</u>
TRANSFERS	
Transfers out	<u>(299,628)</u>
CHANGE IN NET POSITION	322,672
NET POSITION, Beginning	<u>403,211</u>
NET POSITION, Ending	<u><u>\$ 725,883</u></u>

**INTERMOUNTAIN ESD
UMATILLA COUNTY, OREGON
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the Fiscal Year Ended June 30, 2023**

	Enterprise Fund
CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from customers and users	\$ 8,889,914
Payments to Suppliers	(5,183,716)
Payments to Employees	<u>(2,072,010)</u>
Net cash provided from (used by) operating activities	<u>1,634,188</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Transfers out	<u>(300,000)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Purchase of Capital Assets	(16,693)
Advances from (to) Other Funds	-
Principal paid on long-term obligations	(54,771)
Interest paid on long-term obligations	<u>(7,030)</u>
Net cash provided from (used by) capital and related financing activities	<u>(78,494)</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	1,255,694
CASH AND CASH EQUIVALENTS, Beginning	<u>1,206,289</u>
CASH AND CASH EQUIVALENTS, Ending	<u><u>\$ 2,461,983</u></u>

**INTERMOUNTAIN ESD
UMATILLA COUNTY, OREGON
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS**

For the Fiscal Year Ended June 30, 2023

**Reconciliation of operating income (loss) to net cash
provided from (used by) operating activities**

Operating income (loss)	\$ 628,035
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:	
Depreciation and amortization	68,725
(Increase) decrease in assets:	
Receivables	428,625
Prepaid Items	11,007
Inventories	(40,594)
Net OPEB asset	703
Deferred outflows - pension	381,156
Deferred outflows - OPEB	5,125
Increase (decrease) in liabilities:	
Accounts payable and accrued expenses	404,809
Net pension liability	(469,764)
Net OPEB liability	9,803
Deferred inflows - pension	231,486
Deferred inflows - OPEB	(24,928)
	\$ 1,634,188

Non-cash capital financing activities

Lease financed assets	\$ 190,565
Lease financing	(190,565)
Lease assets transferred to governmental activities	(15,048)
Lease liabilities transferred to governmental activities	15,420
Lease asset termination	(25,732)
Lease liability termination	27,027
	\$ 1,667

NOTES TO THE BASIC FINANCIAL STATEMENTS

**INTERMOUNTAIN ESD
UMATILLA COUNTY, OREGON
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2023**

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Financial Reporting Entity

The InterMountain Education Service District (the District) began operation June 1, 2011; financial activities merged July 1, 2011, and the entity formed from the merger of the Umatilla-Morrow ESD and Union-Baker ESD under the general laws of the State of Oregon.

The InterMountain Education Service District was organized under Oregon Statutes pursuant to ORS 334.010 for the purpose of providing special education programs to Umatilla, Morrow, Baker, Union, and Malheur counties. An elected seven-member Board of Education governs the District. The daily functioning of the District is under the supervision of the Superintendent. As required by generally accepted accounting principles, all activities of the District have been included in the basic financial statements.

There are various other governmental agencies 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 accordingly their financial information is not included in these financial statements.

In evaluating how to define the District, for financial reporting purposes, management has considered all potential component units. Based upon the application criteria established by the Governmental Accounting Standards Board (GASB), there are no component units of the District.

B. Government – Wide and Fund Financial Statements

The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information on all of the activities of the District. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities*, which normally are supported by property taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

Separate financial statements are provided for the governmental funds and proprietary funds. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

C. Measurement Focus, Basis of Accounting and Basis of Presentation

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

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. Significant revenues, which are susceptible to accrual under the modified accrual basis of accounting include property taxes. Other revenue items are included when earned. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

The District reports the following major governmental funds:

The *General Fund* is the primary operating fund of the District. It accounts for all financial resources of the District, except those required to be accounted for in another fund. All general tax revenues and other receipts that are not allocated by law or contractual agreement to some other fund are accounted for in this fund. General operating expenditures and the capital improvement costs that are not paid through other funds are paid from the General Fund.

Special Revenues Fund accounts for revenues and expenditures legally restricted for use in accordance with various grant requirements, which are legally restricted, or assigned to finance particular functions or activities.

The District reports the following major proprietary fund:

The *Enterprise Fund* accounts for revenues and expenses related to the District's operation of the InterMountain Purchasing Cooperative, InterMountain Technology department, InterMountain Communications, and the Graphics/Print Shop.

The District reports the following non-major governmental funds:

Capital Projects Fund accounts for all resources for the acquisition of capital facilities or major renovations to existing facilities.

Debt Service Funds account for the financial resources that are restricted, committed, or assigned to expenditure for payment made for principal and interest on long-term debt for governmental funds.

As a general rule, the effect of interfund activity has been eliminated from government-wide financial statements. Exceptions to this rule are actual charges for services between functions of the government. Elimination of these charges would distort the direct costs of program revenues reporting in the various functions concerned.

Proprietary funds distinguish *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the District's enterprise funds are charges for customer services including purchasing, information technology and printing charges. Operating expenses for the enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first, and then unrestricted resources as they are needed.

D. Assets, Liabilities and Net Position or Equity

1. Cash, Cash Equivalents, and Investments

The District's 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.

Oregon Revised Statutes authorize school districts to invest in obligations of the U.S. Treasury, agencies and instrumentalities of the United States, commercial paper, banker's acceptances guaranteed by a qualified financial institution, repurchase agreements, interest bearing bonds of any city, county, port, or school district in Oregon (subject to specific standards), and the state local government investment pool, among others.

The District maintains merged bank accounts and investments for its funds in a central pool of cash and investments. The investment policy of the District is to invest in the Local Government Investment Pool (LGIP) and interest bearing demand deposits with local banks and to transfer resources to the general checking account as the need arises. This policy is in accordance with ORS 294.035, which specifies the types of investments authorized for municipal corporations. The District records general earnings on investments within the general fund as this fund is the main operating fund of the District and is the primary fund maintaining invested balances throughout the year. Interest from the Debt service investments are recorded in the debt service fund as they are restricted for debt service purposes.

Investments in the LGIP are stated at amortized cost, which approximates fair value. All other investments are stated at fair value.

2. Receivables and Payables

Activities between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either “interfund receivables/payables” (i.e., the current portion of interfund loans) or “advances to/from other funds” (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as “due to/from other funds.”

Advances between funds are offset by a fund balance reserve account in applicable governmental funds to indicate they are not available for appropriation and are not available expendable financial resources. Other receivables including accounts, entitlements, and shared revenues are reported in accordance with the policies enumerated in Section C above.

3. Lease Receivables

Lease receivables are recognized at the net present value of the leased assets at a borrowing rate either explicitly described in the agreement or implicitly determined by the District, reduced by principal payments received.

4. Inventories and Prepaid Items

The proprietary fund inventories are determined by physical count and are stated at the lower of cost (first in, first out) or market. The other funds expense inventories as they are purchased.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

5. Capital Assets

Capital assets, which include land and improvements, buildings, equipment, and vehicles, are reported in the government-wide financial statements. The District defines capital assets as assets with an individual cost of \$5,000, or more, and having an estimated useful life in excess of one year. Assets acquired since July 1, 1978, have been recorded at original cost. Assets acquired prior to July 1, 1978 are recorded at estimated costs arrived at by an appraisal done by a general appraisal company. Donated capital assets are recorded at estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets is capitalized. Capital assets are depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings and improvements	15 to 40
Equipment and furniture	5 to 10

6. Lease Assets

Lease assets are assets which the District leases for a term of more than one year. The value of leases is determined by the net present 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.

7. Subscription-Based Information Technology Arrangement (SBITA) Assets

Subscription-based information technology arrangements (SBITAs) are contracts that convey control of the right to use another party's information technology (IT) software, alone or in combination with tangible capital assets (the underlying IT assets) as specified in the contract for a term of more than one year. The value of the intangible right-to-use subscription asset is determined by the net present value of future subscription payments at the District's incremental borrowing rate at the time of commencement of the arrangement, amortized over the term of the arrangement.

8. Restricted Assets

Certain resources are set aside for repayment of debt and are classified as restricted assets on the Statement of Net Position because their use is restricted.

9. Long-Term Obligations

In the government-wide financial statements and proprietary fund types in the fund financial statements, long-term debt obligations are reported as liabilities in the applicable governmental activities and business-type activities. Bond premiums and discounts are deferred and amortized over the lives of the bonds using the effective interest 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, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

10. 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.

11. SBITAs Payable

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

12. Compensated Absences

Accumulated unpaid vacation is not accrued in the financial statements. The District does not compensate employees for unused vacation.

13. Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Oregon Public Employees Retirement System (OPERS) and additions to/deductions from OPERS's fiduciary net position have been determined on the same basis as they are reported by OPERS. 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.

14. Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of certain assets, liabilities, revenues, expenditures, expenses and other disclosures. Accordingly, actual results could differ from those estimates.

15. Governmental Fund Balances

In the fund financial statements, governmental funds report reservations of fund balance for amounts that meet the definition of GASB 54: Nonspendable, Restricted, Committed, Assigned, and Unassigned.

In the fund financial statements, the fund balance for governmental funds is reported in classifications that comprise a hierarchy based primarily on the extent to which the government is bound to honor constraints on the specific purposes for which amounts in those funds can be spent.

Fund balance is reported as nonspendable when the resources cannot be spent because they are either in a nonspendable form or legally or contractually required to be maintained intact. Nonspendable items are not expected to be converted to cash and include inventories and prepaid amounts.

Fund balance is reported as restricted when the constraints placed on the use of resources are either: (a) externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation.

Fund balance is reported as committed when the Board of Directors passes a resolution that places specific constraints on how the resources may be used. The Directors can modify or rescind the resolution at any time through passage of an additional resolution.

Fund balance is reported as assigned when resources are constrained by the government's intent to use them for a specific purpose but are neither restricted nor committed. Intent is expressed when the Board of Directors approves which resources should be assigned to expenditures of particular purposes during the adoption of the annual budget. The Chief Finance Officer uses that information to determine whether those resources should be classified as assigned or unassigned for presentation in the fund financial statements.

Unassigned fund balance is the residual classification for the General Fund. This classification represents fund balance that has not been restricted, committed, or assigned, for specific purposes beyond the normal scope of the District.

16. Use of Restricted Resources

When the option is available to use restricted or unrestricted resources for any purpose, the District expends restricted resources first. When the option is available to use committed, assigned, or unassigned resources for any purpose, the District expends committed resources before assigned resources, and assigned resources before unassigned resources.

II. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. Budgetary Information

Annual budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America (GAAP) for all governmental funds. The annual budget for proprietary funds is adopted on a basis not consistent with GAAP in order to comply with Oregon Budget Law. All annual appropriations lapse at fiscal year-end.

Oregon Local Budget Law establishes standard procedures relating to the preparation, adoption, and execution of the annual budget.

The District begins its budgeting process by appointing Budget Committee members in the fall of each year. Budget recommendations are developed by management through early spring, with the Budget Committee meeting and approving the budget document in late spring. Public notices of the budget hearing are generally published in May or June and the hearing is held in June. The Board of Education adopts the budget, makes appropriations, and declares the tax levy no later than June 30. Expenditure appropriations may not be legally over expended, except in the case of specific purpose grant receipts and bond sale proceeds which could not be reasonably estimated at the time the budget was adopted.

The resolution authorizing appropriations for each fund sets the level by which expenditures cannot legally exceed appropriations. The level of budgetary control is established at the instruction, support services, enterprise and community services, facility acquisition and construction, debt service, transfers, and apportionment of funds. Unexpected additional resources may be added to the budget and appropriated for expenditure through the use of a supplemental budget. The supplemental budget process requires a hearing before the public, publication in the newspaper, and approval by the Board of Education. Oregon Local Budget Law also provides certain specific exceptions to the supplemental budget process to increase appropriations. Management must obtain Board authorization for all appropriation transfers and supplementary budgetary appropriations.

During the year ended June 30, 2023 appropriation increases and transfers were approved. Appropriations are limited to a single fiscal year; therefore, all spending authority of the District lapses as of year-end.

III. DETAILED NOTES ON ALL FUNDS

A. Deposits and Investments

Deposits. The Governmental Accounting Standards Board has adopted accounting principles generally accepted in the United States of America (GAAP), which includes standards to

categorize deposits to give an indication of the level of custodial credit risk assumed by the District at June 30, 2023. If bank deposits at year end are not entirely insured or collateralized by the District or by its agent in the District's name, the District must disclose the custodial credit risk that exists.

The District's deposits with financial institutions are comprised of bank demand deposits and certificates of deposit. For deposits in excess of federal depository insurance, Oregon Revised Statutes require that Public officials report to the Office of the State Treasurer (OST) all bank depositories in which they deposit public funds and bank depositories will then report financial information and total public funds deposits quarterly to OST. OST will then calculate the required collateral that must be pledged by the bank based on this information and the depository's FDIC assigned capitalization category. Bank depositories will then have a shared liability in the event of a bank loss. For the fiscal year ended June 30, 2023, the carrying amount of the District's deposits and cash in escrow was \$341,134 and the bank balance was \$2,002,021. All deposits are held in the name of the District. Of the bank balance, \$607,400 was covered by federal depository insurance. The remaining \$1,394,621 was collateralized under ORS 295.

Custodial credit risk for deposits is the risk that, in the event of bank failure, a government's deposits may not be returned to it. The District does not have a formal deposit policy for custodial credit risk.

Restricted Cash in Escrow - The District is responsible for Limited Tax Pension Obligations issued for financing of payment of the District's Oregon Public Employee Retirement System (PERS) unfunded liability. The State of Oregon withholds a portion of the District's State School Funding payment and transfers this portion to a trustee escrow account administered by the State of Oregon for the purpose of repayment of scheduled bond principal and interest, as required since the bonds were issued by the Oregon School Board Association. The amount held in the escrow account for payment of future scheduled payments at June 30, 2023 was \$19,410.

Investments. The District has invested funds in the State Treasurer's Oregon Short-Term Fund Local Government Investment Pool during the year. The Oregon Short-Term Fund is the local government investment pool for local governments and was established by the State Treasurer. It was created to meet the administrative responsibilities of federal arbitrage regulations. The investments are regulated by the Oregon Short-Term Fund Board and approved by the Oregon Investment Council (ORS 294.805 to 294.895). Local Government Investment Pool (LGIP) is an unrated external investment pool managed by the State Treasurer's Office, which allows governments within the state to pool their funds for investment purposes. The amounts invested in the pool are not classified by risk categories because they are not evidenced by securities that exist in physical or book entry as defined by GASB Statement No. 40.

In addition, The Oregon State Treasury LGIP distributes investment income on an amortized cost basis and the participant's equity in the pool is determined by the amount of participant deposits, adjusted for withdrawals and distributed income. Accordingly, the adjustment to fair value would not represent an expendable increase in the District's cash position.

Credit Risk - State statutes authorize the District to invest primarily in general obligations of the US Government and its agencies, certain bonded obligations of Oregon municipalities, bank repurchase agreements, bankers' acceptances, certain commercial papers, and the State Treasurer's investment pool, among others. The District has no formal investment policy that further restricts its investment choices.

Concentration of Credit Risk - The District is required to provide information about the concentration of credit risk associated with its investments in one issuer that represent 5 percent

or more of the total investments, excluding investments in external investment pools or those issued and explicitly guaranteed by the U.S. Government. The District has no such investments.

Interest Rate Risk - The District has no formal investment policy that explicitly limits investment maturities as a means of managing its exposure to fair value loss arising from increasing interest rates.

Investments held by the District at June 30, 2023 are as follows:

	Maturity	Percentage of Portfolio	Carrying Amount/ Fair Value
Local Government Investment Pool	1 day	100%	\$ 5,261,160
Less amounts classified as cash equivalents			<u>(5,261,160)</u>
Total Investments			<u>\$ -</u>

A reconciliation of cash and cash equivalents as shown on the combined balance sheet follows:

Deposits with financial institutions	\$ 319,881
Cash in escrow	21,253
Local Government Investment Pool	<u>5,261,160</u>
Total cash and cash equivalents	<u>\$ 5,602,294</u>

B. Receivables

Receivables as of fiscal year-end for the governmental activities individual major funds are as follows:

	General Fund	Special Revenues Fund	Total Governmental Activities
Accounts	\$ 12,745	\$ -	\$ 12,745
Intergovernmental	50,562	10,441,517	10,492,079
Property taxes	<u>424,337</u>	<u>-</u>	<u>424,337</u>
Total receivables	<u>\$ 487,644</u>	<u>\$ 10,441,517</u>	<u>\$ 10,929,161</u>

Receivables as of fiscal year-end for the business-type activities are as follows:

	Enterprise Fund
Accounts	\$ 239,605
Intergovernmental	<u>450,775</u>
Total receivables	<u>\$ 690,380</u>

Uncollected property taxes are shown on the Statement of Net Position as receivables. Property taxes are assessed and attach as an enforceable lien on property as of July 1. Taxes are levied on July 1 and are payable on November 15. They may be paid in installments due November 15, February 15, and May 15. Taxes unpaid as of May 16 are considered delinquent. Taxes are billed and collected by Umatilla, Union, Baker, Malheur, and Morrow Counties, and remittance to the District is made at periodic intervals.

For the fiscal year 2022-2023, the District levied property taxes for a general levy in the amount of \$9,291,735. After reductions for offsets and increases for additional taxes and penalties, this resulted in a net levy of \$8,991,274. The tax rate for the fiscal year was \$.6156 per \$1,000 of assessed value. The assessed valuation for the District as of January 1, 2023 was \$15,291,018,040.

Other accounts and intergovernmental receivables are considered to be fully collectible. Accordingly, no provision for estimated uncollectable has been established.

C. Lease Receivables

Lease related inflows of resources are recognized in the same manner as the lease receivable principal balance. Lease receivables for governmental activities as of the fiscal year-end for the District are as follows:

Description	Original Amount	Outstanding June 30, 2022	Additions	Decreases	Outstanding June 30, 2023
Tower Leases	\$ 231,591	\$ 211,319	\$ -	\$ 22,241	\$ 189,078
Building Leases	-	-	-	-	-
Total	<u>\$ 231,591</u>	<u>211,319</u>	<u>-</u>	<u>22,241</u>	<u>\$ 189,078</u>

Future maturities are as follows:

Year Ending June 30	Tower Leases		
	Principal	Interest	Total
2024	\$ 24,336	\$ 9,454	\$ 33,790
2025	26,566	8,237	34,803
2026	28,938	6,909	35,847
2027	31,459	5,462	36,921
2028	34,139	3,889	38,028
2029-2031	43,639	2,862	46,501
	<u>\$ 189,078</u>	<u>\$ 36,813</u>	<u>\$ 225,891</u>

D. Capital Assets

Capital asset activity for governmental activities for the year ended June 30, 2023 was as follows:

Description	Beginning Balance	Increases	Decreases	Ending Balance
Land	\$ 112,468	\$ -	\$ -	\$ 112,468
Construction in progress	-	73,249	-	73,249
Total non-depreciable	112,468	73,249	-	185,717
Buildings and improvements	3,096,659	521,467	(418,556)	3,199,570
Equipment and furniture	1,176,321	95,575	-	1,271,896
Total depreciable	4,272,980	617,042	(418,556)	4,471,466
Accumulated depreciation				
Buildings and improvements	(1,687,789)	(88,156)	418,556	(1,357,389)
Furniture and equipment	(841,158)	(88,736)	-	(929,894)
Total accumulated depreciation	(2,528,947)	(176,892)	418,556	(2,287,283)
Total depreciable capital assets, net	1,744,033	440,150	-	2,184,183
Governmental activities capital assets, net	\$ 1,856,501	\$ 513,399	\$ -	\$ 2,369,900

Depreciation expense charged to governmental functions:

Instruction	\$ 44,928
Support Services	131,964
Total depreciation for governmental activities	\$ 176,892

Capital asset activity for business-type activities for the year ended June 30, 2023 was as follows:

Description	Beginning Balance	Increases	Decreases	Ending Balance
Equipment and furniture	\$ 297,270	\$ 16,693	\$ -	\$ 313,963
Accumulated depreciation	(251,347)	(11,145)	-	(262,492)
Business-type activities capital assets, net	\$ 45,923	\$ 5,548	\$ -	\$ 51,471

Depreciation expense for business-type activities is charged to functions as follow:

Depreciation expense charged to business-type functions:	
Technology services	\$ 6,874
Other business-type activities	<u>4,271</u>
Total depreciation for business-type activities	<u>\$ 11,145</u>

E. Lease Assets

Lease asset activity for governmental activities for the year ended June 30, 2023 was as follows:

Description	Beginning Balance	Increases	Decreases	Ending Balance
Copiers & Postage	\$ 22,470	\$ 122,577	\$ (7,061)	\$ 137,986
Buildings	643,137	136,633	(57,870)	\$ 721,900
Accumulated amortization	<u>(116,070)</u>	<u>(196,926)</u>	<u>58,091</u>	<u>(254,905)</u>
Governmental activities leased assets, net	<u>\$ 549,537</u>	<u>\$ 62,284</u>	<u>\$ (6,840)</u>	<u>\$ 604,981</u>

Amortization expense charged to governmental functions:

Instruction	\$ 153,602
Support Services	<u>43,324</u>
Total amortization for governmental activities	<u>\$ 196,926</u>

Lease asset activity for business-type activities was as follows:

Description	Beginning Balance	Increases	Decreases	Ending Balance
Copiers & Postage	\$ 107,779	\$ 21,443	\$ (1,868)	\$ 127,354
Buildings	110,741	169,122	(110,742)	169,121
Accumulated amortization	<u>(54,223)</u>	<u>(57,582)</u>	<u>71,830</u>	<u>(39,975)</u>
Business-type activities leased assets, net	<u>\$ 164,297</u>	<u>\$ 132,983</u>	<u>\$ (40,780)</u>	<u>\$ 256,500</u>

Amortization expense charged to governmental functions:

Technology services	\$ 14,071
Other business-type activities	<u>43,511</u>
Total amortization for governmental activities	<u>\$ 57,582</u>

F. SBITA Assets

SBITA asset activity for governmental activities for the year ended June 30, 2023 was as follows:

Description	Beginning Balance	Increases	Decreases	Ending Balance
SBITA software	\$ 127,358	\$ -	\$ -	\$ 127,358
Accumulated amortization	-	(41,593)	-	(41,593)
Business-type activities leased assets, net	<u>\$ 127,358</u>	<u>\$ (41,593)</u>	<u>\$ -</u>	<u>\$ 85,765</u>

Amortization expense charged to governmental functions:

Instruction	\$ 13,053
Support Services	28,540
Total amortization for governmental activities	<u>\$ 41,593</u>

G. Deferred Outflows and Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to future period(s) and so will not be recognized as an outflow of resources (expenditure/expense) until then. The District has deferred amounts relating to pensions and other post-employment benefits. This amount is deferred and recognized as an outflow of resources in the period when the District recognizes pension and other post-employment benefits expense/expenditures. Deferred outflows are included in the government-wide Statement of Net Position and the proprietary funds Statement of Net Position, if applicable.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The District has three items that qualify for reporting in this category, including deferred lease resources. Unavailable revenues from property taxes are reported in the governmental funds balance sheet. These amounts are deferred and recognized as an inflow of resources in the period that amount becomes available. The District also reports deferred amounts related to pensions and other post-employment benefits. This amount is deferred and recognized as an inflow of resources in the period when the District recognizes pension and other post-employment benefit income. Deferred inflows are included in the government-wide Statement of Net Position and the proprietary funds Statement of Net Position, if applicable.

The governmental funds report unavailable revenues from the following sources:

	<u>Unavailable</u>
Property taxes receivable	
General Fund	\$ 391,284
Lease receivables	
General Fund	189,078
	<hr/>
Total deferred revenue	\$ 580,362
	<hr/> <hr/>

H. Interfund Receivable/Payable

In the fund financial statements, the General Fund had \$5,830,709 receivable from the Special Revenues Fund. The interfund loans are for temporary cash management requirements.

I. Long-Term Liabilities from Direct Borrowings and Direct Placements.

1. Long-term liability activity for the year ended June 30, 2023 was as follows:

Governmental Activities:	Balance			Balance	Due Within
Principal Transactions:	June 30, 2022	Issued	Reductions	June 30, 2023	One Year
Governmental bonds					
2002 Pension Bonds - UBESD	\$ 2,395,000	\$ -	\$ 340,000	\$ 2,055,000	\$ 380,000
2004 Pension Bonds	2,965,000	-	420,000	2,545,000	470,000
2021 PERS Bond 2021A	13,530,000	-	450,000	13,080,000	470,000
	<hr/>			<hr/>	<hr/>
Total governmental bonds	18,890,000	-	1,210,000	17,680,000	1,320,000
Governmental loans/notes from direct borrowings					
Columbia State Bank	137,314	-	66,466	70,848	70,575
	<hr/>			<hr/>	<hr/>
Total governmental loans	137,314	-	66,466	70,848	70,575
	<hr/>			<hr/>	<hr/>
Total governmental activities	\$ 19,027,314	\$ -	\$ 1,276,466	\$ 17,750,848	\$ 1,390,575
	<hr/> <hr/>			<hr/> <hr/>	<hr/> <hr/>

2. Limited Tax Pension Bonds

The District issued Limited Tax Pension Bonds in 2004, with interest rates ranging from 3.25% to 5.52%. These bond issuances are secured by the full faith and credit of the District, with final payments due June 30, 2028.

The District's future maturities for Limited Tax Pension Bond issued 2004 are as follows:

Year Ending June 30	Principal	Interest
2024	\$ 470,000	\$ 140,688
2025	520,000	114,706
2026	580,000	85,960
2027	635,000	53,898
2028	340,000	18,795
	<hr/>	<hr/>
	\$ 2,545,000	\$ 414,047
	<hr/> <hr/>	<hr/> <hr/>

The District assumed Union-Baker ESD’s pension bond that issued in 2002, with interest rates ranging from 2.06% to 5.55%. These bond issuances are secured by the full faith and credit of the District, with final payments due June 30, 2028.

The District’s future maturities for Limited Tax Pension Bond issued 2002 are as follows:

Year Ending June 30	Principal	Interest
2024	\$ 380,000	\$ 114,052
2025	425,000	92,963
2026	475,000	69,375
2027	530,000	43,013
2028	245,000	13,598
	\$ 2,055,000	\$ 333,000

The District issued limited tax pension bonds to finance the unfunded pension liability to the Oregon Public Employees Retirement System, with interest rates ranging from 0.18% to 2.90%. These bond issuances are secured by the full faith and credit of the District, with final payments due June 30, 2040.

The District’s future maturities for the Limited Tax Pension Bond issued 2021 are as follows:

Year Ending June 30	Principal	Interest
2024	\$ 470,000	\$ 284,499
2025	500,000	281,717
2026	530,000	277,347
2027	565,000	271,495
2028	600,000	263,811
2029-33	3,635,000	1,149,548
2034-38	4,965,000	688,104
2039-40	1,815,000	70,493
	\$ 13,080,000	\$ 3,287,014

3. Note Payable – Governmental Activities

The District has a note payable to Columbia State Bank for the purchase and improvement of the Hermiston Education Center. On June 21, 2012 the District refinanced the remaining balance. The note balance is payable monthly in installments of \$5,854, including interest at 3.50%. The final financing commitment expires April 5, 2024. The loan is secured by a first lien on the District’s main office property in Pendleton and is payable from general government revenues.

The District's future maturities for the note payable are as follows:

Year Ending June 30	Principal	Interest
2024	\$ 70,780	\$ 1,353
	<u>\$ 70,780</u>	<u>\$ 1,353</u>

J. Leases Payable

Leases payable transactions for the year ended June 30, 2023 are as follows:

Governmental Activities:

Description	Beginning Balance	Increases	Decreases	Ending Balance	Due Within One Year
Copiers	\$ 13,694	\$ 107,222	\$ 18,829	\$ 102,087	\$ 23,132
Postage	492	15,355	1,803	14,044	2,854
Office/Classroom	536,354	128,796	169,165	495,985	180,303
Total	<u>\$ 550,540</u>	<u>\$ 251,373</u>	<u>\$ 189,797</u>	<u>\$ 612,116</u>	<u>\$ 206,289</u>

Business-type Activities:

Description	Beginning Balance	Increases	Decreases	Ending Balance	Due Within One Year
Copiers IT	\$ 563	\$ 12,577	\$ 1,496	\$ 11,644	\$ 2,319
Copiers Cooperative	-	8,866	1,464	7,402	1,676
Copiers Printshop	87,251	-	19,091	68,160	20,067
Copiers/Duplo PS	6,141	-	1,736	4,405	1,825
Buildings/Space IT	-	89,800	21,295	68,505	11,725
Buildings/Space Cooperative	49,932	70,646	49,933	70,645	12,092
Buildings/Space Printshop	23,498	29,971	23,498	29,971	5,130
Total	<u>\$ 167,385</u>	<u>\$ 211,860</u>	<u>\$ 118,513</u>	<u>\$ 260,732</u>	<u>\$ 54,834</u>

Future maturities are as follows:

Governmental Activities			
Year Ending June 30	Principal	Interest	Total
2024	\$ 206,289	\$ 25,779	\$ 232,068
2025	155,896	16,672	172,568
2026	138,057	9,051	147,108
2027	93,050	3,135	96,185
2028	18,824	439	19,263
	<u>\$ 612,116</u>	<u>\$ 55,076</u>	<u>\$ 667,192</u>

Business-Type Activities			
Year Ending June 30	Principal	Interest	Total
2024	\$ 54,834	\$ 11,070	\$ 65,904
2025	58,006	8,977	66,983
2026	56,225	6,068	62,293
2027	50,397	3,340	53,737
2028	41,270	1,105	42,375
	<u>\$ 260,732</u>	<u>\$ 30,560</u>	<u>\$ 291,292</u>

K. SBITAs Payable

SBITAs payable transactions for the year ended June 30, 2023 are as follows:

Governmental Activities:					
Description	Beginning Balance	Increases	Decreases	Ending Balance	Due Within One Year
Edmentum	\$ 36,984	\$ -	\$ 18,041	\$ 18,943	\$ 18,943
Frontline	73,461	-	24,078	49,383	23,457
Total	<u>\$ 110,445</u>	<u>\$ -</u>	<u>\$ 42,119</u>	<u>\$ 68,326</u>	<u>\$ 42,400</u>

Future maturities are as follows:

Governmental Activities			
Year Ending June 30	Principal	Interest	Total
2024	\$ 42,400	\$ 3,416	\$ 45,817
2025	25,926	1,296	27,223
2026	-	-	-
2027	-	-	-
2028	-	-	-
	<u>\$ 68,326</u>	<u>\$ 4,713</u>	<u>\$ 73,039</u>

L. Fund Balance Classifications

Fund balances by classification for the year ended June 30, 2023 were as follows:

	<u>General Fund</u>	<u>Special Revenues Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Fund Balance				
Nonspendable:				
Prepays	\$ 35,327	\$ -	\$ -	\$ 35,327
Restricted for:				
Medicaid Administration	-	1,284,468	-	1,284,468
Debt Service	-	-	22,321	22,321
Assigned for:				
School improvement services	-	180,774	-	180,774
Educational programs	-	943,716	-	943,716
Capital projects	-	-	1,508,844	1,508,844
Unassigned:				
Unassigned	<u>6,583,059</u>	<u>-</u>	<u>-</u>	<u>6,583,059</u>
Total Fund Balance	<u>\$ 6,618,386</u>	<u>\$2,408,958</u>	<u>\$ 1,531,165</u>	<u>\$ 10,558,509</u>

M. Charges for Services – Interest on Long Term Debt

The issuance of the District's Limited Tax Pension Bonds is secured by an intercept agreement to transfer an amount of State School Funds distributed by the Oregon Department of Revenue to the Pension Bond Trustee for the purpose of payment of annual interest and principal. Due to this reduction of funds available for use for general operations, each fund is charged additional expense for PERS, relative to each program's gross payroll expense, for the purpose of replacing the intercept payments remitted to the Trustees.

For the year ended June 30, 2023 \$1,968,582 was charged by the General Fund to other funds or functions for the reduction of funds available for general operations and charged to governmental and business-type activities, as follows:

Governmental activities:	
Instruction	\$ 636,595
Enterprise and community services	-
Support services	<u>1,094,353</u>
Total governmental activities	<u>1,730,948</u>
Business-type activities:	
District services cooperative	29,060
Technology services	207,050
Other business-type activities	<u>1,524</u>
Total business-type activities	<u>237,634</u>
	<u><u>\$ 1,968,582</u></u>

N. Transfers

Interfund transfers in the budgetary fund financial statements are as follows:

	<u>Transfers In</u>	<u>Transfers Out</u>
General Fund	\$ 799,911	\$ 661,487
Special Revenues Fund	261,487	499,911
Capital Projects Fund	400,000	-
Enterprise Fund	<u>-</u>	<u>300,000</u>
Total all funds	<u><u>\$ 1,461,398</u></u>	<u><u>\$ 1,461,398</u></u>

The main transfer out of the General Fund is for a routine transfer to support the activity of the Special Revenues and Capital Projects Funds. The transfers into the General Fund are routine transfers to repay the General Fund for expenses paid by the General Fund but for the benefit of the other funds.

IV. Other Information

A. Risk Management

The District is exposed to various risks of loss related to torts; theft or damage to and destruction of assets; errors and omissions; and natural disasters for which the District carries commercial insurance. Workers compensation insurance is also provided through a commercial carrier. There has been no significant reduction in insurance coverage from the prior year and the District has not been required to pay any settlements in excess of insurance coverage during the past three fiscal years.

The District has established an unemployment liability to account for the payment of unemployment claims. The costs for unemployment are charged to various funds based on a predetermined percentage of total wages for each respective fund. Claim payments are charged against the liability as they are incurred. The unemployment liability includes a reserve for possible future claims.

Changes in the claims liability amounts for 2022-2023 are as follows:

	Beginning Balance	Claims and Changes in Estimates	Claim Payments	Ending Balance
Unemployment Liability	\$ 15,583	\$ -	\$ (7,807)	\$ 7,776

B. Defined Benefit Pension Plan – Public Employees Retirement System

Plan Description

Employees of the InterMountain ESD are provided with pensions through the Oregon Public Employees Retirement System (OPERS), a cost sharing, multiple employer defined benefit pension plan, the Oregon Legislature has delegated authority to the Public Employees Retirement Board to administer and manage the system. All benefits of the System are established by the legislature pursuant to ORS Chapters 238 and 238A. Tier One/Tier Two Retirement Benefit plan, established by ORS Chapter 238, is closed to new members hired on or after August 29, 2003. The Pension Program, established by ORS Chapter 238A, provides benefits to members hired on or after August 29, 2003. OPERS issues a publicly available Comprehensive Annual Financial Report and Actuarial Valuation that can be obtained at:

<http://www.oregon.gov/pers/emp/Pages/actuarial-financial-information.aspx>.

Benefits Provided

1. Tier One/Tier Two Retirement Benefit ORS Chapter 238

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, 1.67 percent for general service employees) is multiplied by the number of years of service and the final average salary. Benefits may also be calculated under either a formula plus annuity (for members who were contributing before August 21, 1981) or a money match computation if a greater benefit result. Monthly payments must be a minimum of \$200 per month or the member will receive a lump sum payment of the actuarial equivalent of benefits to which he or she is entitled.

Under Senate Bill 1049, passed during the 2019 legislative session, the salary included in the determination of Final Average Salary will be limited for all members beginning in 2020. The limit will be equal to \$210,582 in 2022 and will be indexed with inflation in later years.

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. Tier One general service employee benefits are reduced if retirement occurs prior to age 58 with fewer than 30 years of service. Tier Two members are eligible for full benefits at age 60. The ORS Chapter 238 Defined Benefit Pension Plan is closed to new members hired on or after August 29, 2003.

Death Benefits

Upon the death of a non-retired member, the beneficiary receives a lump-sum refund of the member's account balance (accumulated contributions and interest). In addition, the beneficiary will receive a lump-sum payment from employer funds equal to the account balance, provided one or more of the following conditions are met:

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

Disability Benefits

A member with 10 or more years of creditable service who becomes disabled from other than duty-connected causes may receive a non-duty disability benefit. A disability resulting from a job-incurred injury or illness qualifies a member (including 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 when determining the monthly benefit.

Benefit Changes After Retirement

Members may choose to continue participation in a variable equities investment account after retiring and may experience annual benefit fluctuations due to changes in the market value of equity investments. Under ORS 238.360 monthly benefits are adjusted annually through cost-of-living changes. The COLA is capped at 2%.

2. OPSRP Defined Benefit Pension Program (OPSRP DB)

Pension Benefits

The Pension Program (ORS Chapter 238A) provides benefits to members hired on or after August 29, 2003. 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 are 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.

Under Senate Bill 1049, passed during the 2019 legislative session, the salary included in the determination of Final Average Salary will be limited for all members beginning in 2020. The limit will be equal to \$210,582 in 2022 and will be indexed with inflation in later years.

A member of the OPSRP Pension Program becomes vested on the earliest of the following dates: the date the member completes 600 hours of service in each of five calendar years, the date the member reaches normal retirement age, and, if the pension program is terminated, the date on which termination becomes effective.

Death Benefits

Upon the death of a non-retired member, the spouse or other person who is constitutionally required to be treated in the same manner as the spouse, receives for life 50 percent of the pension that would otherwise have been paid to the deceased member.

Disability Benefits

A member who has accrued 10 or more years of retirement credits before the member becomes disabled or a member who becomes disabled due to job-related injury shall receive a disability benefit of 45 percent of the member's salary determined as of the last full month of employment before the disability occurred.

Benefit Changes After Retirement

Under ORS 238A.210 monthly benefits are adjusted annually through cost-of-living changes. Under current law, the cap on the COLA in fiscal year 2015 and beyond will vary based on 1.25 percent on the first \$60,000 of annual benefit and \$750 plus 0.15 percent on annual benefits above \$60,000.

3. OPSRP Individual Account Program (OPSRP IAP)

Pension Benefits

The IAP is an individual account-based program under the PERS tax-qualified government plan as defined under ORS 238A.400. An IAP member becomes vested on the date the employee account is established or on the date the rollover account was established. If the employer makes optional employer contributions for a member, the member becomes vested on the earliest of the following dates: the date the member completes 600 hours of service in each of five calendar years, the date the member reaches normal retirement age, the date the IAP is terminated, the date the active member becomes disabled, or the date the active member dies. The accounts fall under Internal Code Revenue Section 401(a).

Upon retirement, a member of the OPSRP Individual Account Program (IAP) may receive the amounts in his or her employee account, rollover account, and vested employer account as a lump-sum payment or in equal installments over a 5-, 10-, 15-, 20-year period or an anticipated life span option. Installment amounts vary with market returns as the account remains invested while in distribution. 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.

Recordkeeping

OPERS contracts with VOYA Financial to maintain IAP participant records.

Contributions

1. Employer Contributions

PERS funding policy provides for monthly employer contributions at actuarially determined rates. These contributions, expressed as a percentage of covered payroll, are intended to accumulate sufficient assets to pay benefits when due. This funding policy applies to the PERS Defined Benefit Plan and 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. Effective January 1, 2020 Senate bill 1049 required employees to pay on contributions for re-employed PERS retirees salary as if they were an active member, excluding IAP (6 percent) contributions. Re-employed retirees do not accrue additional benefits while they work after retirement. Employer contributions for the year ended June 30, 2023 were \$735,672, excluding amounts to fund employer specific liabilities and \$2,093 to fund the retirement health insurance account (RHIA). The rates in effect at the beginning of the fiscal year ended June 30, 2022, excluding the RHIA rate of .05% Tier One/Tier Two and 0% OPSRP, were 15.01% for Tier One/Tier Two General Service Member and Police and Fire, 16.31% for OPSRP Police and Fire, and 11.95% for OPSRP Pension Program General Service Members. Following the issuance of limited tax pension bonds during the prior year, the rates dropped to 6.76% for Tier One/Tier Two General Service Member and Police and Fire, 8.06% for OPSRP Police and Fire, and 3.7% for OPSRP Pension Program General Service Members. The IMESD has a large side account balance resulting from prepaid pension costs funded with Pension Bonds, which reduced the rates by 20.02%.

2. Employee Contributions

Beginning January 1, 2004, all employee contributions were placed in the OPSRP Individual Account Program (IAP), a defined contribution pension plan established by the Oregon Legislature. Prior to that date, all member contributions were credited to the Defined Benefit Pension Plan. Member contributions are set by statute at 6.0 or 7.0 percent of salary and are remitted by participating employers. The contributions are either deducted from member salaries or paid by the employers on the members behalf. The IAP member accounts represent member contributions made on or after January 1, 2004, plus earnings allocations less disbursements for refunds, death benefits, and retirements. As permitted, the District has not opted to pick-up some of the contributions on behalf of employees.

Starting July 1, 2020, Senate Bill 1049 required a portion of member contributions to their IAP accounts to be redirected to the Defined Benefit fund. If the member earns more than \$2,500 per month (increased to \$3,333 per month on January 1, 2022) 0.75 percent (if OPSRP member) or 2.5 percent (if Tier One/Tier Two member) of the member's contributions that were previously contributed to the member's IAP now fund the new Employee Pension Stability Accounts (EPSA). The EPSA accounts will be used to fund the cost of future pension benefits without changing those benefits, which means reduced contributions to the member's IAP account. Members may elect to make voluntary IAP contributions equal to the amount redirected.

Pension Assets, Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2023, the InterMountain ESD reported a liability of \$8,702,855 for its proportionate share of the net pension liability. The net 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 as of December 31, 2020 rolled forward to June 30, 2022. The ESD's proportion of the net pension liability was based on a projection of the ESD's long-term share of contributions to the pension plan relative to the projected contributions of all participating entities, actuarially determined. At June 30, 2023, the District's proportion was .09468737 percent, which decreased from its proportion of 0.09430567 percent measured as of June 30, 2021.

For the year ended June 30, 2023, the District's recognized pension expense (income) of \$2,289,033. At June 30, 2023, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 422,453	\$ 54,273
Changes of assumptions	1,365,524	12,475
Net difference between projected and actual earnings on investments	-	1,555,901
Changes in proportionate share	411,092	5,690,121
Differences between employer contributions and proportionate share of system contributions	10,098,799	414,349
Total (prior to post-MD contributions)	12,297,868	7,727,119
Contributions subsequent to the measurement date:		
Regular contributions	725,423	-
Total	<u>\$ 13,023,291</u>	<u>\$ 7,727,119</u>

Districts contributions subsequent to the measurement date are reported as \$725,423 in deferred outflows of resources related to pensions and will be recognized as a reduction of the net pension liability in the year ended June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:	
2024	\$ 1,055,574
2025	835,167
2026	318,758
2027	1,790,097
2028	571,153
Total	<u>\$ 4,570,749</u>

Actuarial assumptions

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 (the estimated amount necessary to finance benefits earned by the employees during the current service year), (2) an amount for the amortization of unfunded actuarial accrued liabilities, which are being amortized over a fixed period with new unfunded actuarial accrued liabilities being amortized over 20 years.

For the OPSRP Pension Program component of the PERS Defined Benefit Plan, this method produced an employer contribution rate consisting of (a) an amount for normal cost (the estimated amount necessary to finance benefits earned by the employees during the current service year), (b) an 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.

The total pension liability in the December 31, 2020 actuarial valuation was determined using the following actuarial assumptions:

Valuation Date	December 31, 2020
Measurement Date	June 30, 2022
Experience Study Report	2020, published July 20, 2021
Actuarial Assumptions:	
Actuarial Cost Method	Entry Age Normal
Inflation Rate	2.4 percent
Long-Term Expected Rate of Return	6.9 percent
Discount Rate	6.9 percent
Projected Salary Increases	3.4 percent overall payroll growth
Cost of living adjustments (COLA)	Blend of 2.00% COLA and grade COLA (1.25%/0.15%) in accordance with Moro decision; blend based on service.
Mortality	<p>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.</p> <p>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.</p> <p>Disabled retirees: Pub-2010 Disable Retiree, sex distinct, generational with Unisex, Social Security Data Scale, with job category adjustments and set-backs as described in the valuation.</p>

Actuarial valuations of an ongoing plan involve estimates of the value of projected benefits and assumptions about the probability of events far into the future. Actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new

estimates are made about the future. Experience studies are performed as of December 31 of even numbered years. The methods and assumptions shown above are based on the 2020 Experience Study which reviewed experience for the four-year period ending on December 31, 2020.

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/Strategy	Assumed Asset Allocation		
	Low Range	High Range	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%

Asset Class	Target Allocation	Compounded Annual Return (Geometric)
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%
Total	100.00%	
Assumed Inflation - Mean		2.40%

Discount rate

The discount rate used to measure the total pension liability was 6.9 percent. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and those of the contributing employers are made at the contractually required rates, as actuarially determined. Based on those assumptions, the 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.

Depletion Date Projection

GASB 68 generally requires that a blended discount rate be used to measure the Total Pension Liability (the Actuarial Accrued Liability calculated using the Individual Entry Age Normal Cost Method). The long-term expected return on plan investments may be used to discount liabilities to the extent that the plan's Fiduciary Net Position is projected to cover benefit payments and administrative expenses. A 20-year high quality (AA/Aa or higher) municipal bond rate must be used for periods where the Fiduciary Net Position is not projected to cover benefit payments and administrative expenses. Determining the discount rate under GASB 68 will often require that the actuary perform complex projections of future benefit payments and pension plan investments. GASB 68 (paragraph 67) does allow for alternative evaluations of projected solvency, if such evaluation can reliably be made. GASB does not contemplate a specific method for making an alternative evaluation of sufficiency; it is left to professional judgment.

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

- PERS has a formal written policy to calculate an Actuarially Determined Contribution (ADC), which is articulated in the actuarial valuation report.
- The ADC is based on a closed, layered amortization period, which means that payment of the full ADC each year will bring the plan to a 100% funded position by the end of the amortization period if future experience follows assumption.
- GASB 68 specifies that the projections regarding future solvency assume that plan assets earn the assumed rate return and there are not future changes in the plan provisions or actuarial methods and assumptions, which means that the projections would not reflect any adverse future experience which might impact the plan's funded position.

Based on these circumstances, it is our independent actuary's opinion that the detailed depletion date projections outlined in GASB 68 would clearly indicate that the Fiduciary Net Position is always projected to be sufficient to cover benefit payments and administrative expenses.

Sensitivity of the ESD's proportionate share of the net pension liability to changes in the discount rate

The following presents the ESD's proportionate share of the net pension liability calculated using the discount rate of 6.9 percent, as well as what the ESD's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.9 percent) or 1-percentage-point higher (7.9 percent) than the current rate:

	1% Decrease (5.9%)	Discount Rate (6.9%)	1% Increase (7.9%)
ESD's proportionate share of the net pension liability (asset)	\$ 15,433,754	\$ 8,702,855	\$ 3,069,397

Pension plan fiduciary net position

Detailed information about the pension plan's fiduciary net position is available in the separately issued OPERS financial report.

Payables to the pension plan

The District reports payables in the amount of \$171,542 to the pension plan.

Changes in Plan Provisions During the Measurement Period

There were no changes during the June 30, 2022 measurement period that require disclosure.

Changes in Plan Provisions Subsequent to Measurement Date

There were no changes subsequent to the June 30, 2022 measurement period that require disclosure.

C. Other Post-Employment Benefits

The District implemented GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits other Than Pensions* in the fiscal year ended June 30, 2016. This statement addresses how state and local governments should account for and report their costs and obligations related to Other Postemployment Benefits (OPEB). This Statement replaces the requirements of Statements No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, as amended, and No. 57, *OPEB Measurements by Agency Employers and Agent Multiple-Employer Plans*.

The scope of this Statement addresses accounting and financial reporting for OPEB that is provided to the employees of state and local governmental employers. It establishes standards for recognizing and measuring liabilities, deferred outflows of resources, deferred inflows of resources, and expense/expenditures. For defined benefit OPEB, this Statement identifies the methods and assumptions that are required to be used to project benefit payments, discount projected benefit payments to their actuarial present value, and attribute that present value to periods of employee service.

The OPEB for the District combines two separate plans. The District provides an implicit rate subsidy for retiree Health Insurance (HIC) premiums, and a contribution to the State of Oregon's PERS cost-sharing multiple employer defined benefit plan Retirement Health Insurance Account (RHIA).

Intermountain ESD Retiree Health Plan

Plan Description. The District does not have a formal post-employment benefits plan for any employee groups. However, the District is required by Oregon Revised Statutes 243.303 to provide retirees with group health insurance from the date of retirement to age 65 at the same rate provided to current employees, which is considered a single employer plan. Although the District does not pay any portion of the retirees' healthcare insurance, a retired employee receives the implicit benefit of a lower healthcare premium which is subsidized among the premium cost of coverage for active employees. GASB Statement 75 is applicable to the District due only to this implicit rate subsidy. This "plan" is not a stand-alone plan and therefore does not issue its own

financial statements. A separate, audited GAAP-basis postemployment benefit plan report is not available for this plan. No assets are accumulated in a trust that meets the criteria in paragraph 4 of statement 75.

The District collects insurance premiums from retirees each month. The District then pays healthcare insurance premiums for retirees at the appropriate rate for each family classification. The District had 4 inactive members and 221 active members in its plan on June 30, 2022, the date of its most recent actuarial valuation.

Outline of Plan Provisions

There are certain provisions that must be met in order for OPEB benefits to be eligible to retirees which are listed below:

- i. The retiree must be eligible to receive benefits from Oregon PERS.
- ii. Eligibility requirements for earliest retirement under Oregon PERS are:
 - 1) the earlier of age 55, or any age with 30 years of service for Tier 1 or Tier 2 employees and;
 - 2) age 55 with 5 years of service for OPSRP employees.
- iii. All classes of employee are eligible to continue medical benefit coverage upon retirement.
- iv. Qualified spouse, domestic partner, and children may qualify for coverage.
- v. Coverage for retirees and eligible dependents continues until Medical eligibility for each individual (or until dependent children become ineligible).
- vi. The retirees will contribute the full health plan premiums.
- vii. There is an implicit rate subsidy with respect to retired employees because the medical premium rates charged for coverage typically are less than they would be if the retirees were in a separately rated health plan.

Total OPEB Liability

The District’s total OPEB liability of \$894,258 was measured as of June 30, 2023 and was determined by an actuarial valuation as of June 30, 2022.

Actuarial assumptions and other inputs

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

Valuation Date	June 30, 2022	
Measurement Date	June 30, 2022 and June 30, 2023	
Fiscal Year Ends	June 30, 2022 and June 30, 2023	
Actuarial Cost Method	Entry Age Normal, level percent of salary	
Assumptions		
Interest Rate for Discounting Future Liabilities	3.50% per year, based on all years discounted at municipal bond rate (based Bond Buyer 20-Bond General Obligation Index as of June 30, 2022)	
General Inflation	2.0 percent per year	
Payroll Growth	3.0 percent per year	
Salary Merit Scale	Total payroll increase is overall payroll growth plus merit table below. Sample rates are as follows:	
	Duration	School District
	0	4.15%
	5	2.98%
	10	1.79%
	15	0.72%
	20	-0.11%
	25	-0.55%
	30+	-0.59%

Annual Premium Increase Rate				
	Year	Rate	Year	Rate
	2022-23	3.50%	2032-33	5.50%
	2023-24	4.00%	2033-34	5.40%
	2024-25	4.50%	2034-35	5.30%
	2025-26	5.00%	3056-36	5.20%
	2026-27	5.50%	2036-37	5.10%
	2027-28	6.00%	2037-38	5.00%
	2028-29	5.90%	2038-39	4.90%
	2029-30	5.80%	2039-40	4.80%
	2030-31	5.70%	2040-41	4.70%
	2031-32	5.60%	2041+	4.50%
	The initial rates in the table above are based in part on the 2022 Segal Health Plan Cost Trend Survey, tempered by our expectation of the impact of ORS 243.866, as amended in 2017. Rates are trended down in subsequent years in accordance with prevalent actuarial practice, based in part of the Society of Actuaries - Getzen Long Term Healthcare Trends Resource Model, as updated October 2020.			
Mortality Rates	Active employees: PUB 2010 Employee Tables for Teachers, sex distinct, projected generationally.			
	Mortality rates for active male participants are 125% of the above rates, and for active female participants are 100% of the above rates.			
	Improvement Scale: Unisex Social Security Data Scale (60 year average), with data through 2017.			
	Beneficiaries: Pub-2010 Employee and Retiree Tables for General Employees, sex distinct, projected generationally.			
Turnover Rates	As developed for the valuation of benefits under Oregon PERS.			
	Years of Service	Males	Females	
	0	16.63%	13.50%	
	5	6.86%	7.13%	
	10	3.31%	3.85%	
	15	2.30%	2.68%	
	20	1.62%	1.95%	
	25	1.20%	1.50%	
	30+	1.20%	1.50%	
Disability Rates	As developed for the valuation of benefits under Oregon PERS.			
		School District		
		Age	Rate	
		30	0.0164%	
		35	0.0252%	
		40	0.0406%	
		45	0.0666%	
		50	0.1151%	

Retirement Rates	As developed for the valuation of benefits under Oregon PERS. Employees were assumed not to retire prior to eligibility for Explicit Medical Benefits, if eligible. It is also assumed employees will retire by the time both employee and dependent have reached age 65, the age at which they can no longer receive subsidized health benefits.						
	Tier 1 / Tier 2			OPSRP			
	Years of Service			Years of Service			
	Age	<15	15-29	30+	<15	15-29	30+
	<55	0.00%	0.00%	25.00%	0.00%	0.00%	0.00%
	55	1.50%	3.50%	25.00%	0.50%	2.50%	5.00%
	56	1.50%	3.50%	25.00%	0.50%	2.50%	5.00%
	57	1.50%	3.50%	25.00%	1.00%	2.50%	7.50%
	58	1.50%	11.00%	27.50%	1.50%	3.00%	30.00%
	59	4.50%	11.00%	27.50%	1.50%	3.00%	25.00%
	60	6.50%	12.50%	27.50%	2.50%	3.75%	20.00%
	61	6.50%	12.50%	27.50%	2.50%	5.00%	20.00%
	62	15.00%	21.00%	34.00%	6.00%	12.00%	30.00%
	63	13.00%	19.50%	27.50%	6.00%	10.00%	20.00%
	64	13.00%	19.50%	27.50%	6.00%	10.00%	20.00%
	65	25.50%	33.50%	45.00%	12.50%	35.00%	20.00%
	66	23.00%	36.50%	45.00%	12.50%	33.00%	20.00%
	67	21.00%	34.50%	38.00%	11.00%	22.00%	30.00%
	68	21.00%	28.00%	28.50%	9.00%	20.00%	25.00%
	69	21.00%	28.00%	28.50%	9.00%	20.00%	25.00%
	70	21.00%	28.00%	28.50%	9.00%	20.00%	25.00%
71	21.00%	28.00%	28.50%	9.00%	20.00%	25.00%	
72	21.00%	28.00%	28.50%	9.00%	20.00%	25.00%	
73	21.00%	28.00%	28.50%	9.00%	20.00%	25.00%	
74	21.00%	28.00%	28.50%	9.00%	20.00%	25.00%	
75	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	
Participation	Of the active employees currently enrolled in a medical plan, 70% are assumed to remain enrolled at retirement until Medicare eligibility.						
Plan Enrollment	Current and future retirees are assumed to remain enrolled in the plans in which they're currently enrolled, if any.						
Marital Status	70% of future retirees electing coverage are assumed to cover a spouse as well. Males are assumed to be three years older than their female spouses. Actual marital status and ages as of the valuation date are used for current retirees, if available.						
Coverage of Eligible Children	We have assumed no impact of dependent children on the implicit subsidy.						
Health Care Claims Costs	2022-2023 claims costs for an age 64 retiree or spouse are assumed to be:						
	Moda Medical Plans			Moda Medical Plans			
	Plan 1	\$ 15,949	Plan 5	\$ 12,239			
	Plan 2	14,837	Plan 6	12,534			
	Plan 3	13,948	Plan 7	11,698			
	Plan 4	13,237					

Aging Factors	Aging factors are used to adjust the age 64 per capita claims cost. Percentages shown below age 64 reduce the claims cost.	
	Attained Age	Factor
	Under 40	4.00% per year
	40-44	3.75% per year
	45-49	3.50% per year
	50-54	3.00% per year
	55-64	3.25% per year
Dental and Vision Costs	We have assumed no implicit subsidy due to dental or vision costs.	
Changes since Prior Valuation	The interest rate for discounting future liabilities was changed to reflect current municipal bond rates.	
	Demographic assumptions were revised to match (as closely as possible) those developed in the most recent experience study for Oregon PERS.	

Changes in the Total OPEB Liability

	<u>Total OPEB Liability</u>
Balance at June 30, 2022	\$ 810,585
Changes for the year:	
Service cost	73,128
Interest	30,579
Differences between expected and actual experience	-
Changes in assumptions or other inputs	-
Benefit payments	<u>(20,034)</u>
Net changes	<u>83,673</u>
Balance at June 30, 2023	<u><u>\$ 894,258</u></u>

Sensitivity of the total OPEB liability to changes in the discount and trend rates. The following presents the total OPEB liability of the District, as well as what the District's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.5 percent) or 1-percentage-point higher (4.5 percent) than the current discount rate:

	<u>1% Decrease (2.5%)</u>	<u>Current Discount Rate (3.5%)</u>	<u>1% Increase (4.5%)</u>
Total OPEB liability	\$ 970,492	\$ 894,258	\$ 823,111

Sensitivity of the total OPEB liability to changes in the healthcare cost trend rates. The following presents the total OPEB liability of the District, as well as what the District's total OPEB liability would be if it were calculated using a healthcare cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rate:

	<u>1% Decrease</u>	Healthcare Current Trend <u>Rate</u>	<u>1% Increase</u>
Total OPEB liability	\$ 779,836	\$ 894,258	\$ 1,030,696

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended June 30, 2023, the District recognized OPEB expense/(credit) of \$(27,010). At June 30, 2023, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	\$ 155,087
Changes of assumptions or other input	82,501	203,921
Total	<u>\$ 82,501</u>	<u>\$ 359,008</u>

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

Year ended June 30:	
2024	\$ (130,719)
2025	(6,365)
2026	(44,237)
2027	(31,731)
2028	(31,731)
Thereafter	<u>(31,724)</u>
	<u>\$ (276,507)</u>

Retirement Health Insurance Account (RHIA)

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 Statue (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, P.O. Box 23700, Tigard, OR 97281-3700.

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 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 shall be paid by the eligible retired member in the manner provided in ORS 238.410. The plan was closed to new entrants hired after August 29, 2003. To be eligible to receive this monthly payment toward the premium cost the member must: (1) have eight years or more of qualifying service in PERS at the time of retirement or receive a disability allowance as if the member had eight years or more of creditable service in PERS, (2) receive both Medicare Parts A and B coverage, and (3) enroll in a PERS-sponsored health plan. A surviving spouse or dependent of a deceased PERS 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 PERS or (2) was insured at the time the member died and the member retired before May 1, 1991.

Participating governments are contractually required to contribute to RHIA at a rate assessed each year by OPERS, currently 0.05% of annual covered payroll for Tier I and Tier II employees and 0.00% for OPSRP employees. The OPERS Board of Trustees sets the employer contribution rate based on the annual required contribution of the employers (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 75. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) of the plan over a period not to exceed thirty years. The District's contributions to RHIA for the years ended June 30, 2023, 2022, and 2021 were \$2,093, \$2,131, and \$2,428 which equaled the required contributions each year.

Assets, Liabilities, Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

At June 30, 2023, the District reported an asset of \$307,163 for its proportionate share of the net OPEB asset. The net OPEB asset was measured as of June 30, 2022, and the total OPEB asset used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2020 rolled forward to June 30, 2022. The District's proportion of the net OPEB asset was based on a projection of the District's long-term share of contributions to the plan relative to the projected contributions of all participating entities, actuarially determined. At June 30, 2022, the District's proportion was 0.08644248 percent, which decreased from its proportion of 0.09074947 percent measured as of June 30, 2021.

For the year ended June 30, 2023, the District's recognized OPEB income of \$31,472. At June 30, 2023, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 8,324
Changes of assumptions	2,405	10,239
Net difference between projected and actual earnings on investments	-	23,425
Changes in proportionate share	14,672	-
Differences between employer contributions and employer proportionate share of system contributions	-	-
Total (prior to post-MD contributions)	<u>17,077</u>	<u>41,988</u>
Contributions subsequent to the measurement date	<u>2,093</u>	<u>-</u>
Net Deferred Outflow / (Inflow) of Resources	<u>\$ 19,170</u>	<u>\$ 41,988</u>

\$2,093 reported as deferred outflows of resources related to OPEB resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB asset/liability in the next fiscal year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in expense as follows:

Year ended June 30:	
2024	\$ (5,557)
2025	(12,074)
2026	(14,782)
2027	<u>7,502</u>
	<u>\$ (24,911)</u>

Actuarial Assumptions

The RHIA plan is unaffected by health care cost trends since the benefit is limited to a \$60 monthly payment toward Medicare companion insurance premiums. Consequently, the disclosure of a healthcare cost trend is not applicable. Other significant actuarial assumptions are as follows:

Valuation Date	December 31, 2020
Measurement Date	June 30, 2022
Experience Study Report	2020, published July 20, 2021
Actuarial Assumptions:	
Actuarial Cost Method	Entry Age Normal
Inflation Rate	2.4 percent
Long-Term Expected Rate of Return	6.9 percent
Discount Rate	6.9 percent
Projected Salary Increases	3.4 percent overall payroll growth
Cost of living adjustments (COLA)	Blend of 2.00% COLA and grade COLA (1.25%/0.15%) in accordance with Moro decision; blend based on service.
Mortality	<p>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.</p> <p>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.</p> <p>Disabled retirees: Pub-2010 Disable Retiree, sex distinct, generational with Unisex, Social Security Data Scale, with job category adjustments and set-backs as described in the valuation.</p>

Discount rate

The discount rate used to measure the total OPEB asset was 6.9 percent. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and those of the contributing employers are made at the contractually required rates, as actuarially determined. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all periods of projected benefit payments to determine the total OPEB asset.

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. Each asset class assumption is based on a consistent set of underlying assumptions and includes adjustment for the inflation assumption. These assumptions are not based on historical returns, but instead are based on a forward-looking capital market economic model. For more information on the Plan's portfolio, assumed asset allocation, and the long-term

expected rate of return for each major asset class, calculated using both arithmetic and geometric means, see PERS' audited financial statements at:

<http://www.oregon.gov/pers/documents/financials/ACFR/2022-Annual-Comprehensive-Financial-Report.pdf>

Depletion date projection

GASB 75 generally requires that a blended discount rate be used to measure the Total OPEB asset/liability. The long-term expected return on plan investments may be used to discount liabilities to the extent that the plan's Fiduciary Net Position (fair market value of assets) is projected to cover benefit payments and administrative expenses. A 20-year high quality (AA/Aa or higher) municipal bond rate must be used for periods where the Fiduciary Net Position is not projected to cover benefit payments and administrative expenses. The actuary's opinion is that the plan's fiduciary net position is projected to be sufficient to cover benefit payment and administrative expenses.

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 6.9 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 1-percentage-point lower (5.9 percent) or 1-percentage-point higher (7.9 percent) than the current rate:

	1% Decrease (5.9%)	Discount Rate (6.9%)	1% Increase (7.9%)
Total OPEB (asset) liability	\$ (276,838)	\$ (307,163)	\$ (333,154)

Pension plan fiduciary net position

Detailed information about the pension plan's fiduciary net position is available in the separately issued OPERS financial report.

Changes in Plan Provisions During the Measurement Period

There were no changes during the June 30, 2022 measurement period that require disclosure.

Changes in Plan Provisions Subsequent to Measurement Date

We are not aware of any changes subsequent to the June 30, 2022 Measurement Date that meet this requirement and thus would require a brief description under the GASB standard.

Aggregate Net OPEB Asset/Liability and Deferred Outflows/Inflows

The aggregate Net OPEB Asset/Liability was reported as a net liability in the financial statements. A summary of the aggregate Net OPEB Asset/Liability and Deferred Outflows/Inflows for the two plans is as follows:

	Net OPEB (Asset) Liability	Deferred Outflows of Resources	Deferred Inflows of Resources	OPEB (Income) Expense
Health Insurance Continuation	\$ 894,258	\$ 82,501	\$ 359,008	\$ (27,010)
Retirement Health Insurance Account (RHIA)	(307,161)	19,170	41,988	(31,472)
Aggregate amounts related to OPEB	<u>\$ 587,097</u>	<u>\$ 101,671</u>	<u>\$ 400,996</u>	<u>\$ (58,482)</u>

D. Commitments and Contingencies

1. Intergovernmental

Amounts received or receivable from grant agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time although the District expects such amounts, if any, to be immaterial.

E. Tax Abatement Disclosures

The GASB issued Statement No. 77, Tax Abatement Disclosures in August, 2015. GASB 77 requires governments that enter into tax abatement agreements to disclose information about those agreements. GASB Statement No. 77 was effective for the District for fiscal year ending June 30, 2017. The Intermountain ESD has no tax abatements that effect it directly at June 30, 2023. Tax abatements that affect the District indirectly are as follows:

Exemption Program	Project	Tax Abatement Amount
Morrow County - Enterprise Zone	Columbia River Tech	\$ 44,088
Morrow County - Enterprise Zone	Lamb Weston Inc LTR	98,192
Morrow County - Enterprise Zone	Lamb Weston Inc.	2,419
Morrow County - Enterprise Zone	Amazon Web Services (L&C)	92,032
Morrow County - Enterprise Zone	Amazon Web Services (Rippe Rd)	243,605
Morrow County - Enterprise Zone	Amazon Web Services (LTR, L&C II)	1,023,441
Morrow County - Enterprise Zone	Amazon Web Services LTR Olson Rd	765,204
Morrow County - Enterprise Zone	Amazon Web Services LTR Gar Swanson	40,288
Morrow County - Enterprise Zone	MCGG	3,899
Morrow County - Enterprise Zone	WOW PNW Threemile Project	27,246
Morrow County - Strategic Investment Program	Willow Creek Energy	11,552
Morrow County - Strategic Investment Program	Echo Project	3,670
Morrow County - Strategic Investment Program	Caithness Shepard Flats	138,753
Morrow County - Strategic Investment Program	PGE Carty	237,205
Morrow County - Strategic Investment Program	Orchard Wind Project	22,885
Morrow County - Strategic Investment Program	Wheatridge Wind Project	303,471
Umatilla County - Enterprise Zone - Pendleton	Atkore	8,938
Umatilla County - Enterprise Zone - Pendleton	Amazon	59,626
Umatilla County - Enterprise Zone - Pendleton	Hill Meat	3,380
Umatilla County - Strategic Investment Program	Eurus Combine Hills 2	13,813
Umatilla County - Strategic Investment Program	Amazon Web Service	1,533,761
Umatilla County - Rural Long Term Enterprise Zone	Lamb Weston Hermiston	194,348
Commercial Facility Under Construction	Amazon	15,638
Food Processing	Food Processing	22,809
Housing Authority	Housing Authority	7,802
Special Assessment Low Income Housing	Special Assessment Low Income Housing	6,465
		<u>\$ 4,924,529</u>

The District received \$107,001 in Strategic Investment Program monies during the year.

F. GASB Pronouncements

It is the District's policy to implement new GASB pronouncements no later than the required effective date. Upcoming pronouncements which may have an effect on the District are listed below:

GASB Statement No. 96, Subscription-Based Information Technology Arrangements. This Statement was issued May 2020 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. GASB Statement No. 96 was implemented by the District for fiscal year ending June 30, 2023. On implementation, the District recorded SBITA intangible assets of \$127,358 and corresponding SBITA liabilities of \$110,445. Implementation resulted in a restatement for the District of \$16,913.

G. Subsequent Events

The District has evaluated all events after year end through the date of the release of the financial statements and no other significant items were noted.

REQUIRED SUPPLEMENTARY INFORMATION

UMATILLA COUNTY, OREGON
SCHEDULE OF IMESD's PROPRATIONATE SHARE OF NET PENSION
LIABILITY (ASSET)
OREGON PUBLIC EMPLOYEES RETIREMENT SYSTEM
Last 10 Fiscal Years

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
District's proportion of the net pension liability (asset)	5.68367800%	0.09430567%	0.09946778%	0.09468737%	0.09154898%	0.08514505%	0.08970043%	0.10403500%	0.11925114%	0.11925114%
District's proportionate share of the net pension liability (asset) \$	8,702,855	\$ 11,285,073	\$ 21,707,294	\$ 16,378,649	\$ 13,868,466	\$ 11,477,586	\$ 13,466,117	\$ 5,973,129	\$ (2,703,083)	\$ 6,085,560
District's covered payroll	\$ 13,798,671	\$ 12,119,017	\$ 11,477,983	\$ 11,126,683	\$ 10,423,017	\$ 9,417,400	\$ 8,788,698	\$ 8,527,229	\$ 9,299,517	\$ 9,539,867
District's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	63.07%	93.12%	189.12%	147.20%	133.06%	121.88%	153.22%	70.05%	-29.07%	63.79%
Plan fiduciary net position as a percentage of the total pension liability	84.55%	87.60%	75.79%	80.23%	82.07%	83.12%	80.50%	91.90%	103.60%	91.97%

INTERMOUNTAIN ESD
UMATILLA COUNTY, OREGON
SCHEDULE OF IMESD's CONTRIBUTIONS TO THE
OREGON PUBLIC EMPLOYEES RETIREMENT SYSTEM
Last 10 Fiscal Years

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Contractually required contributions	\$ 735,672	\$ 858,654	\$ 2,048,097	\$ 1,912,594	\$ 1,161,271	\$ 1,103,244	\$ 783,136	\$ 749,529	\$ 1,155,479	\$ 1,266,497
Contributions in relation to the contractually required contributions	(735,672)	(858,654)	(2,048,097)	(1,912,594)	(1,161,271)	(1,103,244)	(783,136)	(749,529)	(1,155,479)	(1,266,497)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered payroll	\$ 15,239,131	\$ 13,798,671	\$ 12,119,017	\$ 11,477,983	\$ 11,126,683	\$ 10,423,017	\$ 9,417,400	\$ 8,788,698	\$ 8,527,229	\$ 9,299,517
Contributions as a percentage of covered payroll	4.83%	6.22%	16.90%	16.66%	10.44%	10.58%	8.32%	8.53%	13.55%	13.62%

See auditor's report.

**INTERMOUNTAIN ESD
UMATILLA COUNTY, OREGON
SCHEDULE OF IMESD's PROPORATIONATE SHARE OF NET OPEB LIABILITY (ASSET)
OPERS RETIREMENT HEALTH INSURANCE ACCOUNT
Last 10 Fiscal Years***

Measurement Date June 30,	(a) IMESD's proportion of the net OPEB pension liability (asset)	(b) IMESD's proportionate share of the net OPEB pension liability (asset)	(c) IMESD's covered payroll	(b/c) IMESD's proportionate share of the OPEB pension liability (asset) as a percentage of its covered payroll	Plan fiduciary net position as a percentage of the total OPEB liability
2022	0.08644248%	\$ (307,163)	\$ 13,798,671	-2.23%	194.66%
2021	0.09074947%	\$ (311,631)	\$ 12,119,017	-2.57%	183.90%
2020	0.10681474%	\$ (217,643)	\$ 11,477,983	-1.90%	150.07%
2019	0.10402576%	\$ (201,014)	\$ 11,126,683	-1.81%	144.36%
2018	0.10024168%	\$ (111,897)	\$ 10,423,017	-1.07%	124.00%
2017	0.09310526%	\$ (38,856)	\$ 9,417,400	-0.41%	108.88%
2016	0.09347530%	\$ 37,769	\$ 8,788,698	0.43%	94.15%

The amounts presented for each fiscal year were actuarial determined at December 31 and rolled forward to the measurement

This schedule is 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.

**INTERMOUNTAIN ESD
UMATILLA COUNTY, OREGON
SCHEDULE OF IMESD's CONTRIBUTIONS TO THE
OPERS RETIREMENT HEALTH INSURANCE ACCOUNT
Last 10 Fiscal Years***

Reporting date June 30,	2023	2022	2021	2020	2019	2018
Contractually required contributions	\$ 2,093	\$ 2,131	\$ 2,428	\$ 7,628	\$ 51,557	\$ 48,537
Contributions in relation to the contractually required contributions	(2,093)	(2,131)	(2,428)	(7,628)	(51,557)	(48,537)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered payroll	\$ 15,239,131	\$ 13,798,671	\$ 12,119,017	\$ 11,477,983	\$ 11,126,683	\$ 10,423,017
Contributions as a percentage of covered payroll	0.01%	0.02%	0.02%	0.07%	0.46%	0.47%

INTERMOUNTAIN ESD
UMATILLA COUNTY, OREGON
SCHEDULE OF CHANGES IN THE DISTRICT'S OPEB LIABILITY AND
RELATED RATIOS
Last 10 Fiscal Years *

	2023	2022	2021	2020	2019	2018	2017	2016
Total OPEB liability								
Service cost	\$ 73,128	\$ 85,148	\$ 82,269	\$ 68,923	\$ 66,592	\$ 82,865	\$ 82,865	\$ 82,865
Interest	30,579	23,800	22,178	37,194	32,889	42,188	40,677	38,967
Changes of benefit terms	-	-	-	-	-	-	-	-
Differences between expected and actual experience	-	(129,876)	-	(103,314)	-	(93,803)	-	-
Changes of assumptions or other inputs	-	(123,965)	-	15,790	265,065	(776,642)	-	-
Benefit payments	(20,034)	(34,509)	(35,639)	(40,644)	-	(81,522)	(64,820)	(64,820)
Net change in total OPEB liability	83,673	(179,402)	68,808	(22,051)	364,546	(826,914)	58,722	57,012
Total OPEB liability - beginning	810,585	989,987	921,179	943,230	578,684	1,405,598	1,346,876	1,289,864
Total OPEB liability - ending	\$ 894,258	\$ 810,585	\$ 989,987	\$ 921,179	\$ 943,230	\$ 578,684	\$ 1,405,598	\$ 1,346,876
Covered payroll	\$ 14,435,280	\$ 14,014,835	\$ 13,325,576	\$ 12,874,953	\$ 10,932,873	\$ 10,563,162	\$ 8,873,425	\$ 8,614,976
Total OPEB liability, as a percentage of covered payroll	6.19%	5.78%	7.43%	7.15%	8.63%	5.48%	15.84%	15.63%

* The amounts presented for the fiscal year were determined as of June 30. Additional years will be added to the schedule as information becomes available.

See auditor's report.

**INTERMOUNTAIN ESD
UMATILLA COUNTY, OREGON
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
June 30, 2023**

A. Net Pension Liability (Asset)

Changes in Benefit Terms

The 2013 Oregon Legislature made a series of changes to PERS that lowered projected future benefit payments from the System. These changes included reductions of future Cost of Living Adjustments (COLA) made through Senate Bills 822 and 861. Senate Bill 822 also required the contribution rates schedules to be in effect from July 2013 to June 2015 to be reduced. The Oregon Supreme Court decision in *Moro v. State of Oregon*, issued on April 30, 2015, reversed a significant portion of the reductions the 2013 Oregon Legislature made to future System Cost of Living Adjustments (COLA) through Senate Bills 822 and 861. This reversal increased the total pension liability as of June 30, 2015 compared to June 30, 2014 total pension liability.

A legislative change that occurred after the December 31, 2017 valuation date affected the plan provisions reflected for financial reporting purposes. Senate Bill 1049, signed into law in June 2019, introduced a limit on the amount of annual salary included for the calculation of benefits. Beginning in 2021, annual salary in excess of \$197,730 (as indexed in future years) will be excluded when determining member benefits. As a result, future Tier 1/Tier 2 and OPSRP benefits for certain active members are now projected to be lower than prior to the legislation and was reflected in the June 30, 2019 Total Pension Liability as a reduction in liability.

A legislative change that occurred after the December 31, 2019 actuarial valuation date affected the plan provisions reflected for June 30, 2021 financial reporting liability calculations. Senate Bill 111, enacted in June 2021, provides an increased pre-retirement death benefit for members who die on or after their early retirement age. For GASB 68, the benefits valued in the Total Pension Liability are required to be in accordance with the benefit terms legally in effect as of the relevant fiscal year-end for the plan. As a result, Senate Bill 111 was reflected in the June 30, 2021 Total Pension Liability. While Senate Bill 111 also made changes to certain aspects of the System's funding and administration, the change in the death benefit provision is the only change that affects the measured Total Pension Liability. As a result, the death benefit provision is the only difference between June 30, 2020 and June 30, 2021 in the plan provisions basis used to determine the Total Pension Liability as of those two respective measurement dates.

Changes of Assumptions

The PERS Board adopted assumption changes that were used to measure the June 30, 2016 total pension liability and June 30, 2018 total pension liability. For June 30, 2016, the changes included the lowering of the long-term expected rate of return to 7.50% and lowering the assumed inflation to 2.50%. For June 30, 2018, the long-term expected rate of return was lowered to 7.20%. In addition, the healthy mortality assumption was changed to reflect an updated mortality improvement scale for all groups, and assumptions were updated for merit increases, unused sick leave, and vacation pay. The PERS Board selected a lower long-term

See auditor's report.

expected rate of investment return assumption of 6.90% (reduced from 7.20%) on July 23, 2021 to be used in the December 31, 2020 and December 31, 2021 actuarial valuations for funding purposes. At the same time, the PERS Board reduced the inflation and payroll growth assumptions to 2.40% and 3.40% respectively. In addition, the healthy mortality assumption was changed to reflect an updated mortality improvement scale for all groups, and assumptions were updated for merit increases, unused sick leave, and vacation pay.

B. Other Post-Employment Benefits

Changes in Benefit Terms

There were no significant changes in benefit terms for Other Post-Employment Benefits

Changes of Assumptions

There were no significant changes in assumptions for the RHIA Other Post-Employment Benefits, except for the PERS changes described above. The RHIA OPEB valuation is tied to the PERS system, contributions, and assumptions.

The District's health insurance continuation OPEB liability calculation uses the Bond Buyer 20 Year General Obligation Bond Index for the discount rate. The discount rate in effect for the June 30, 2021, and 2022 reporting date is 3.5%, which increased from 2.25% from 2020 and 2021.

SUPPLEMENTAL INFORMATION

FUND FINANCIAL STATEMENTS

Nonmajor Governmental Funds

Capital Projects Fund

The Capital Projects Fund accounts for all resources for the acquisition of capital facilities or major renovations to existing facilities.

Debt Services Fund

The Debt Services Fund accounts for expenditure for payment made for principal and interest on long-term debt for governmental funds

**INTERMOUNTAIN ESD
UMATILLA COUNTY, OREGON
BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS
June 30, 2023**

	Capital Projects Fund	Debt Service Fund	Totals
ASSETS			
Cash and cash equivalents	\$ 1,545,010	\$ 22,321	\$ 1,567,331
Total Assets	\$ 1,545,010	\$ 22,321	\$ 1,567,331
LIABILITIES			
Accounts payable and accrued expenses	\$ 36,166	\$ -	\$ 36,166
Total Liabilities	36,166	-	36,166
FUND BALANCES			
Restricted	-	22,321	22,321
Assigned	1,508,844	-	1,508,844
Total fund balances	1,508,844	22,321	1,531,165
Total liabilities, deferred inflows of resources, and fund balances	\$ 1,545,010	\$ 22,321	\$ 1,567,331

**INTERMOUNTAIN ESD
UMATILLA COUNTY, OREGON
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE
NON-MAJOR GOVERNMENTAL FUNDS
For the Fiscal Year Ended June 30, 2023**

	Capital Projects Fund	Debt Service Fund	Totals
REVENUES			
Other local sources:			
Charges for services	\$ 104,708	\$ -	\$ 104,708
State sources	-	1,786,541	1,786,541
Interest on investments	3,712	24,918	28,630
Miscellaneous	59,554	-	59,554
TOTAL REVENUES	<u>167,974</u>	<u>1,811,459</u>	<u>1,979,433</u>
EXPENDITURES			
Current:			
Support services	236,346	63	236,409
Debt service	70,254	1,792,527	1,862,781
TOTAL EXPENDITURES	<u>306,600</u>	<u>1,792,590</u>	<u>2,099,190</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>(138,626)</u>	<u>18,869</u>	<u>(119,757)</u>
OTHER FINANCING SOURCES (USES)			
Transfers In	400,000	-	400,000
TOTAL OTHER FINANCING SOURCES (USES)	<u>400,000</u>	<u>-</u>	<u>400,000</u>
NET CHANGE IN FUND BALANCE	261,374	18,869	280,243
FUND BALANCE, Beginning	<u>1,247,470</u>	<u>3,452</u>	<u>1,250,922</u>
FUND BALANCE, Ending	<u><u>\$ 1,508,844</u></u>	<u><u>\$ 22,321</u></u>	<u><u>\$ 1,531,165</u></u>

BUDGETARY COMPARISON SCHEDULES

Pursuant to the provisions of Oregon Revised Statute 297.465, Oregon Administrative Rule #162-010-0130, *Minimum Standards for Audits of Oregon Municipal Corporations*, requires an individual schedule of revenues, expenditures/expenses, and changes in fund balances/net assets, budget and actual be displayed for each fund where legally adopted budgets are required.

In accordance with GASB Statement #34, the District's General Fund and Special Revenues Fund are presented in the Basic Financial Statement section. All other budgetary comparisons are displayed in the following pages as supplemental information.

**SCHEDULES OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES – BUDGET AND ACTUAL**

Governmental Funds

Capital Projects Fund

Debt Service Fund

**INTERMOUNTAIN ESD
UMATILLA COUNTY, OREGON
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL
CAPITAL PROJECTS FUND
For the Fiscal Year Ended June 30, 2023**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive / (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Other local sources	\$ 174,287	\$ 174,287	\$ 104,708	\$ (69,579)
Interest on investments	3,000	3,000	3,712	712
Miscellaneous	45,000	45,000	59,554	14,554
TOTAL REVENUES	<u>222,287</u>	<u>222,287</u>	<u>167,974</u>	<u>(54,313)</u>
EXPENDITURES				
Current:				
Support services	1,058,000	1,058,000	236,346	821,654
Facilities acquisition and construction	194,032	194,032	-	194,032
Debt service	70,255	70,255	70,254	1
TOTAL EXPENDITURES	<u>1,322,287</u>	<u>1,322,287</u>	<u>306,600</u>	<u>1,015,687</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>(1,100,000)</u>	<u>(1,100,000)</u>	<u>(138,626)</u>	<u>961,374</u>
OTHER FINANCING SOURCES (USES)				
Transfers In	400,000	400,000	400,000	-
Sale of property	1,200,000	1,200,000	-	(1,200,000)
TOTAL OTHER FINANCING SOURCES (USES)	<u>1,600,000</u>	<u>1,600,000</u>	<u>400,000</u>	<u>(1,200,000)</u>
NET CHANGE IN FUND BALANCE	500,000	500,000	261,374	(238,626)
FUND BALANCE, Beginning	<u>-</u>	<u>-</u>	<u>1,247,470</u>	<u>1,247,470</u>
FUND BALANCE, Ending	<u>\$ 500,000</u>	<u>\$ 500,000</u>	<u>\$ 1,508,844</u>	<u>\$ 1,008,844</u>

**INTERMOUNTAIN ESD
UMATILLA COUNTY, OREGON
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL
DEBT SERVICE FUND
For the Fiscal Year Ended June 30, 2023**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive / (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
State sources	\$ 1,792,528	\$ 1,792,528	\$ 1,786,541	\$ (5,987)
Interest on investments	1,000	1,000	24,918	23,918
TOTAL REVENUES	<u>1,793,528</u>	<u>1,793,528</u>	<u>1,811,459</u>	<u>17,931</u>
EXPENDITURES				
Current:				
Support services	1,000	1,000	63	937
Debt service	1,792,528	1,792,528	1,792,527	1
TOTAL EXPENDITURES	<u>1,793,528</u>	<u>1,793,528</u>	<u>1,792,590</u>	<u>938</u>
NET CHANGE IN FUND BALANCE	-	-	18,869	18,869
FUND BALANCE, Beginning	-	-	3,452	3,452
FUND BALANCE, Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 22,321</u>	<u>\$ 22,321</u>

**SCHEDULES OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES – BUDGET AND ACTUAL**

Proprietary Fund

Enterprise Fund

**INTERMOUNTAIN ESD
UMATILLA COUNTY, OREGON
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
ENTERPRISE FUND
For the Fiscal Year Ended June 30, 2023**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive / (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Charges for services	\$11,091,548	\$11,091,548	\$ 8,416,954	\$ (2,674,594)
State sources	50,000	50,000	-	(50,000)
Miscellaneous	53,000	53,000	44,335	(8,665)
TOTAL REVENUES	<u>11,194,548</u>	<u>11,194,548</u>	<u>8,461,289</u>	<u>(2,733,259)</u>
EXPENDITURES				
Current:				
Support services	<u>12,635,408</u>	<u>12,635,408</u>	<u>7,709,443</u>	<u>4,925,965</u>
TOTAL EXPENDITURES	<u>12,635,408</u>	<u>12,635,408</u>	<u>7,709,443</u>	<u>4,925,965</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>(1,440,860)</u>	<u>(1,440,860)</u>	<u>751,846</u>	<u>2,192,706</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	<u>(300,000)</u>	<u>(300,000)</u>	<u>(300,000)</u>	<u>-</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>(300,000)</u>	<u>(300,000)</u>	<u>(300,000)</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	(1,740,860)	(1,740,860)	451,846	2,192,706
FUND BALANCE, Beginning	<u>1,740,860</u>	<u>1,740,860</u>	<u>2,488,461</u>	<u>747,601</u>
FUND BALANCE, Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,940,307</u>	<u>\$ 2,940,307</u>
RECONCILIATION TO GENERALLY ACCEPTED ACCOUNTING				
Capital assets, net of depreciation			51,471	
Lease assets, net			256,500	
Lease liabilities			(260,731)	
Net OPEB asset			35,981	
Net pension liability			(914,153)	
Net OPEB liability			(199,304)	
Deferred outflow of resources - pensions			307,193	
Deferred outflow of resources - OPEB			23,339	
Deferred inflows of resources - pensions			(1,433,628)	
Deferred inflows of resources - OPEB			<u>(81,092)</u>	
NET POSITION, ENDING			<u>\$ 725,883</u>	

OTHER FINANCIAL SCHEDULES

**IMESD
PENDLETON, OREGON
SCHEDULE OF PROPERTY TAX TRANSACTIONS
For the fiscal year ended June 30, 2023**

<u>Umatilla:</u>	Taxes Uncollected July 1, 2022	Add Levy Extended by Assessor	Added to Rolls	Less Collections	Add Interest	Add (Deduct) Discounts Cancellations and Adjustments	Taxes Uncollected June 30, 2023
2022-23	-	4,303,181		(4,071,335)	1,036	(145,160)	87,722
2021-22	66,608	-		(37,485)	2,822	1,964	33,909
2020-21	32,518	-		(15,394)	2,530	1,774	21,428
2019-20	19,497	-		(16,370)	3,968	483	7,578
2018-19	8,050	-		(9,542)	2,708	310	1,526
2017-18	2,010	-		(1,160)	423	(483)	790
2016-17	979	-		(245)	97	(415)	416
Prior years	2,625	-		(215)	100	(502)	2,008
Totals	132,287	4,303,181	-	(4,151,746)	13,684	(142,029)	155,377
Union							
2022-23		1,393,815	1,721	(1,308,063)		(43,434)	44,039
2021-22	31,266	-	-	(13,306)		1,029	18,989
2020-21	15,907	-	-	(6,552)		1,125	10,480
2019-20	10,336	-	-	(7,028)		1,579	4,887
2018-19	4,007	-	-	(4,924)		1,401	484
2017-18	433	-	-	(84)		28	377
2016-17	319	-	-	(18)		7	308
Prior years	1,587	-	-	(25)		(92)	1,470
Totals	63,855	1,393,815	1,721	(1,340,000)	-	(38,357)	81,034
Baker							
2022-23	-	1,043,059	47	(948,281)		(73,900)	20,925
2021-22	19,859	-	-	(16,724)		6,656	9,791
2020-21	7,845	-	-	(12,143)		8,966	4,668
2019-20	4,095	-	-	(10,645)		8,421	1,871
2018-19	1,347	-	-	(1,839)		740	248
2017-18	233	-	-	(104)		(1)	128
2016-17	68	-	-	(31)		(24)	13
Prior years	1,594	-	-	(306)		207	1,495
Totals	35,041	1,043,059	47	(990,073)	-	(48,935)	39,139
Malheur							
2022-23	-	13,192	10	(12,099)		(809)	294
2021-22	243	-	9	(110)		(22)	120
2020-21	120	-	3	(53)		(1)	69
2019-20	67	-	3	(62)		9	17
2018-19	19	-	-	(22)		4	1
2017-18	1	-	-	(1)		-	-
2016-17	1	-	-	-		(1)	-
Prior years	-	-	-	(49)		49	-
Totals	451	13,192	25	(12,396)	-	(771)	501
Morrow:							
2022-23	-	2,238,027	-	(2,151,259)		(66,593)	20,175
2021-22	19,620	-	-	(7,831)		(1,560)	10,229
2020-21	10,502	-	-	(3,221)		300	7,581
2019-20	7,462	-	-	(2,049)		12	5,425
2018-19	5,621	-	-	(6,913)		1,653	361
2017-18	376	-	-	(7)		(127)	242
2016-17	347	-	-	(6)		(110)	231
Prior years	268	-	-	(17)		(144)	107
Totals	44,196	2,238,027	-	(2,171,303)	-	(66,569)	44,351
Combined:							
2022-23	-	8,991,274	1,778	(8,491,037)	1,036	(329,896)	173,155
2021-22	137,596	-	9	(75,456)	2,822	8,067	73,038
2020-21	66,892	-	3	(37,363)	2,530	12,164	44,226
2019-20	41,457	-	3	(36,154)	3,968	10,504	19,778
2018-19	19,044	-	-	(23,240)	2,708	4,108	2,620
2017-18	3,053	-	-	(1,356)	423	(583)	1,537
2016-17	1,714	-	-	(300)	97	(543)	968
Prior years	6,074	-	-	(612)	100	(482)	5,080
Totals	275,830	8,991,274	1,793	(8,665,518)	13,684	(296,661)	320,402
						County set aside	103,935
							424,337

**INTERMOUNTAIN ESD
UMATILLA COUNTY, OREGON
SCHEDULE OF BONDED DEBT TRANSACTIONS
For the fiscal year ended June 30, 2023**

<u>Bond Principal:</u>	<u>Outstanding June 30, 2022</u>	<u>Issued During Year</u>	<u>Matured and Paid During Year</u>	<u>Outstanding June 30, 2023</u>
October 31, 2002	\$ 2,395,000	\$ -	\$ 340,000	\$ 2,055,000
February 19, 2004	2,965,000	-	420,000	2,545,000
August 19, 2021	<u>13,530,000</u>	<u>-</u>	<u>450,000</u>	<u>13,080,000</u>
Total	<u>\$ 18,890,000</u>	<u>\$ -</u>	<u>\$ 1,210,000</u>	<u>\$ 17,680,000</u>

See auditor's report.

**INTERMOUNTAIN ESD
UMATILLA COUNTY, OREGON
SCHEDULE OF FUTURE BONDED DEBT SERVICE REQUIREMENTS
For the fiscal year ended June 30, 2023**

<u>Issue:</u>	<u>Pension Obligation Bonds Issued August 19, 2021</u>		<u>Limited Tax Pension Bonds Issued February 19, 2004</u>		<u>Limited Tax Pension Bonds Issued October 31, 2002</u>		
<u>FISCAL YEAR ENDED JUNE 30,</u>	<u>PRINCIPAL</u>	<u>INTEREST</u>	<u>PRINCIPAL</u>	<u>INTEREST</u>	<u>PRINCIPAL</u>	<u>INTEREST</u>	<u>TOTAL</u>
2024	\$ 470,000	\$ 284,499	\$ 470,000	\$ 140,688	\$ 380,000	\$ 114,052	\$ 1,365,187
2025	500,000	281,717	520,000	114,706	425,000	92,963	1,416,423
2026	530,000	277,347	580,000	85,960	475,000	69,375	1,473,307
2027	565,000	271,495	635,000	53,898	530,000	43,012	1,525,393
2028	600,000	263,811	340,000	18,795	245,000	13,598	1,222,606
2029-33	3,635,000	1,149,548	-	-	-	-	4,784,548
2034-38	4,965,000	688,104	-	-	-	-	5,653,104
2039-40	1,815,000	70,493	-	-	-	-	1,885,493
Totals	<u>\$ 13,080,000</u>	<u>\$ 3,287,014</u>	<u>\$ 2,545,000</u>	<u>\$ 414,047</u>	<u>\$ 2,055,000</u>	<u>\$ 333,000</u>	<u>\$ 19,326,061</u>

SUPPLEMENTAL INFORMATION 2022-2023

School District Business Managers and Auditors:

This page is a required part of your annual audited financial statements. Please make sure it is included.
 Part A is needed for computing Oregon’s full allocation for ESSA, Title I & other Federal Funds for Education.

Can

A. Energy Bill for Heating - All Funds:
 Please enter your expenditures for electricity, heating fuel, and water & sewage for these Functions & Objects.

	Objects 325 & 326 & *327
Function 2540	\$16,126
Function 2550	\$

B. Replacement of Equipment – General Fund:

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

Exclude these functions:

\$51,923

- 1113 Elementary Co-curricular Activities
- 1122 Middle School Co-curricular Activities
- 1132 High School Co-curricular Activities
- 1140 Pre-Kindergarten
- 1300 Continuing Education
- 1400 Summer School
- 2550 Pupil Transportation
- 3100 Food Service
- 3300 Community Services
- 4150 Construction

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

**INTERMOUNTAIN ESD
UMATILLA COUNTY, OREGON
DISTRICT AUDIT REVENUE SUMMARY
For the Fiscal year Ended June 30, 2023**

	Fund 100	Fund 200	Fund 300	Fund 400	Fund 500	Totals
Revenue from Local Sources						
1110 Ad Valorem Taxes Levied by District	\$ 8,657,948	\$ -	\$ -	\$ -	\$ -	\$ 8,657,948
1300 Tuition						-
1500 Earnings on Investments	190,069		24,918	3,712		218,699
1700 Extracurricular Activities						-
1910 Rentals				104,708	-	104,708
1920 Contributions and Donations From Private Sources						-
1940 Services Provided Other Local Education Agencies	410,106	2,032,828			8,346,234	10,789,168
1950 Textbook Sales and Rentals					-	-
1960 Recovery Prior Years Expenditures					-	-
1970 Services Provided Other Funds			1,786,541		70,721	1,857,262
1980 Fees Charged to Grants	1,127,657					1,127,657
1990 Miscellaneous	232,183	1,361,365		59,554	44,335	1,697,437
Total Revenue from Local Sources	10,617,963	3,394,193	1,811,459	167,974	8,461,289	24,452,878

	Fund 100	Fund 200	Fund 300	Fund 400	Fund 500	Totals
Revenue from Intermediate Sources						
2199 Other Intermediate Sources	107,001				-	107,001
2800 Revenue in Lieu of Taxes	12,590					12,590
Total Revenue from Intermediate Sources	119,591	-	-	-	-	119,591

	Fund 100	Fund 200	Fund 300	Fund 400	Fund 500	Totals
Revenue from State Sources						
3101 State School Fund - General Support	5,215,243					5,215,243
3200 Restricted Grants-In-Aid		15,595,826				15,595,826
3299 Other Restricted Grants-in-Aid	41,159					41,159
Total Revenue from State Sources	5,256,402	15,595,826	-	-	-	20,852,228

	Fund 100	Fund 200	Fund 300	Fund 400	Fund 500	Totals
Revenue from Federal Sources						
4200 Unrestricted Revenue From the Federal Government Through the State		-				-
4300 Restricted Revenue From the Federal Government		2,467,668				2,467,668
4500 Restricted Revenue From the Federal Government Through the State		5,180,979				5,180,979
4700 Grants-In-Aid From the Federal Government Through Other Intermediate Agencies						-
4900 Revenue for/on Behalf of the District						-
Total Revenue from Federal Sources	-	7,648,647	-	-	-	7,648,647

	Fund 100	Fund 200	Fund 300	Fund 400	Fund 500	Totals
Revenue from Other Sources						
5100 Long Term Debt Financing Sources	68,787	167,167			-	235,954
5200 Interfund Transfers	799,911	261,487	-	400,000	-	1,461,398
5300 Sale or Compensation for Loss of Fixed Assets		-			-	-
5400 Resources - Beginning Fund Balance	5,822,559	3,028,570	3,452	1,247,470	2,488,461	12,590,512
Total Revenue from Other Sources	6,691,257	3,457,224	3,452	1,647,470	2,488,461	14,287,864

Grand Totals	\$ 22,685,213	\$ 30,095,890	\$ 1,814,911	\$ 1,815,444	\$ 10,949,750	\$ 67,361,208
---------------------	----------------------	----------------------	---------------------	---------------------	----------------------	----------------------

**INTERMOUNTAIN ESD
UMATILLA COUNTY, OREGON
DISTRICT AUDIT EXPENDITURE SUMMARY
For the Fiscal year Ended June 30, 2023**

Fund: 100 - GENERAL FUND

		Totals	Object 100	Object 200	Object 300	Object 400	Object 500	Object 600	Object 700
Instruction Expenditures									
1131 High School Programs	\$	-							
1250 Less Restrictive Programs for Students with		-							
1260 Early Intervention		-							
1280 Alternative Education		291,238	110,888	38,497	6,912	134,296		645	
Total Instruction Expenditures		291,238	110,888	38,497	6,912	134,296	-	645	-
Support Services Expenditures									
2110 Attendance and Social Work Services		44,787	30,034	14,613	90	50			
2120 Guidance Services		-	-	-	-	-			
2130 Health Services		719,254	356,180	163,139	195,740	2,532		1,663	
2140 Psychological Services		1,787,190	1,062,679	512,394	171,363	39,770		984	
2150 Speech Pathology and Audiology Services		2,162,252	867,204	475,087	803,441	16,020		500	
2160 Other Student Treatment Services		644,030	140,601	70,834	100,367	9,204		3,113	319,911
2210 Improvement of Instruction Services		79,005	12,008	25,829	12,432	28,036		700	
2230 Assessment & Testing		44,565	8,432	4,146	31,987				
2240 Instructional Staff Development		42,737			31,916	10,821			
2310 Board of Education Services		119,204			71,522	1,882		45,800	
2320 Executive Administration Services		513,392	297,676	136,569	44,631	11,717		22,799	
2520 Fiscal Services		1,140,604	709,897	346,995	41,403	20,945	8,866	12,498	
2540 Operation and Maintenance of Plant Services		511,527	217,250	116,753	101,694	60,901		14,929	
2570 Internal Services		88,949	51,839	27,721	4,851	4,538			
2610 Direction of Central Support Services		266,791	156,327	71,991	26,627	4,656		7,190	
2620 Planning, Research, Development, Evaluation Services, Grant Writing and Statistical Services		76,426	49,398	24,042	2,363	328		295	
2630 Information Services		308,053	186,500	91,662	18,071	11,650		170	
2640 Staff Services		435,889	233,058	124,867	23,107	38,834		16,023	
2660 Technology Services		818,298	275,553	161,484	81,676	186,642	111,844	1,099	
Total Support Services Expenditures		9,802,953	4,654,636	2,368,126	1,763,281	448,526	120,710	127,763	319,911
Enterprise and Community Services Expenditures									
Total Enterprise and Community Services Expenditures		-	-	-	-	-	-	-	-
Facilities Acquisition and Construction Expenditures									
Total Facilities Acquisition and Construction		-	-	-	-	-	-	-	-
Other Uses Expenditures									
5200 Transfers of Funds		661,488							661,488
5300 Apportionment of Funds by ESD		5,311,148							5,311,148
Total Other Uses Expenditures		5,972,636	-	-	-	-	-	-	5,972,636
Grand Totals		\$ 16,066,827	\$ 4,765,524	\$ 2,406,623	\$ 1,770,193	\$ 582,822	\$ 120,710	\$ 128,408	\$ 6,292,547

**INTERMOUNTAIN ESD
UMATILLA COUNTY, OREGON
DISTRICT AUDIT EXPENDITURE SUMMARY
For the Fiscal year Ended June 30, 2023**

Fund: SPECIAL REVENUE FUND

Instruction Expenditures								
1130 High School Programs	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
1140 Pre-Kindergarten Programs	262,400	126,473	65,791	214	2,016	35,000	32,906	-
1250 Less Restrictive Programs for Students with Disabilities	302,192	88,116	37,866	169,902	6,308	-	-	-
1260 Early Intervention	7,620,456	3,915,976	2,163,723	599,303	251,443	147,760	542,251	-
1280 Alternative Education	1,134,372	795,467	297,045	15,375	23,242	-	3,243	-
1290 Designated Programs	933,425	503,680	250,909	106,654	30,110	-	42,072	-
Total Instruction Expenditures	10,252,845	5,429,712	2,815,334	891,448	313,119	182,760	620,472	-
Support Services Expenditures								
2110 Attendance and Social Work Services	952,536	413,727	258,736	204,732	49,063	-	26,278	-
2120 Guidance Services	286,043	146,252	76,805	40,828	3,895	-	18,263	-
2130 Health Services	383,209	239,149	104,271	27,537	2,784	-	9,468	-
2140 Psychological Services	461	-	-	402	59	-	-	-
2150 Speech Pathology and Audiology Services	1,747,758	707,274	384,104	620,036	23,845	12,115	384	-
2160 Other Student Treatment Services	1,987,788	1,212,045	560,751	196,129	18,272	-	591	-
2190 Service Direction, Student Support Services	596,295	204,012	94,847	32,630	54,729	-	210,077	-
2210 Improvement of Instruction Services	1,047,263	236,716	120,316	336,717	300,610	-	52,904	-
2230 Assessment & Testing	344,657	210,779	103,860	940	950	-	28,128	-
2240 Instructional Staff Development	2,203,443	610,631	325,364	1,013,567	132,738	-	121,143	-
2320 Executive Administration Services	2,081	-	-	-	2,081	-	-	-
2520 Fiscal Services	674,149	134,393	67,779	-	-	95,774	-	376,203
2550 Student Transportation Services	60,085	2,207	592	57,286	-	-	-	-
2570 Internal Services	6,247	-	-	-	6,247	-	-	-
2610 Direction of Central Support Services	124,154	87,493	36,661	-	-	-	-	-
2620 Planning, Research, Development, Evaluation Services, Grant Writing and Statistical Services	1,418,245	660,338	312,203	371,931	8,007	-	65,766	-
2630 Information Services	-	-	-	-	-	-	-	-
2640 Staff Services	4,190	-	-	-	4,190	-	-	-
2660 Technology Services	10,371	7,112	3,259	-	-	-	-	-
2670 Records Management Services	-	-	-	-	-	-	-	-
2690 Other Support Services - Central	-	-	-	-	-	-	-	-
2700 Supplemental Retirement Program	-	-	-	-	-	-	-	-
Total Support Services Expenditures	11,848,975	4,872,128	2,449,548	2,902,735	607,470	107,889	533,002	376,203
Enterprise and Community Services Expenditures								
3100 Food Services	-	-	-	-	-	-	-	-
3200 Other Enterprise Services	-	-	-	-	-	-	-	-
3300 Community Services	7,102	-	-	5,197	1,905	-	-	-
3500 Custody and Care of Children Services	-	-	-	-	-	-	-	-
Total Enterprise and Community Services Expenditures	7,102	-	-	5,197	1,905	-	-	-
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	-	-	-	-	-	300,000	-	-
Total Facilities Acquisition and Construction Expenditures	300,000	-	-	-	-	300,000	-	-
Other Uses Expenditures								
	Totals	Object 100	Object 200	Object 300	Object 400	Object 500	Object 600	Object 700
5200 Transfers of Funds	499,911	-	-	-	-	-	-	499,911
5300 Apportionment of Funds by ESD	4,778,099	-	-	-	-	-	-	4,778,099
Total Other Uses Expenditures	5,278,010	-	-	-	-	-	-	5,278,010
Grand Total	\$27,686,932	\$10,301,840	\$5,264,882	\$3,799,380	\$922,494	\$590,649	\$1,153,474	\$5,654,213

**INTERMOUNTAIN ESD
UMATILLA COUNTY, OREGON
DISTRICT AUDIT EXPENDITURE SUMMARY
For the Fiscal year Ended June 30, 2023**

Fund: DEBT SERVICE FUND								
	Totals	Object 100	Object 200	Object 300	Object 400	Object 500	Object 600	Object 700
Instruction Expenditures	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total Instruction Expenditures	-	-	-	-	-	-	-	-
Support Services Expenditures	Totals	Object 100	Object 200	Object 300	Object 400	Object 500	Object 600	Object 700
2520 Fiscal Services	63						63	
Total Support Services Expenditures	63	-	-	-	-	-	63	-
Enterprise and Community Services Expenditures	Totals	Object 100	Object 200	Object 300	Object 400	Object 500	Object 600	Object 700
Total Enterprise and Community Services Expenditures	-	-	-	-	-	-	-	-
Facilities Acquisition and Construction Expenditures	Totals	Object 100	Object 200	Object 300	Object 400	Object 500	Object 600	Object 700
Total Facilities Acquisition and Construction Expenditures	-	-	-	-	-	-	-	-
Other Uses Expenditures	Totals	Object 100	Object 200	Object 300	Object 400	Object 500	Object 600	Object 700
5100 Debt Service	1,792,527						1,792,527	
Total Other Uses Expenditures	1,792,527	-	-	-	-	-	1,792,527	-
Grand Total	\$ 1,792,590	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,792,590	\$ -

DISTRICT AUDIT EXPENDITURE SUMMARY
For the Fiscal year Ended June 30, 2023

Fund: CAPITAL PROJECTS FUND

Instruction Expenditures	Totals	Object 100	Object 200	Object 300	Object 400	Object 500	Object 600	Object 700
	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total Instruction Expenditures	-	-	-	-	-	-	-	-
Support Services Expenditures	Totals	Object 100	Object 200	Object 300	Object 400	Object 500	Object 600	Object 700
2540 Operation and Maintenance of Plant Services	236,346			20,470	-	215,876		
2660 Technology Services	-							
Total Support Services Expenditures	236,346	-	-	20,470	-	215,876	-	-
Enterprise and Community Services Expenditures	Totals	Object 100	Object 200	Object 300	Object 400	Object 500	Object 600	Object 700
Total Enterprise and Community Services Expenditures	-	-	-	-	-	-	-	-
Facilities Acquisition and Construction Expenditures	Totals	Object 100	Object 200	Object 300	Object 400	Object 500	Object 600	Object 700
4120 Site Acquisition and Development Services	-							
4150 Building Acquisition, Construction, and Improvement	-							
Total Facilities Acquisition and Construction Expenditures	-	-	-	-	-	-	-	-
Other Uses Expenditures	Totals	Object 100	Object 200	Object 300	Object 400	Object 500	Object 600	Object 700
5100 Debt Service	70,254						70,254	
Total Other Uses Expenditures	70,254	-	-	-	-	-	70,254	-
Grand Total	\$ 306,600	\$ -	\$ -	\$ 20,470	\$ -	\$ 215,876	\$ 70,254	\$ -

**INTERMOUNTAIN ESD
UMATILLA COUNTY, OREGON
DISTRICT AUDIT EXPENDITURE SUMMARY
For the Fiscal year Ended June 30, 2023**

Fund: PROPRIETARY FUNDS

Instruction Expenditures	Totals	Object 100	Object 200	Object 300	Object 400	Object 500	Object 600	Object 700
	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total Instruction Expenditures	-	-	-	-	-	-	-	-
Support Services Expenditures	Totals	Object 100	Object 200	Object 300	Object 400	Object 500	Object 600	Object 700
2540 Operation and Maintenance of Plant Services	63,966			39,739	18,757		5,470	
2570 Internal Services	1,104,574	252,695	125,484	87,672	615,588		23,135	
2620 Planning, Research, Development, Evaluation, Grant	-							
2630 Information Services	22,551	13,256	7,890	91	1,106		208	
2660 Technology Services	6,518,352	1,806,059	912,008	360,826	3,408,464	16,693	14,302	-
Total Support Services Expenditures	7,709,443	2,072,010	1,045,382	488,328	4,043,915	16,693	43,115	-
Enterprise and Community Services Expenditures	Totals	Object 100	Object 200	Object 300	Object 400	Object 500	Object 600	Object 700
3100 Food Services	-				-			
Total Enterprise and Community Services Expenditures	-	-	-	-	-	-	-	-
Facilities Acquisition and Construction Expenditures	Totals	Object 100	Object 200	Object 300	Object 400	Object 500	Object 600	Object 700
Total Facilities Acquisition and Construction Expenditures	-	-	-	-	-	-	-	-
Other Uses Expenditures	Totals	Object 100	Object 200	Object 300	Object 400	Object 500	Object 600	Object 700
5200 Transfers of Funds	300,000							300,000
Total Other Uses Expenditures	300,000	-	-	-	-	-	-	300,000
Grand Total	\$ 8,009,443	\$ 2,072,010	\$ 1,045,382	\$ 488,328	\$ 4,043,915	\$ 16,693	\$ 43,115	\$ 300,000

**REPORTS OF INDEPENDENT CERTIFIED
PUBLIC ACCOUNTANTS**



Dickey and Tremper, LLP
Certified Public Accountants and Business Advisors

110 SE First Street
P.O. Box 1533
Pendleton, OR 97801
Phone: (541) 276-6862
Toll Free: 1-800-332-6862
Fax: (541) 276-9040
Web: www.dickeyandtremper.com

Independent Auditor's Report Required by Oregon State Regulations

We have audited the basic financial statements of InterMountain ESD as of and for the year ended June 30, 2023, and have issued our report thereon dated December 29, 2023. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and standards applicable to financial audits contained in Governmental Auditing Standards, issued by the Comptroller General of the United States.

Compliance

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

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

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

In connection with our testing nothing came to our attention that caused us to believe the InterMountain ESD 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.

OAR 162-10-0230 Internal Control

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

This report is intended solely for the information and use of the board of directors/council members/commissioners and management of InterMountain ESD and the Oregon Secretary of State and is not intended to be and should not be used by anyone other than these parties.

Dickey and Tremper, LLP

A handwritten signature in cursive script that reads "Dickey and Tremper, LLP".

December 29, 2023



Dickey and Tremper, LLP
Certified Public Accountants and Business Advisors

110 SE First Street
P.O. Box 1533
Pendleton, OR 97801
Phone: (541) 276-6862
Toll Free: 1-800-332-6862
Fax: (541) 276-9040
Web: www.dickeyandtremper.com

INDEPENDENT AUDITOR'S 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

December 29, 2023

To the Governing Body of the InterMountain Education
Service District, Umatilla County, Oregon

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 financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the InterMountain ESD, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the InterMountain ESD's basic financial statements and have issued our report thereon dated December 29, 2023.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered InterMountain ESD's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of InterMountain ESD's internal control. Accordingly, we do not express an opinion on the effectiveness of the InterMountain ESD's 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 entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

Report on Compliance and Other Matters

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

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 entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Dickey and Tremper, LLP
Certified Public Accountants
Pendleton, Oregon

December 29, 2023



Dickey and Tremper, LLP
Certified Public Accountants and Business Advisors

110 SE First Street
P.O. Box 1533
Pendleton, OR 97801
Phone: (541) 276-6862
Toll Free: 1-800-332-6862
Fax: (541) 276-9040
Web: www.dickeyandtremper.com

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

To the Governing Body of the InterMountain Education
Service District, Umatilla County, Oregon

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited InterMountain ESD'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 InterMountain ESD's major federal programs for the year ended June 30, 2023. InterMountain ESD's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, InterMountain ESD complied, in all material respects, with the 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 Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of InterMountain ESD 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 InterMountain ESD's 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 InterMountain ESD's federal programs.

Auditor's 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 InterMountain ESD's 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 InterMountain ESD's 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 InterMountain ESD's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of InterMountain ESD's 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 InterMountain ESD's internal control over compliance. Accordingly, no such opinion is expressed.

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

Report on Internal Control over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not

identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

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

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

Dickey and Tremper, LLP

Dickey and Tremper, LLP
Certified Public Accountants
Pendleton, Oregon

December 29, 2023

**INTERMOUNTAIN ESD
UMATILLA COUNTY, OREGON
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Fiscal Year Ended June 30, 2023**

Note A – Basis of Presentation

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of the InterMountain ESD under programs of the federal government for the year ended June 30, 2023. The information is presented on the modified accrual basis of accounting. The information in this Schedule is presented in accordance with the 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 of the InterMountain ESD, it is not intended to and does not present the financial position, changes in net assets, or cash flows of InterMountain ESD.

Note B – Indirect Cost Rate

InterMountain ESD has elected not to use the 10% de minimis indirect cost rate allowed under the Uniform Guidance.

INTERMOUNTAIN ESD
Schedule of Expenditures of Federal Awards
Fiscal Year Ended June 30, 2023

Program Title	Pass Through		Grant Period	Grant Amount	Passed Through to SubRecipients	2022-2023 Revenues	FINAL 2022-2023 Expenditures
	Grantor Number	AL Number					
U.S. Department of Education							
Passed through Oregon State Department of Education:							
ESD Technical Assistance Federal Other	N/A	84.010	7/1/21-9/30/24	\$ 10,500	\$ -	\$ 10,500	\$ 10,500
	Total CFDA 84.013			10,500	0	10,500	10,500
Title ID Neglected and Delinquent	N/A	84.013	7/1/22-6/30/23	\$ 44,200	\$ -	\$ 44,200	\$ 44,200
	Total CFDA 84.013			44,200	0	44,200	44,200
Title I- (C) Regular Grant	68122	84.011	7/1/21-9/30/22	1,287,787	0	443,400	443,400
Title I- (C) Regular Grant	73277	84.011	7/1/22-9/30/23	1,214,956	0	819,871	819,871
Title I- (C) Summer Grant	70940	84.011	3/14/22-9/30/22	352,615	0	241,425	241,425
Title I- (C) Summer Grant	75888	84.011	3/14/23-9/30/23	288,680	0	0	0
Title I- (C) Preschool	68133	84.011	7/1/21-9/30/22	147,000	0	112,091	112,091
Title I- (C) Preschool	73259	84.011	7/1/22-9/30/23	142,679	0	123,542	123,542
	Total CFDA 84.011			3,433,717	0	1,740,329	1,740,329
Children w/disabilities - IDEA Part B Section 611	N/A	84.027	7/1/21-9/30/23	1,750,962	0	1,571,911	1,571,911
Children w/disabilities - IDEA Part B Section 611	N/A	84.027	7/1/22-9/30/24	1,640,472	0	0	0
Children w/disabilities - IDEA Part B Section 611, District AR COVID-19	N/A	84.027	7/1/21-9/30/23	411,778	0	32,686	32,686
Children w/disabilities - IDEA Part B Section 611	N/A	84.027	7/1/22-6/30/23	2,800	0	2,800	2,800
Children w/disabilities - IDEA Part B Section 611, EI/ECSE Cont	N/A	84.027A	7/1/22-6/30/23	755,250	0	755,250	755,250
Children w/disabilities - IDEA Part B Section 611, Regional Cont	N/A	84.027A	7/1/22-6/30/23	707,446	0	707,446	707,446
Children w/disabilities - IDEA Part B Section 611, Regional Cont	N/A	84.027A	7/1/22-6/30/23	72,932	0	72,932	72,932
Children w/disabilities - IDEA Part B Section 611, Regional Cont	N/A	84.027A	7/1/22-6/30/23	21,250	0	21,250	21,250
Children w/disabilities - IDEA Part B Section 611, Regional Cont	N/A	84.027A	7/1/22-6/30/23	100,000	0	100,000	100,000
	Subtotal CFDA 84.027			5,462,890	0	3,264,274	3,264,274
Children w/disabilities - IDEA Part B Section 619	N/A	84.173	7/1/21-9/30/23	16,450	0	0	0
Children w/disabilities - IDEA Part B Section 619	N/A	84.173	7/1/22-9/30/24	40,147	0	0	0
Children w/disabilities - IDEA Part B Section 619, District AR COVID-19	N/A	84.173	7/1/22-6/30/23	9,652	0	0	0
Children w/disabilities - IDEA Part B Section 619, EI/ECSE Cont	N/A	84.173A	7/1/22-6/30/23	128,250	0	128,250	128,250
Children w/disabilities - IDEA Part B Section 619, Regional Cont	N/A	84.173A	7/1/22-6/30/23	7,094	0	7,094	7,094
	Subtotal CFDA 84.173			201,593	0	135,344	135,344
	TOTAL IDEA CLUSTER			5,664,482	0	3,399,618	3,399,618 **
Vocational Education - Carl Perkins Reserve, Basic and Other	66145	84.048	7/1/21-9/30/22	276,976	0	15,545	15,545
Vocational Education - Carl Perkins Reserve, Basic and Other	66178	84.048	7/1/21-9/30/22	118,088	0	3,064	3,064
Vocational Education - Carl Perkins Reserve, Basic and Other	72334	84.048	7/1/22-9/30/23	293,776	0	260,346	260,346
Vocational Education - Carl Perkins Reserve, Basic and Other	75130	84.048	7/1/22-9/30/23	173,547	0	106,535	106,535
	Subtotal CFDA 84.048			862,387	0	385,489	385,489
Children w/disabilities - IDEA Infants and Toddlers with Disabilities	N/A	84.181	7/1/22-6/30/23	261,747	0	261,747	261,747
	Subtotal CFDA 84.181			261,747	0	261,747	261,747 **
DHS-VR Transition Facilitator - ODE TNF subcontract	N/A	84.126	7/1/21-6/30/23	625,000	0	167,202	167,202
	Subtotal CFDA 84.126			625,000	0	167,202	167,202

INTERMOUNTAIN ESD
Schedule of Expenditures of Federal Awards
Fiscal Year Ended June 30, 2023

Program Title	Pass Through		Grant Period	Grant Amount	Passed Through to SubRecipients	2022-2023 Revenues	FINAL 2022-2023 Expenditures
	Grantor Number	AL Number					
U.S. Department of Education							
Passed through Oregon State Department of Education (con't)							
Title III - English Language Acquisition	58514	84.365	7/1/20-9/30/22	49,016	0	18,020	18,020
Title III - English Language Acquisition	67112	84.365	7/1/21-9/30/22	48,826	0	0	0
Title III - English Language Acquisition	73070	84.365	7/1/22-9/30/23	56,902	0	34,380	34,380
		Subtotal CFDA 84.365		154,744	0	52,399	52,399
ESD Esser II Fund	COVID-19 65025	84.425D	3/13/20-11/14/23	1,641,471	0	937,158	937,158
Esser II Fund LTCT	COVID-19 64815	84.425D	3/13/21-9/30/23	40,000	0	0	0
Esser II Fund YCEP	COVID-19 64787	84.425D	3/13/21-9/30/23	40,000	0	0	0
Esser II Fund YCEP	COVID-19 75925	84.425D	3/13/21-9/30/24	90,000	0	0	0
Esser II Fund EI/ECSE	COVID-19 75562	84.425D	7/1/21-9/30/24	342,416	0	0	0
Esser II Fund RISE (Regional)	COVID-19 75888	84.425D	7/1/21-9/30/24	374,824	0	0	0
ESD Technical Assistance GEER 1	COVID-19 74368	84.425C	7/1/21-9/30/22	90,000	0	90,000	90,000
ESD Technical Assistance Federal Other	COVID-19 73303	84.425C	7/1/21-9/30/24	406,580	0	151,458	151,458
School Safety & Prevention Specialist (formally GEER)	COVID-19 75258	84.425V	7/1/22-9/30/24	70,220	0	527	527
		Subtotal CFDA 84.425		3,095,510	0	1,179,143	1,179,143 **
Total U.S. Department of Education				14,152,288	0	7,240,628	7,240,628
Department of Health & Human Services							
Passed through Oregon State Department of Education:							
Early Learning Hub -Coordinated Enrollment 2021	66162	93.434	7/1/21-6/30/23	103,000	0	51,500	51,500
EL Hub PDG Grant October 21-June 23 Discretionary	70555	93.434	10/1/21-12/30/23	28,761	0	28,761	28,761
PDG Funds Discretionary	74916	93.434	7/1/22-6/30/23	30,000	0	24,991	24,991
		Subtotal CFDA 94.434		161,761	0	105,252	105,252
Title IV-B2 Family Pres & Support	70539	93.556	10/1/21-6/30/23	43,317	0	8,728	8,728
Title IV-B2 Family Pres & Support	70523	93.556	10/1/21-6/30/23	47,540	0	32,591	32,591
		Subtotal CFDA 93.556		90,857	0	41,319	41,319
Total Federal Financial Assistance				\$14,404,906	\$0	\$7,387,199	\$7,387,199
** Denotes major program							
Reconciliaiton to Financial Statements							
Schedule of Federal Awards						\$7,387,199	\$7,387,199
Medical Assistance Program (Medicaid Title XIX)						261,448	181,849
Total Revenue from Federal Sources						\$7,648,647	\$7,569,048

**INTERMOUNTAIN ESD
UMATILLA COUNTY, OREGON
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
For the Fiscal Year Ended June 30, 2023**

US DEPARTMENT OF EDUCATION

Education Stabilization Fund (ESF)

Elementary and Secondary School Emergency
Relief (ESSER) Fund

CFDA# 84.425D

Significant Deficiency

2022-001

Condition and criteria: The District should have control processes in place to ensure that projects subject to prevailing wage requirements are performed under those requirements. There were two small projects that were subject to Federal prevailing wage requirements but did not get performed or documented for those requirements.

Cause: The District's controls are established to follow prevailing wage requirements for projects over \$50,000, which is the State of Oregon requirement and was unaware that the Federal requirement was for projects over \$2,000.

Context and effect: The District has very few capital projects funded by grant dollars, but there were two HVAC projects for \$48,966 and \$38,840, which fell between the Federal and State guidelines. Materials were the main portion of the costs of the project and the difference between prevailing wage rates to actual rates are not expected to be material to IMESD or the program.

Auditor's recommendation: We recommend the District update their policies and procedures to identify Federal prevailing wage requirements at the lower threshold.

Current status: Management completed the Corrective Action Plan (CAP) related to the Significant Deficiency #2022-001 by December 31, 2022. The CAP included reviewing the Assistance Listing 84. Education Stabilization Fund, in particular *Section F. Equipment/Real Property Management*. Capital projects now go through a review process to ensure both state and federal procurement laws are followed. In addition, Management has updated procurement procedures to include review of compliance supplement for federal funded purchases. The Board of Education approved the CAP at the Board meeting on January 18, 2023.

**INTERMOUNTAIN ESD
UMATILLA COUNTY, OREGON
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Fiscal Year Ended June 30, 2023**

SECTION I - SUMMARY OF AUDITOR'S RESULTS

Financial Statements

1. The auditor's report expresses an unmodified opinion on the basic financial statements of the InterMountain ESD.
2. No material weaknesses or significant deficiencies in internal control over financial reporting were discovered by the audit of the basic financial statements of the InterMountain ESD.
3. No instances of noncompliance material to the financial statements of the InterMountain ESD, which would be required to be reported in accordance with *Government Auditing Standards*, were disclosed during the audit.

Federal Awards

4. No material weaknesses in internal control over major federal programs were disclosed by the audit.
5. The auditor's report on compliance for the major federal award programs for the InterMountain ESD, expresses an unmodified opinion on all major federal programs.
6. Audit findings that are required to be reported in accordance with 2 CFR Section 200.516(a) are reported in this schedule.
7. The programs tested as major programs included:

IDEA Part B Section 611	AL # 84.027
IDEA Part B Section 619	AL # 84.173
IDEA Infants and Toddlers with Disabilities	AL # 84.181
Education Stabilization Fund:	
Elementary and Secondary School Emergency Relief (ESSER) Fund	AL # 84.425D
Governor's Emergency Education Relief (GEER) Fund	AL # 84.425C
American Rescue Plan – Emergency Assistance to Non-Public Schools	AL # 84.425V
8. The threshold for distinguishing Types A and B programs was \$750,000.
9. The InterMountain ESD was determined to be a low-risk auditee.

SECTION II – FINDINGS – FINANCIAL STATEMENT AUDIT

None

SECTION III – FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL AWARD PROGRAMS AUDIT

None