

LEBANON COMMUNITY SCHOOL DISTRICT NO. 9
LEBANON, OREGON

FINANCIAL REPORT
For the Year Ended June 30, 2020



12700 SW 72nd Ave.
Tigard, OR 97223

LEBANON COMMUNITY SCHOOL DISTRICT NO. 9
LEBANON, OREGON

BOARD OF DIRECTORS 2019-20

Tom Oliver, Chair	June 30, 2021
Tammy Schilling	June 30, 2023
Mike Martin	June 30, 2021
Richard Borden	June 30, 2023
Todd Gestrin	June 30, 2021

ADMINISTRATION

Bo Yates, Superintendent
Will Lewis, Business Director

Board members receive mail at the District address listed below.

Lebanon Community School District No. 9
485 South 5th Street
Lebanon, Oregon 97355

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LEBANON COMMUNITY SCHOOL DISTRICT NO. 9
LEBANON, OREGON

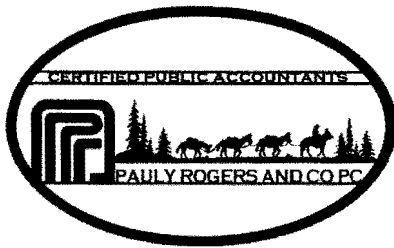
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LEBANON COMMUNITY SCHOOL DISTRICT NO. 9
LEBANON, OREGON

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December 21, 2020

INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Lebanon Community School District No. 9
Linn County, Oregon

Report on the Basic Financial Statements

We have audited the accompanying basic financial statements of the governmental activities, business-type activities, each major fund and cash flows where applicable of the Lebanon Community School District, (the District), as of and for the year ended June 30, 2020, and the related notes to the basic financial statements, which collectively comprise the basic financial statements as listed in the table of contents. The financial statements as of the year ended June 30, 2019, were audited by other auditors whose report dated December 30, 2019, issued a modified opinion on those statements.

Management's Responsibility for the Basic Financial Statements

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

Auditors' Responsibility

Our responsibility is to express opinions on these basic financial statements based on our audit. 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the basic financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the basic financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the basic financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the preparation and fair presentation of the basic financial statements 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 internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the basic financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Basis for Modified Opinion

Management has not obtained an actuarial valuation of the post-employment benefit obligation related to the implicit healthcare subsidy in accordance with GASB 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions. Accounting principles generally accepted in the United States of America require that actuarially determined annual required contributions related to postemployment benefits, other than retirement benefits, attributable to employee services already rendered be recorded as expenses as employees earn the benefits, which, if not funded, would increase the liabilities, reduce the net position, and change the expenses of the governmental activities. The amount by which this departure would affect net position, liabilities and expenses of the governmental activities is not reasonably determinable.

Modified Opinions

In our opinion, except for the effects of not providing an actuarially determined liability for other postemployment benefits as described in the preceding paragraph, the basic financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, and each major fund of Lebanon Community School District No. 9 as of June 30, 2020, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the required supplemental information, as listed in the table of contents, 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 nor provide any assurance on the schedules of net pension liability and contributions for PERS, the schedules of net OPEB asset and contributions for RHIA or the management's discussion and analysis because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance on them.

The budgetary comparison schedules presented as Required Supplementary Information, as listed in the table of contents, have been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures including comparing and reconciling such information directly to the underlying accounting 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, and in our opinion are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Supplementary Information

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

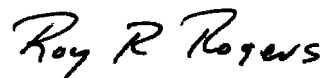
Other Information

The listing of board members containing their term expiration dates, located before the table of contents, and the other information, as listed in the table of contents, have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Reports on Other Legal and Regulatory Requirements

In accordance with *Government Auditing Standards*, we have also issued our reports dated December 21, 2020 on our consideration of the internal control over financial reporting and on our tests of compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of the reports are to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. The reports are an integral part of an audit performed in accordance with *Government Auditing Standards* in considering internal control over financial reporting and compliance.

In accordance with Minimum Standards for Audits of Oregon Municipal Corporations, we have issued our report dated December 21, 2020, on our consideration of compliance with certain provisions of laws and regulations, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules. The purpose of that report is to describe the scope of our testing of compliance and the results of that testing and not to provide an opinion on compliance.



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

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LEBANON COMMUNITY SCHOOL DISTRICT MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the Lebanon Community School District, we submit this narrative overview and analysis of the financial activities of the district for the fiscal year ended June 30, 2020. The intent of this discussion and analysis is to look at the District's financial performance as a whole; we encourage readers to consider the information presented here in conjunction with the financial statements and notes to the basic financial statements to enhance their understanding of the districts' financial performance.

FINANCIAL HIGHLIGHTS

- At June 30, 2020, the District's total governmental fund balances equaled \$8,089,350.
- The General Fund had an ending balance of \$4,063,207.

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of a series of financial statements that show information for the district as a whole, its funds, and its fiduciary responsibilities. The Statement of Net Position and the Statement of Activities provides information about the activities of the District and presents a longer-term view of the District's finances. Our fund financial statements are included later in the financial report. The governmental activities statements tell how we financed our services in the short-term as well as what remains for future spending. Fund statements also may provide insight into the District's overall financial health. Fund financial statements report the District's operations in more detail than the government-wide financial statements by providing information about the District's major funds, including the general fund and the debt service fund.

GOVERNMENT-WIDE FINANCIAL STATEMENTS

The government-wide financial statements present information on the District's finances in a manner similar to private sector companies. One of the most important questions asked about the District is, "Is the District better off or worse off financially as a result of the year's activities." The Statement of Net Position and Statement of Activities report information on the District as a whole and its activities in a way that helps answer this question. We prepared these statements to include all assets and liabilities using the accrual basis of accounting. All current year revenues and expenses are taken into account regardless of when cash is received or paid.

The Statement of Net Position focuses on resources available for future operations. In simple terms, this statement presents a snapshot view of what the District owns (assets), what it owes (liabilities), and the net difference between the two reported as net position. Capital assets and long-term liabilities are shown in the Statement of Net Position. Over time increases or decreases in net position may serve as a useful indication of whether the District's financial position is improving or deteriorating. To assess the overall health of the district you need to consider additional nonfinancial factors such as the property tax base, current property tax laws, student enrollment growth and facility conditions.

The Statement of Activities shows revenues, expenses, and the change in net position for the District as a whole. Revenues and expenses attributable to specific functions are segregated from general revenues, to display the extent to which general revenues support each function. This statement presents information showing how the District's net position changed during the most recent fiscal year.

FUND FINANCIAL STATEMENTS

Governmental funds account for the same functions as reported as governmental activities in the government-wide financial statements. The governmental fund reporting focuses on how money flows in and out of funds and the balances left at year end that are available for spending. They are reported using the accounting method called "modified accrual" accounting, which measures cash and all other financial assets that can readily be converted to cash. This information is

essential for preparation of and compliance with annual budgets. We describe the relationship (or differences) between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds in reconciliations following the governmental funds statements. The notes to the financial statements provide additional information that is essential to a complete understanding of the data provided in the financial statements.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Statement of Net Position: Total assets, liabilities and net position as of June 30, 2019 and June 30, 2020 are as follows (details on page 1):

Statement of Net Position				
	2020	2019	Change	%
Assets				
Current and other assets	\$ 10,428,521	\$ 12,859,146	\$ (2,430,625)	-18.9%
Pension/OPEB Related Deferred Outflows	20,049,925	18,462,414	1,587,511	8.6%
Capital assets, (net)	34,721,000	35,838,069	(1,117,069)	-3.1%
Total assets and deferrals	65,199,446	67,159,629	(1,960,183)	-2.9%
Liabilities				
Current Liabilities	3,644,301	5,796,186	(2,151,885)	-37.1%
Pension/OPEB Related Deferred Inflows	3,964,116	4,502,644	(538,528)	-12.0%
Long-term Liabilities	81,547,076	79,865,861	1,681,215	2.1%
Total liabilities	89,155,493	90,164,691	(1,009,198)	-1.1%
Net position				
Net investment in capital assets, net of related debt	(1,837,226)	(4,752,268)	2,915,042	-61.3%
Net position: restricted	6,210,725	2,723,987	3,486,738	128.0%
Net position: unrestricted	(28,329,546)	(20,976,784)	(7,352,762)	35.1%
Total net position	\$ (23,956,047)	\$ (23,005,065)	\$ (950,982)	4.1%

Statement of Activities: The district's revenues and expenses for fiscal year 2019-2020, as compared to fiscal year 2018-2019 are as follows (details on page 2):

Statement of Activities				
	2020	2019	Change	%
Program revenues				
Charges for services	\$ 199,698	\$ 320,221	\$ (120,523)	-37.6%
Operating grants and contributions	5,726,797	6,679,800	(953,003)	-14.3%
Total program revenues	\$ 5,926,495	\$ 7,000,021	\$ (1,073,526)	-15.3%
General revenues				
Property taxes	14,290,206	13,821,417	468,789	3.4%
State Revenue Sharing	31,161,848	28,346,284	2,815,564	9.9%
Miscellaneous	2,035,588	2,231,542	(195,954)	-8.8%
Total general revenues	\$ 47,487,642	\$ 44,399,243	\$ 3,088,399	7.0%
Total revenues	\$ 53,414,137	\$ 51,399,264	\$ 2,014,873	3.9%
Expenses				
Instruction	32,063,432	31,021,307	1,042,125	3.4%
Support services	18,433,526	17,813,498	620,028	3.5%
Enterprise and community services	2,102,567	2,037,535	65,032	3.2%
Facilities acquisition and construction	-	69,983	(69,983)	-100.0%
Unallocated Depreciation Expense	-	1,935,725	(1,935,725)	-100.0%
Interest on Long-Term Debt	1,765,594	1,863,400	(97,806)	-5.2%
Total Expenses	\$ 54,365,119	\$ 54,741,448	\$ (376,329)	-0.7%
Change in net position	(950,982)	(3,342,184)	2,391,202	-71.5%
Beginning Net Position - As Restated	(23,005,065)	(19,662,881)	(3,342,184)	17.0%
Ending Net Position	\$ (23,956,047)	\$ (23,005,065)	\$ (950,982)	4.1%

As stated earlier, net position over time may serve as a useful indicator of a government's financial position. As of June 30, 2020, the district's net position changed by \$950,982. The primary reason for this is the Net Pension Liability increase is related to the Districts proportional share of the of Oregon PERS systemwide liability in effect at the measurement date in accordance with GASB 68. For purposes of government-wide financial statements, this year to year adjustment amount is allocated to expenditures in each fiscal year. This adjustment is due to changes in total pension liability and changes in total pension asset and the fair value of pension plan net position available to pay pension benefits and does not reflect actual cash expenditures for the audit year.

FUND FINANCIAL ANALYSIS

The focus of the governmental funds is to provide information on near-term inflows, outflows, and balances of expendable resources. Unreserved fund balance measures the District's net resources available for appropriation in the next fiscal year. As of June 30, 2020, total fund balance of the governmental funds was \$8,089,350. These amounts are available to use, in accordance with applicable restrictions for district expenditures.

Summary of Ending Fund Balances for 2019 and 2020 are as follows (details on page 5):

	<u>6/30/2020</u>	<u>6/30/2019</u>
General Fund	\$ 4,063,207	\$ 2,126,602
Other Governmental Funds	3,769,948	4,485,560
Debt Service Fund	256,195	429,783
	<u>\$ 8,089,350</u>	<u>\$ 7,041,945</u>

CAPITAL ASSETS

Capital assets are those items that have an initial, individual cost of \$5,000 or more. Total capital assets were valued as follows on June 30, 2019 and June 30, 2020 (details on page 19):

	<u>6/30/2020</u>	<u>6/30/2019</u>
Land and Land Improvements	\$ 1,411,570	\$ 1,411,570
Buildings	93,940,389	93,788,628
Equipment	7,966,930	7,562,888
Construction in Progress	-	79,577
Accumulated Depreciation	(68,597,889)	(67,004,594)
	<u>\$ 34,721,000</u>	<u>\$ 35,838,069</u>

At June 30, 2020 the District had \$34,721,000 invested in a broad range of capital assets, including land, buildings, and equipment.

DEBT ADMINISTRATION

Please see the Notes to the Basic Financial Statements (details on page 20) for debt maturity details. The district issued refunding bonds in December 2019 for the purpose of refunding its 2011 general obligation bonds in June 2021 at lower interest rates.

The district currently maintains an "A+" long-term rating from Standard & Poor's for general obligation debt due to participation in the Oregon School Bond Guarantee Program and an underlying rating of "A+".

OTHER LONG TERM OBLIGATIONS

Beginning on page 21 of this document, the District's participation in the Oregon PERS plan is described and associated adjustments to assets and liabilities related to the plan are reported in the government-wide analysis reports on pages 1 through 4 as required by GASB 68. The District's liability for the present value of projected future postemployment benefits is described beginning on page 35 under Required Supplementary Information. An actuarial study of Postemployment Benefits Other Than Pensions is completed every two years.

REQUESTS FOR INFORMATION

This financial report is designed to provide our stakeholders, investors and creditors with an overview of the District's finances. If you have any questions about this report or need any clarification of information please contact the Business Office at Lebanon Community School District #9, 485 S. 5th Street, Lebanon, Oregon 97355.

Respectfully submitted,

William H. Lewis III
Business Director

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BASIC FINANCIAL STATEMENTS

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LEBANON COMMUNITY SCHOOL DISTRICT NO. 9
LEBANON, OREGON

STATEMENT OF NET POSITION
June 30, 2020

	Governmental Activities	Business-Type Activities	Total Primary Government
ASSETS:			
Cash and Investments	\$ 7,171,166	\$ -	\$ 7,171,166
Receivables:			
Accounts and Grants	1,892,914	-	1,892,914
Property Taxes	686,671	-	686,671
Inventory	12,904	283,716	296,620
Net OPEB RHIA Asset	381,150	-	381,150
Capital Assets - Nondepreciable	1,411,570	-	1,411,570
Capital Assets - Depreciable, Net of Depreciation	33,309,430	-	33,309,430
Total Assets	44,865,805	283,716	45,149,521
DEFERRED OUTFLOWS OF RESOURCES:			
Deferred Outflows Related to Debt Refunding	1,816,336	-	1,816,336
OPEB Related Outflows - RHIA	132	-	132
Pension Related Outflows - PERS	18,233,457	-	18,233,457
Total Deferred Outflows	20,049,925	-	20,049,925
Total Assets and Related Deferrals	64,915,730	283,716	65,199,446
LIABILITIES:			
Current Liabilities:			
Accounts Payable	185,354	3,596	188,950
Book Overdraft	-	52,515	52,515
Accrued Salaries and Benefits	796,515	-	796,515
Interest Payable	61,321	-	61,321
Long-Term Liabilities Due within one year	2,545,000	-	2,545,000
Non Current Liabilities:			
Long-Term Liabilities Due in more than one year	34,290,000	-	34,290,000
Bond Premium	1,539,562	-	1,539,562
Compensated Absences	197,020	-	197,020
Net Pension Liability - PERS	45,003,219	-	45,003,219
OPEB - Stipend	517,275	-	517,275
Total Liabilities	85,135,266	56,111	85,191,377
DEFERRED INFLOWS OF RESOURCES:			
OPEB Related Inflows - RHIA	78,763	-	78,763
Pension Related Inflows - PERS	3,885,353	-	3,885,353
Total Deferred Inflows	3,964,116	-	3,964,116
Total Liabilities and Related Deferrals	89,099,382	56,111	89,155,493
NET POSITION:			
Net Investment in Capital Assets	(1,837,226)	-	(1,837,226)
Restricted for:			
Deferred Outflows Related to Debt Refunding	1,816,336	-	1,816,336
OPEB - RHIA Asset	381,150	-	381,150
Grants, Food Service & Student Activities	3,757,044	-	3,757,044
Debt Service	256,195	-	256,195
Unrestricted	(28,557,151)	227,605	(28,329,546)
Total Net Position	\$ (24,183,652)	\$ 227,605	\$ (23,956,047)

See accompanying notes to the basic financial statements.

**LEBANON COMMUNITY SCHOOL DISTRICT NO. 9
LEBANON, OREGON**

**STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2020**

Functions/Programs	Expense	Net (Expense) Revenue and Changes in Net Position				
		Program Revenues		Governmental Activities	Primary Government	
		Charges for Services	Operating Grants and Contributions		Business-Type Activities	Totals
Governmental Activities:						
Instruction	\$ 32,063,430	\$ -	\$ 2,693,885	\$ (29,369,545)	\$ -	\$ (29,369,545)
Support Services	18,433,528	1,582	1,360,127	(17,071,819)	-	(17,071,819)
Community Services	2,102,567	198,116	1,672,785	(231,666)	-	(231,666)
Bond Issue Costs	-	-	-	-	-	-
Interest on Long-Term Debt	1,765,594	-	-	(1,765,594)	-	(1,765,594)
Unallocated Depreciation	-	-	-	-	-	-
Total Governmental Activities	\$ 54,365,119	\$ 199,698	\$ 5,726,797	(48,438,624)	-	(48,438,624)
Business-Type activities						
House construction	\$ -	\$ -	\$ -	-	-	-
GENERAL REVENUES:						
Property Taxes, Levied for Operations				10,496,974	-	10,496,974
Property Taxes, Levied for Debt Service				3,793,232	-	3,793,232
State Sources				31,161,848	-	31,161,848
Other Local Sources				1,120,764	-	1,120,764
Other Intermediate Sources				460,779	-	460,779
Investment Earnings				369,277	-	369,277
Debt Subsidy Rebate				43,114	-	43,114
Gain (Loss) on Disposal of Assets				15,750	25,904	41,654
Total General Revenues				47,461,738	25,904	47,487,642
Changes in Net Position				(976,886)	25,904	(950,982)
Net Position - Beginning				(23,206,766)	201,701	(23,005,065)
Net Position - Ending				\$ (24,183,652)	\$ 227,605	\$ (23,956,047)

See accompanying notes to the basic financial statements.

**LEBANON COMMUNITY SCHOOL DISTRICT NO. 9
LEBANON, OREGON**

**BALANCE SHEET - GOVERNMENTAL FUNDS
June 30, 2020**

	GENERAL FUND	SPECIAL GRANTS AND REVENUES FUND	DEBT SERVICE GO BOND FUND	TOTAL GOVERNMENTAL FUNDS
ASSETS:				
Cash and Investments	\$ 4,982,751	1,873,398	236,333	\$ 7,092,482
Inventory	-	12,904	-	12,904
Due from Other Funds	-	51,707	-	51,707
Receivables				
Accounts and Grants	9,228	172,631	-	181,859
Property Taxes	499,521	-	187,150	686,671
Intergovernmental Accounts	-	1,711,055	-	1,711,055
Total Assets	\$ 5,491,500	\$ 3,821,695	\$ 423,483	\$ 9,736,678
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES:				
Liabilities:				
Accounts Payable	\$ 133,607	51,747	-	\$ 185,354
Accrued Salaries and Benefits	796,515	-	-	796,515
Due To Other Funds	51,707	-	-	51,707
Total Liabilities	981,829	51,747	-	1,033,576
Deferred Inflows of Resources:				
Unavailable Revenue - Property Taxes	446,464	-	167,288	613,752
Total Deferred Inflows of Resources	446,464	-	167,288	613,752
Fund Balances (Deficit):				
Non-spendable	-	12,904	-	12,904
Restricted for:				
Grants, Food Service & Student Activities	-	3,757,044	-	3,757,044
Debt Service	-	-	256,195	256,195
Unassigned	4,063,207	-	-	4,063,207
Total Fund Balances (Deficit)	4,063,207	3,769,948	256,195	8,089,350
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 5,491,500	\$ 3,821,695	\$ 423,483	\$ 9,736,678

See accompanying notes to the basic financial statements.

LEBANON COMMUNITY SCHOOL DISTRICT NO. 9
LEBANON, OREGON

Reconciliation of the Governmental Funds
Balance Sheet to the Statement of Net Position
June 30, 2020

TOTAL FUND BALANCES-GOVERNMENTAL FUNDS		\$ 8,089,350
 Capital assets are not financial resources and therefore are not reported in the governmental funds.		
Cost	\$103,318,889	
Accumulated Depreciation	<u>(68,597,889)</u>	34,721,000
 Deferred outflows of resources for debt refunding charges are not reported in the governmental funds		
		1,816,336
 The Net Pension Asset is the difference between the total pension liability and the assets set aside to pay benefits earned to past and current employees and beneficiaries.		
Net Pension Liability - PERS	(45,003,219)	
OPEB Liability - Stipend	(517,275)	
OPEB Asset - RHIA	<u>381,150</u>	(45,139,344)
 Deferred Inflows and Outflows of resources related to the pension plan include differences between expected and actual experience, changes of assumptions, differences between projected and actual earnings, and contributions subsequent to the measurement date.		
Net Pension Related Deferrals		
Deferred Inflows - PERS	(3,885,353)	
Deferred Inflows - RHIA	(78,763)	
Deferred Outflows - RHIA	132	
Deferred Outflows - PERS	<u>18,233,457</u>	14,269,473
 Long-term liabilities applicable to the District's governmental activities are not due and payable in the current period and accordingly are not reported as fund liabilities. Interest on long-term debt is not accrued in the governmental funds, but rather is recognized as an expenditure when due.		
Long term Liabilities:		
Bond Interest Payable	(61,321)	
Bond Premium	(1,539,562)	
Compensated Absences	(197,020)	
General Obligation Bonds Payable	<u>(36,835,000)</u>	(38,632,903)
 The internal service fund is used by management to charge the costs of unemployment insurance premiums to individual funds. The assets and liabilities of the internal service fund are included in governmental activities in the statement of net position.		
		78,684
 A portion of the District's property taxes are collected after year-end but are not available soon enough to pay for the current year's operations, and therefore are not reported as revenue in the governmental funds.		
Unavailable Revenue Related To Property Taxes.		<u>613,752</u>
 TOTAL NET POSITION		 \$ <u>(24,183,652)</u>

See accompanying notes to the basic financial statements.

LEBANON COMMUNITY SCHOOL DISTRICT NO. 9
LEBANON, OREGON

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For the Year Ended June 30, 2020

	GENERAL FUND	SPECIAL GRANTS AND REVENUES FUND	DEBT SERVICE	TOTAL GOVERNMENTAL FUNDS
REVENUES:				
Local Sources	\$ 11,139,562	\$ 1,168,098	\$ 3,828,242	\$ 16,135,902
Intermediate Sources	421,626	39,153	-	460,779
State Sources	31,161,848	1,357,417	-	32,519,265
Federal Sources	235,786	3,971,562	-	4,207,348
Total Revenues	42,958,822	6,536,230	3,828,242	53,323,294
EXPENDITURES:				
Current:				
Instruction	25,520,241	3,867,111	-	29,387,352
Support Services	15,182,726	1,624,354	29,350	16,836,430
Community Services	-	1,927,082	-	1,927,082
Facilities Acquisition	-	93,295	-	93,295
Debt Service	-	-	4,065,594	4,065,594
Total Expenditures	40,702,967	7,511,842	4,094,944	52,309,753
Revenues Over (Under) Expenditures	2,255,855	(975,612)	(266,702)	1,013,541
OTHER FINANCING SOURCES (USES)				
Debt Proceeds	-	-	43,114	43,114
Transfer In	850,000	1,110,000	50,000	2,010,000
Transfer Out	(1,185,000)	(850,000)	-	(2,035,000)
Sale of Capital Assets	15,750	-	-	15,750
Total Other Financing Sources (Uses)	(319,250)	260,000	93,114	33,864
Net Change in Fund Balance	1,936,605	(715,612)	(173,588)	1,047,405
Beginning Fund Balance	2,126,602	4,485,560	429,783	7,041,945
Ending Fund Balance	\$ 4,063,207	\$ 3,769,948	\$ 256,195	\$ 8,089,350

See accompanying notes to the basic financial statements.

LEBANON COMMUNITY SCHOOL DISTRICT NO. 9
LEBANON, OREGON

Reconciliation of the Governmental Funds
Statement of Revenues, Expenditures, and Changes in Fund Balances
to the Statement of Activities and Changes in Net Position
For the Year Ended June 30, 2020

TOTAL NET CHANGES IN FUND BALANCES-GOVERNMENTAL FUNDS **\$ 1,047,405**

Governmental funds report capital outlay as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation expense in the current period.

Expenditures for capital assets, Net	\$ 576,016	
Less current year depreciation, Net	<u>(1,693,085)</u>	(1,117,069)

The PERS Pension Expense represents the changes in Net Pension Liability from year to year due to changes in total pension liability and the fair value of pension plan net position available to pay pension benefits. (3,421,844)

Compensated absences are recognized as expenditure in the governmental funds when they are paid. In the Statement of Activities, these liabilities are recognized as an expenditure when earned. (16,857)

Long-term debt proceeds are reported as other financing sources in governmental funds. In the Statement of Net Position, however, issuing long-term debt increases liabilities. Similarly, repayment of principal is an expenditure in the governmental funds but reduces the liability in the Statement of Net Position. This is the amount by which proceeds exceeded repayments.

Issuance of New Debt (GO Bond 2019)	(18,790,000)	
Decrease in Cash with Bond Agent	(962,970)	
Deferred Outflow related to Debt Refunding (GO Bond 2011)	1,997,970	
Bonds Payments	20,055,000	
Premium Amortization	<u>950,775</u>	3,250,775

Change in net OPEB liability

Health Insurance	(116,326)	
Stipend	(479,959)	
RHIA	<u>91,481</u>	(504,804)

Governmental funds expend the costs of debt refunding. These costs are reported as deferred outflows of resources that are amortized in the Statement of Activities. (181,634)

Interest on long-term debt in the Statement of Activities differs from the amount reported in the governmental funds because interest is recognized as an expenditure in the funds when it is due, and thus requires the use of current financial resources. In the Statement of Activities, however, interest expense is recognized as the interest accrues, regardless of when it is due. 28,799

Internal service funds are used by management to charge the costs of insurance activities to individual funds. This activity is consolidated with the governmental activities in the Statement of Activities. (38,933)

Property taxes that do not meet the measurable and available criteria are not recognized as revenue in the current year in the governmental funds. In the Statement of Activities property taxes are recognized as revenue when levied.

Change in General Fund	(12,205)	
Change in Debt Service Fund	<u>(10,519)</u>	(22,724)

CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES **\$ (976,886)**

See accompanying notes to the basic financial statements.

LEBANON COMMUNITY SCHOOL DISTRICT NO. 9
LEBANON, OREGON

STATEMENT OF NET POSITION - PROPRIETARY FUND
June 30, 2020

<u>PROPRIETARY FUNDS</u>		
	<u>Business-Type Activity Enterprise Fund</u>	<u>Internal Service Fund Insurance</u>
ASSETS		
Current Assets:		
Cash and Cash Equivalents	\$ -	\$ 78,684
Work in Process	283,716	-
TOTAL ASSETS	283,716	78,684
LIABILITIES		
Current Liabilities:		
Accounts Payable	3,596	-
Book overdraft	52,515	-
TOTAL LIABILITIES	56,111	-
NET POSITION		
Unrestricted	227,605	78,684
TOTAL NET POSITION	\$ 227,605	\$ 78,684

See accompanying notes to the basic financial statements

LEBANON COMMUNITY SCHOOL DISTRICT NO. 9
LEBANON, OREGON

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
PROPRIETARY FUND
For the year ended June 30, 2020

<u>PROPRIETARY FUNDS</u>		
	Business-Type Activity Enterprise Fund	Internal Service Fund Insurance
TOTAL OPERATING REVENUES	\$ -	\$ -
OPERATING EXPENSES		
Instruction	-	-
Support services	-	63,933
	-	63,933
TOTAL OPERATING EXPENSES	-	63,933
OPERATING INCOME	-	(63,933)
NONOPERATING REVENUES (EXPENSES)		
Transfers In	-	25,000
Gain on Sale of Fixed Assets	25,904	-
	25,904	-
CHANGE IN NET POSITION	25,904	(38,933)
NET POSITION - BEGINNING	201,701	117,617
NET POSITION - ENDING	\$ 227,605	\$ 78,684

See accompanying notes to the basic financial statements

**LEBANON COMMUNITY SCHOOL DISTRICT NO. 9
LEBANON, OREGON**

**STATEMENT OF CASH FLOWS
PROPRIETARY FUND
For the year ended June 30, 2020**

PROPRIETARY FUNDS

	Business-Type Activity Enterprise Fund	Internal Service Fund Insurance
CASH FLOWS FROM OPERATING ACTIVITIES		
Received for services	\$ 20	\$ -
Payments for goods and services	(25,924)	(63,934)
NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES	(25,904)	(63,934)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Gain on Sale of Fixed Assets	25,904	
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:		
Transfers	-	25,000
NET CASH USED BY FINANCING ACTIVITIES	25,904	25,000
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	-	(38,934)
CASH AND CASH EQUIVALENTS, BEGINNING	-	117,618
CASH AND CASH EQUIVALENTS, ENDING	\$ -	\$ 78,684
RECONCILIATION OF OPERATING LOSS TO NET CASH USED BY OPERATING ACTIVITIES:		
Operating Income (Loss)	\$ -	\$ (63,933)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:		
Decrease (increase) in Accounts Receivable	20	-
Decrease (increase) in Work in process inventory	(65,094)	-
Increase (decrease) in Accounts Payable	3,534	(1)
Increase (decrease) in Book overdraft	35,636	-
NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES	\$ (25,904)	\$ (63,934)

See accompanying notes to the basic financial statements

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NOTES TO BASIC FINANCIAL STATEMENTS

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LEBANON COMMUNITY SCHOOL DISTRICT NO. 9
LEBANON, OREGON

For the Year Ended June 30, 2020

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. The Financial Reporting Entity

Lebanon Community School District (the District) is a municipal corporation governed by an elected Board of Directors. The District was organized under provision of Oregon Statutes Chapter 332 for the purpose of operating elementary and secondary schools. As required by accounting principles generally accepted in the United States of America, these basic financial statements present Lebanon Community School District No. 9 (the primary government) and any component units. There are various governmental agencies and special service districts that provide services within the boundaries of the District; however, the District is not financially accountable for any of these entities, and, therefore, none of them are considered component units or included in these basic financial statements, except as noted below.

B. Government-wide and Fund Financial Statements

The Statement of Net Position and Statement of Activities display information as a whole.

The Statement of Net Position and the Statement of Activities were prepared using the economic resources measurement focus and the accrual basis of accounting. Revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place. Revenues, expenses, gains, losses, assets and liabilities resulting from nonexchange transactions are recognized in accordance with the requirements of GASB Statement No. 33 "Accounting and Financial Reporting for Nonexchange Transactions." Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Program Revenues included in the Statement of Activities derive directly from the program itself or from parties outside taxpayers or citizenry, as a whole; program revenues reduce the cost of the function to be financed from the general revenues.

All direct expenses are reported by function in the Statement of Activities. Direct expenses are those that are clearly identifiable with a function. Interest on general long-term debt is considered an indirect expense and is reported separately on the Statement of Activities. In the process of aggregating data for the Statement of Net Position and the Statement of Activities, some amounts reported as interfund activity and balances in the funds were eliminated or reclassified. Interfund receivables and payables were eliminated to minimize the "grossing up" effect on assets and liabilities. The accounts are organized and operated on the basis of funds. A fund is an independent self-balancing set of accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions.

LEBANON COMMUNITY SCHOOL DISTRICT NO. 9
LEBANON, OREGON

For the Year Ended June 30, 2020

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

GOVERNMENTAL FUND TYPES

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

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

Financial operations are accounted for in the following major funds:

General Fund

The General Fund is the primary operating fund of the District. It accounts for all financial resources except those required to be accounted for in another fund. The primary sources of revenue are property taxes and state revenues.

Special Revenue Fund

The Special Revenue Fund accounts for the proceeds of specific revenue sources that are restricted for specific purposes. The primary source of revenue is federal grants. The primary uses of revenue are for salaries and employment benefits, education program enhancement, and equipment purchases.

Debt Service – GO Bonds Fund

The Debt Service Fund accounts for the repayment of the District's long-term debt. The primary source of revenue is property taxes. The primary use of revenue is payment of principal and interest due on long-term debt.

In addition, the District reports the following proprietary funds:

Enterprise Fund

The Enterprise Fund is used to account for funds used to construct and sell homes through the vocational education program. The primary source of revenue is sales of finished goods.

LEBANON COMMUNITY SCHOOL DISTRICT NO. 9
LEBANON, OREGON

For the Year Ended June 30, 2020

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Internal Service Fund

The Insurance Fund is used to account for funds allocated for unemployment benefits. The primary source of revenue is transfers from the General Fund. The primary use of revenue is for unemployment benefits.

Certain activity occurs during the year involving transfers of resources between funds. In fund financial statements these amounts are reported at gross amounts as transfers in/out. While reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Transfers between funds included in governmental activities are eliminated.

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

Governmental funds are accounted for on a spending measurement focus. Only current assets and current liabilities are generally included in their balance sheet. Governmental fund operating statements present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current position.

The government-wide basic financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded 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 basic 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, revenues are considered to be available if they are collected within 60 days of the end of the current fiscal year. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, pensions and OPEB expenses are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under capital leases are reported as other financing sources.

Property taxes associated with the current fiscal period, are considered to be susceptible to accrual, if received in cash by the District or a County collecting such taxes within 60 days after year-end. All other revenue items are recognized in the accounting period when they become both measurable and available.

The District did not implement the most current accounting guidance: GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*, which is a GAAP departure. If the District reported in accordance with the most recent GASB requirements, reported results would differ from those currently presented.

LEBANON COMMUNITY SCHOOL DISTRICT NO. 9
LEBANON, OREGON

For the Year Ended June 30, 2020

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Assets, Liabilities, and Net Position

Cash and Investments

Cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of ninety days or less from the date of acquisition. At June 30, 2020, short-term investments consist of the local government investment pool. Investments are stated at cost, which approximates market. The local government investment pool operates in accordance with appropriate state laws and regulations.

State statutes authorize the District to invest in legally issued general obligations of the United States, the agencies and instrumentalities of the United States and the States of Oregon, Washington, Idaho, or California, certain interest-bearing bonds, time deposit open accounts, certificates of deposit, and saving accounts in banks, mutual savings banks, and savings and loan associations that maintain a head office or a branch in this state in the capacity of a bank, mutual savings bank, or savings and loan association, and share accounts and savings accounts in credit unions in the name of, or for the benefit of, a member of the credit union pursuant to a plan of deferred compensation.

Property Taxes

Under state law, county governments are responsible for extending authorized property tax levies, computing tax rates, billing and collecting all property taxes, and making periodic remittances of collection to entities levying taxes. Property taxes are levied and become a lien as of July 1 on property values assessed as of June 30. Property taxes are payable in three installments, which are due of November 15, February 15, and May 15. Uncollected property taxes are shown as assets in the governmental funds. Property taxes collected within approximately 30 days of fiscal year-end are recognized as revenue, while the remaining are recorded as deferred inflows of resources because they are not deemed available to finance operations if the current period.

Grants

Unreimbursed expenditures due from grantor agencies are reflected in the basic financial statements as receivables and revenues. Grant revenues are recorded at the time eligible expenditures are incurred. Cash received from grantor agencies in excess of related grant expenditures is recorded as a liability in the balance sheet and statement of net position.

Capital Assets

Capital assets, which include property, plant and equipment, are reported in the government-wide basic financial statements. Capital assets are defined as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost where no historical records exist. 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 charged to expenditures as incurred and are not capitalized. Capital outlays that significantly extend the useful life of capital assets are capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed.

LEBANON COMMUNITY SCHOOL DISTRICT NO. 9
LEBANON, OREGON

For the Year Ended June 30, 2020

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Land and constructions in process are not depreciated. Other capital assets are depreciated using the straight line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings	100
Building Improvements	15-50
Vehicle Equipment	4-10
Film, Equipment and Video	5-10
Office Equipment	5
Computer Equipment	5

Compensated Absences

Amounts of vested or accumulated vacation leave that are expected to be liquidated with expendable available financial resources are reported as expenditures when paid. Amounts of vested or accumulated vacation leave that are not expected to be liquidated with expendable available financial resources are reported as long-term liabilities on the statement of net position. In accordance with the provisions of GASB Statement No. 47, *Accounting for Compensated Absences*, no liability is recorded for non-vesting accumulating rights to receive sick pay benefits.

Long Term Obligations

In the government-wide basic financial statements long-term debt is reported as a liability in the Statement of Net Position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the bonds outstanding method. Bonds payable are reported net of the applicable bond premium or discount.

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

Deferred Outflows/Inflows of Resources

In addition to assets, the basic financial statements will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to future periods and so will not be recognized as an outflow of resources (expense/expenditure) until then. At June 30, 2020, there were deferred outflows representing PERS pension related deferrals, OPEB-RHIA related deferrals, and deferred outflows related to debt refunding in the Statement of Net Position.

In addition to liabilities, the basic financial statements will sometimes report a separate section for *deferred inflows of resources*. This separate financial statement element represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The District has two types of items which qualify for reporting in this category. Unavailable revenue, is reported in the governmental funds balance sheet for property taxes. At June 30, 2020, there were deferred revenues related to property taxes. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. At June 30, 2020, there also were deferred inflows representing PERS pension related deferrals, and OPEB-RHIA related deferrals in the Statement of Net Position.

LEBANON COMMUNITY SCHOOL DISTRICT NO. 9
LEBANON, OREGON

For the Year Ended June 30, 2020

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Retirement Plans

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

Net Position

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

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

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

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

Fund Balance

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

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

There are no committed or assigned fund balances at June 30, 2020.

LEBANON COMMUNITY SCHOOL DISTRICT NO. 9
LEBANON, OREGON

For the Year Ended June 30, 2020

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Use of Estimates

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

2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budgetary Information

A budget is prepared and legally adopted for all funds on the modified accrual basis of accounting in the main program categories required by the Oregon Local Budget Law.

Expenditure budgets are appropriated at the following levels for each fund:

LEVEL OF CONTROL

- Instruction
- Support Services
- Community Services
- Facilities Acquisition and Construction
- Interfund Transactions
- Debt Service
- Operating Contingency

Expenditures cannot legally exceed the above appropriation levels except in the case of grants which could not be estimated at the time of budget adoption. Appropriations lapse at the fiscal year end. Management may amend line items in the budget without Board approval as long as appropriation levels (the legal level of control) are not changed. Supplemental appropriations may occur if the Board approves them due to a need which exists which was not determined at the time the budget was adopted.

Budget amounts shown in the budgetary basic financial statements reflect the final budget. Expenditures of the various funds were within authorized appropriations, except for the Special Revenue Fund – Facilities Acquisition which was overexpended by \$23,295, the Debt Service Fund – Support Services which was overexpended by \$29,350, and the Enterprise Fund – Instruction which was overexpended by \$51,716.

LEBANON COMMUNITY SCHOOL DISTRICT NO. 9
LEBANON, OREGON

For the Year Ended June 30, 2020

3. BUDGETARY BASIS OF ACCOUNTING

The budgetary (modified accrual) basis of accounting differs from generally accepted accounting principles. The budgetary statements provided as part of supplementary information elsewhere in this report are presented on the budgetary basis to provide a meaningful comparison of actual results with the budget. The budgetary basis of accounting is substantially the same as generally accepted accounting principles in the United States of America with the exceptions that capital outlay expenditures are expensed when purchased, depreciation is not calculated, property taxes are recorded as revenue when received instead of when levied, OPEB, pension, and compensated absences expenses are recorded when paid instead of when incurred, inventories of supplies are expensed when purchased, pension costs are not recorded until paid, and principal payments and proceeds on long term debt are recorded as revenues when received and expenditures when paid.

4. CASH AND INVESTMENTS

Cash management policies are governed by state statutes. Statutes authorize investing in banker's acceptances, time certificates of deposit, commercial paper, repurchase agreements, obligations of the United States and its agencies and instrumentalities, and the Oregon State Treasurer's Local Government Investment Pool.

A cash pool is maintained that is available for use by all funds. Each fund type's portion of this pool is reported on the combined balance sheet as Cash and Investments or amounts Due to Other Funds.

In addition, cash is separately held by some of the funds.

Cash and Investments (recorded at cost) consisted of:

Deposits with Financial Institutions:	
Demand Deposits	\$ (1,080,711)
Investments	<u>8,251,877</u>
Total Cash and investments	<u>\$ 7,171,166</u>

DEPOSITS

Deposits with financial institutions include bank demand deposits. Oregon Revised Statutes require deposits to be adequately covered by federal depository insurance or deposited at an approved depository as identified by the treasury. The total bank balance per the bank statements as of June 30, 2020 was \$1,114,207 of which \$250,000 is covered by federal depository insurance and the remainder was collateralized by the Oregon Public Funds Collateralization Program (PFCP).

Credit Risk – Deposits

In the case of deposits, there is the risk that in the event of a bank failure, the deposits may not be returned. There is no deposit policy for custodial credit risk. All deposits were either FDIC insured or collateralized.

LEBANON COMMUNITY SCHOOL DISTRICT NO. 9
LEBANON, OREGON

For the Year Ended June 30, 2020

4. CASH AND INVESTMENTS (CONTINUED)

INVESTMENTS

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

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

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

At year-end, investment balances were as follows:

<u>Investment Type</u>	<u>Investment Maturities (In Months)</u>			
	<u>Fair Value</u>	<u>Less Than 3</u>	<u>3-18</u>	<u>18-59</u>
State Treasurer's Local Government Investment	\$ 8,251,877	\$ 8,251,877	\$ -	\$ -
Total	<u>\$ 8,251,877</u>	<u>\$ 8,251,877</u>	<u>\$ -</u>	<u>\$ -</u>

Interest Rate Risk- Investments

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

Credit Risk – Investments

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

Concentration of Credit Risk

At June 30, 2020, 100% of total investments were in the State Treasurer's Investment Pool. State statutes do not limit the percentage of investments in this instrument. Oregon Revised Statutes require no more than 25 percent of the moneys of the local government to be invested in bankers' acceptances of any qualified financial institution. At June 30, 2020, investments were in compliance with all percentage restrictions.

LEBANON COMMUNITY SCHOOL DISTRICT NO. 9
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5. RECEIVABLES

Special revenue fund grants receivable are comprised of claims for reimbursement of costs under various federal and state grant programs. Property taxes are levied and become a lien on all taxable property as of July 1. Taxes unpaid and outstanding on May 16 are considered delinquent. No allowance for uncollectible accounts has been recorded because all receivables are considered by management to be collectible at year end.

6. CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2020 was as follows:

	Balance July 1, 2019	Adjustments	Additions	Deletions	Balance June 30, 2020
Governmental Activities:					
Capital Assets Not being Depreciated:					
Land	\$ 1,411,570	\$ -	\$ -	\$ -	\$ 1,411,570
Construction in Progress	79,577	(79,577)	-	-	-
Total Capital Assets Not Being Depreciated	<u>1,491,147</u>	<u>(79,577)</u>	<u>-</u>	<u>-</u>	<u>1,411,570</u>
Capital Assets Being Depreciated:					
Buildings and Improvements	93,788,628	79,577	72,184	-	93,940,389
Machinery and Equipment	7,562,888	-	503,832	(99,790)	7,966,930
Total Capital Assets Being Depreciated	<u>101,351,516</u>	<u>79,577</u>	<u>576,016</u>	<u>(99,790)</u>	<u>101,907,319</u>
Accumulated Depreciation:					
Buildings and Improvements	61,912,556	-	1,345,123	-	63,257,679
Machinery and Equipment	5,092,038	-	347,962	(99,790)	5,340,210
Total Accumulated Depreciation	<u>67,004,594</u>	<u>-</u>	<u>1,693,085</u>	<u>(99,790)</u>	<u>68,597,889</u>
Governmental Activities					
Capital Assets, Net	<u>\$ 35,838,069</u>				<u>\$ 34,721,000</u>

Depreciation expense was charged to functions/programs of the primary government for governmental activities as follows:

Governmental Activities	
Instruction	\$ 1,033,321
Support Services	592,004
Community Services	<u>67,760</u>
Total Depreciation Expense	
Governmental Activities	<u>\$ 1,693,085</u>

LEBANON COMMUNITY SCHOOL DISTRICT NO. 9
LEBANON, OREGON

For the Year Ended June 30, 2020

7. LONG-TERM OBLIGATIONS

Bonds Payable

General Obligation Bonds were issued to provide funds for the acquisition and construction of major capital facilities. The bond obligations pledge the full faith and credit of the District. The bonds were issued in 2005, 2011, and 2019 with interest plus principal payments due each year.

The 2019 General Obligation Bonds were issued to refund all of the 2011 GO Bond remaining payments due after June 2021. The proceeds of this new debt were transferred to an escrow account which will pay the remaining balance of the 2011 GO Bond. As such the 2011 bond is considered defeased, and this escrow account as well as all of the bond payments due after June 30, 2021 have been removed from the financial statements. The deferred refunding amount (the difference between the acquisition price of the new debt and the net carrying amount of the old debt) is reported as a deferred outflow of resources in accordance with GASB Statement No. 65.

The District entered into a financing agreement dated July 26, 2011 under the Qualified School Construction Bonds (QSCB) Program. The District received financing of \$1,895,000 for upgrades and improvements to school facilities which are pledged as collateral. The agreement requires annual cash deposits to a sinking fund in the amount of \$126,333 to fund the only payment of \$1,895,000 in 2026.

If the District is unable to make a payment on the QSCB Bond, the entire principal balance and any accrued unpaid interest may become immediately due. There are no other significant default clauses noted in any of the long-term obligation agreements that would impact the financial statements or require disclosure under GASB 88.

Bond obligations currently outstanding, premium amortization, and deferred refunding amortization are as follows:

	<u>Interest Rates</u>	<u>Original Issue</u>	<u>Outstanding July 1, 2019</u>	<u>Issued</u>	<u>Matured and Redeemed</u>	<u>Outstanding June 30, 2020</u>	<u>Due within one year</u>
Bonds Payable:							
GO Bond 2005	3-5%	\$ 19,515,000	\$ 15,925,000	-	(805,000)	\$ 15,120,000	\$ 1,055,000
GO Bond 2011	2-5%	27,630,000	20,280,000	-	(19,040,000)	1,240,000	1,240,000
GO Bond 2019	4-5%	18,790,000	-	18,790,000	(210,000)	18,580,000	250,000
QSCB 2011	5.13%	1,895,000	1,895,000	-	-	1,895,000	-
Total			<u>38,100,000</u>	<u>18,790,000</u>	<u>(20,055,000)</u>	<u>36,835,000</u>	<u>2,545,000</u>
Premium Related to Bond							
Premium 2005		2,013,612	1,604,983	-	(145,908)	1,459,075	-
Premium 2011		1,259,036	885,354	-	(804,867)	80,487	-
Total Long-Term Liabilities			<u>\$ 40,590,337</u>	<u>\$ 18,790,000</u>	<u>\$ (21,005,775)</u>	<u>\$ 38,374,562</u>	<u>\$ 2,545,000</u>
Deferred Outflow on Debt Refunding							
Defeased GO Bond 2011			\$ -	1,997,970	(181,634)	\$ 1,816,336	\$ -
Total Deferred Outflow			<u>\$ -</u>	<u>\$ 1,997,970</u>	<u>\$ (181,634)</u>	<u>\$ 1,816,336</u>	<u>\$ -</u>

LEBANON COMMUNITY SCHOOL DISTRICT NO. 9
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For the Year Ended June 30, 2020

7. LONG-TERM OBLIGATIONS – (CONTINUED)

Future maturities of long term obligations are as follows:

Fiscal Year Ending Ending June 30	<u>GO Bonds</u>		Fiscal Year Ending Ending June 30	<u>QSCB</u>	
	Principal	Interest		Principal	Interest
2021	2,545,000	1,297,719	2021	-	97,214
2022	2,750,000	1,192,198	2022	-	97,213
2023	2,940,000	1,100,003	2023	-	97,214
2024	3,150,000	1,000,330	2024	-	97,213
2025	3,320,000	933,519	2025	-	97,214
2026-30	<u>20,235,000</u>	<u>2,744,862</u>	2026	<u>1,895,000</u>	<u>97,213</u>
	<u>34,940,000</u>	<u>8,268,631</u>		<u>1,895,000</u>	<u>583,281</u>

8. DEFINED BENEFIT PENSION PLAN

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

<https://www.oregon.gov/pers/Documents/Financials/CAFR/2019-CAFR.pdf>

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

- a. **PERS Pension (Chapter 238).** The ORS Chapter 238 Defined Benefit Plan is closed to new members hired on or after August 29, 2003.
 - i. **Pension Benefits.** The PERS retirement allowance is payable monthly for life. It may be selected from 13 retirement benefit options. These options include survivorship benefits and lump-sum refunds. The basic benefit is based on years of service and final average salary. A percentage (2.0 percent for police and fire employees, and 1.67 percent for general service employees) is multiplied by the number of years of service and the final average salary. Benefits may also be calculated under either a formula plus annuity (for members who were contributing before August 21, 1981) or a money match computation if a greater benefits results. A member is considered vested and will be eligible at minimum retirement age for a service retirement allowance if he or she has had a contribution in each of five calendar years or has reached at least 50 years of age before ceasing employment with a participating employer (age 45 for police and fire members). General service employees may retire after reaching age 55. Police and fire members are eligible after reaching age 50. Tier 1 general service employee benefits are reduced if retirement occurs prior to age 58 with fewer than 30 years of service. Police and fire member benefits are reduced if retirement occurs prior to age 55 with fewer than 25 years of service. Tier 2 members are eligible for full benefits at age 60. The ORS Chapter 238 Defined Benefit Pension Plan is closed to new members hired on or after August 29, 2003.
 - ii. **Death Benefits.** Upon the death of a non-retired member, the beneficiary receives a lump-sum refund of the member’s account balance (accumulated contributions and interest). In addition, the beneficiary will receive a lump-sum payment from employer funds equal to the account balance, provided one or more of the following contributions are met:
 - member was employed by PERS employer at the time of death,
 - member died within 120 days after termination of PERS covered employment,
 - member died as a result of injury sustained while employed in a PERS-covered job, or
 - member was on an official leave of absence from a PERS-covered job at the time of death.

LEBANON COMMUNITY SCHOOL DISTRICT NO. 9
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For the Year Ended June 30, 2020

8. DEFINED BENEFIT PENSION PLAN – (CONTINUED)

- iii. **Disability Benefits.** A member with 10 or more years of creditable service who becomes disabled from other than duty-connected causes may receive a non-duty disability benefit. A disability resulting from a job-incurred injury or illness qualifies a member (including PERS judge members) for disability benefits regardless of the length of PERS-covered service. Upon qualifying for either a non-duty or duty disability, service time is computed to age 58 (55 for police and fire members) when determining the monthly benefit.
 - iv. **Benefit Changes After Retirement.** Members may choose to continue participation in their variable account after retiring and may experience annual benefit fluctuations due to changes in the fair value of the underlying global equity investments of that account. Under ORS 238.360 monthly benefits are adjusted annually through cost-of-living changes (COLA). The COLA is capped at 2.0 percent.
- b. **OPSRP Pension Program (OPSRP DB).** The ORS Chapter 238A Defined Benefit Pension Program provides benefits to members hired on or after August 29, 2003.
- i. **Pension Benefits.** This portion of OPSRP provides a life pension funded by employer contributions. Benefits are calculated with the following formula for members who attain normal retirement age:
Police and fire: 1.8 percent is multiplied by the number of years of service and the final average salary. Normal retirement age for police and fire members is age 60 or age 53 with 25 years of retirement credit. To be classified as a police and fire member, the individual must have been employed continuously as a police and fire member for at least five years immediately preceding retirement.
General service: 1.5 percent is multiplied by the number of years of service and the final average salary. Normal retirement age for general service members is age 65, or age 58 with 30 years of retirement credit.
A member of the pension program becomes vested on the earliest of the following dates: the date the member completes 600 hours of service in each of five calendar years, the date the member reaches normal retirement age, and, if the pension program is terminated, the date on which termination becomes effective.
 - ii. **Death Benefits.** Upon the death of a non-retired member, the spouse or other person who is constitutionally required to be treated in the same manner as the spouse, receives for life 50 percent of the pension that would otherwise have been paid to the deceased member. The surviving spouse may elect to delay payment of the death benefit, but payment must commence no later than December 31 of the calendar year in which the member would have reached 70½ years.
 - iii. **Disability Benefits.** A member who has accrued 10 or more years of retirement credits before the member becomes disabled or a member who becomes disabled due to job-related injury shall receive a disability benefit of 45 percent of the member's salary determined as of the last full month of employment before the disability occurred.

Contributions – PERS funding policy provides for monthly employer contributions at actuarially determined rates. These contributions, expressed as a percentage of covered payroll, are intended to accumulate sufficient assets to pay benefits when due. The funding policy applies to the PERS Defined Benefit Plan and the Other Postemployment Benefit Plans. Employer contribution rates during the period were based on the December 31, 2017 actuarial valuation, which became effective July 1, 2019. The state of Oregon and certain schools, community colleges, and political subdivision have made unfunded actuarial liability payments and their rates have been reduced. Employer contributions for the year ended June 30, 2020 were \$7,558,671, excluding amounts to fund employer specific liabilities. In addition, approximately \$4,058 in employee contributions were paid or picked up by the District in 2019-2020.

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LEBANON, OREGON

For the Year Ended June 30, 2020

8. DEFINED BENEFIT PENSION PLAN - (CONTINUED)

Pension Asset or Liability – At June 30, 2020, the District reported a net pension liability of \$45,003,219 for its proportionate share of the net pension liability. The pension liability was measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation dated December 31, 2017. The District’s proportion of the net pension liability was based on a projection of the District’s long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. As of the measurement dates of June 30, 2019 and 2018, the District’s proportion was .26 percent and .27 percent, respectively. Pension expense for the year ended June 30, 2020 was \$3,421,844.

The rates in effect for the year ended June 30, 2020 were:

- (1) Tier 1/Tier 2 – 32.03%
- (2) OPSRP general services – 25.59%

	Deferred Outflow of Resources	Deferred Inflow of Resources
Difference between expected and actual experience	\$ 2,481,795	\$ -
Changes in assumptions	6,105,200	-
Net difference between projected and actual earnings on pension plan investments	-	(1,275,796)
Net changes in proportionate share	559,255	(2,585,727)
Differences between District contributions and proportionate share of contributions	1,528,536	(23,830)
Subtotal - Amortized Deferrals (below)	10,674,786	(3,885,353)
District contributions subsequent to measurement date	7,558,671	-
Deferred outflow (inflow) of resources	\$ 18,233,457	\$ (3,885,353)

The amount of contributions subsequent to the measurement date will be included as a reduction of the net pension liability in the fiscal year ended June 30, 2021.

Subtotal amounts related to pension as deferred outflows of resources, \$10,674,786, and deferred inflows of resources, (\$3,885,353), net to \$6,789,433 and will be recognized in pension expense as follows:

Year ending June 30,	Amount
2021	\$ 3,862,046
2022	439,422
2023	1,469,528
2024	972,691
2025	45,746
Thereafter	-
Total	\$ 6,789,433

All assumptions, methods and plan provisions used in these calculations are described in the Oregon PERS system-wide GASB 68 reporting summary dated March 4, 2020. Oregon PERS produces an independently audited CAFR which can be found at:

<https://www.oregon.gov/pers/Documents/Financials/CAFR/2019-CAFR.pdf>

LEBANON COMMUNITY SCHOOL DISTRICT NO. 9
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For the Year Ended June 30, 2020

8. DEFINED BENEFIT PENSION PLAN - (CONTINUED)

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

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

Actuarial Methods and Assumptions:

Valuation date	December 31, 2017 rolled forward to June 30, 2019
Experience Study Report	2016, Published July 26, 2017
Actuarial cost method	Entry Age Normal
Amortization method	Amortized as a level percentage of payroll as layered amortization bases over a closed period; Tier One/Tier Two UAL is amortized over 20 years and OPSRP pension UAL is amortized over 16 years
Asset valuation method	Market value of assets
Inflation rate	2.50 percent
Investment rate of return	7.20 percent
Discount rate	7.20 percent
Projected salary increase	3.50 percent
Cost of Living Adjustment	Blend of 2% COLA and graded COLA (1.25%/0.15%) in accordance with <i>Moro</i> decision, blend based on service
Mortality	Healthy retirees and beneficiaries: RP-2014 Health annuitant, sex-distinct, generational with Unisex, Social Security Data Scale, with collar adjustments and set-backs as described in the valuation. Active members: RP-2014 Employees, sex-distinct, generational with Unisex, Social Security Data Scale, with collar adjustments and set-backs as described in the valuation. Disabled retirees: RP-2014 Disabled retirees, sex-distinct, generational with Unisex, Social Security Data Scale.

Actuarial valuations of an ongoing plan involve estimates of value of reported amounts and assumptions about the probability of events far into the future. Actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. Experience studies are performed as of December 31 of even numbered years. The method and assumptions shown are based on the 2016 Experience Study which is reviewed for the four-year period ending December 31, 2016.

LEBANON COMMUNITY SCHOOL DISTRICT NO. 9
LEBANON, OREGON

For the Year Ended June 30, 2020

8. DEFINED BENEFIT PENSION PLAN - (CONTINUED)

Assumed Asset Allocation:

Asset Class/Strategy	Low Range	High Range	OIC Target
Debt Securities	15.0%	25.0%	20.0%
Public Equity	32.5%	42.5%	37.5%
Real Estate	9.5%	15.5%	12.5%
Private Equity	14.0%	21.0%	17.5%
Alternative Investments	0.0%	12.5%	12.5%
Opportunity Portfolio	0.0%	3.0%	0.0%
Total			100.0%

(Source: June 30, 2019 PERS CAFR; p. 100)

Long-Term Expected Rate of Return - To develop an analytical basis for the selection of the long-term expected rate of return assumption, in July 2017 the PERS Board reviewed long-term assumptions developed by both Milliman's capital market assumptions team and the Oregon Investment Council's (OIC) investment advisors. The table below shows Milliman's assumptions for each of the asset classes in which the plan was invested at that time based on the OIC long-term target asset allocation. The OIC's description of each asset class was used to map the target allocation to the asset classes shown below. Each asset class assumption is based on a consistent set of underlying assumptions, and includes adjustment for the inflation assumption. These assumptions are not based on historical returns, but instead are based on a forward-looking capital market economic model.

Asset Class	Target Allocation	Compound Annual (Geometric) Return
Core Fixed Income	8.00%	3.49%
Short-Term Bonds	8.00%	3.38%
Bank/Leveraged Loans	3.00%	5.09%
High Yield Bonds	1.00%	6.45%
Large/Mid Cap US Equities	15.75%	6.30%
Small Cap US Equities	1.31%	6.69%
Micro Cap US Equities	1.31%	6.80%
Developed Foreign Equities	13.13%	6.71%
Emerging Market Equities	4.13%	7.45%
Non-US Small Cap Equities	1.88%	7.01%
Private Equity	17.50%	7.82%
Real Estate (Property)	10.00%	5.51%
Real Estate (REITS)	2.50%	6.37%
Hedge Fund of Funds - Diversified	2.50%	4.09%
Hedge Fund - Event-driven	0.63%	5.86%
Timber	1.88%	5.62%
Farmland	1.88%	6.15%
Infrastructure	3.75%	6.60%
Commodities	1.88%	3.84%
<i>Assumed Inflation - Mean</i>		<i>2.50%</i>

(Source: June 30, 2019 PERS CAFR; p. 74)

LEBANON COMMUNITY SCHOOL DISTRICT NO. 9
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For the Year Ended June 30, 2020

8. DEFINED BENEFIT PENSION PLAN - (CONTINUED)

Discount Rate – The discount rate used to measure the total pension liability as of the measurement dates of June 30, 2019 and 2018 was 7.20 percent for both years, for the Defined Benefit Pension Plan. The projection of cash flows used to determine the discount rate assumed that contributions from the plan members and those of the contributing employers are made at the contractually required rates, as actuarially determined. Based on those assumptions, the pension plan’s fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments for the Defined Benefit Pension Plan was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the District’s proportionate share of the net pension liability to changes in the discount rate – The following presents the District’s proportionate share of the net pension liability calculated using the discount rate of 7.20 percent, as well as what the District’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.20 percent) or 1-percentage-point higher (8.20 percent) than the current rate.

Changes Subsequent to the Measurement Date

	<u>1% Decrease</u> <u>(6.20%)</u>	<u>Discount Rate</u> <u>(7.20%)</u>	<u>1% Increase</u> <u>(8.20%)</u>
District's proportionate share of the net pension liability (asset)	\$ 72,068,662	\$ 45,003,219	\$ 22,353,172

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

There are no changes subsequent to the June 30, 2019 Measurement Date that meet this requirement and thus would require a brief description under the GASB standard.

OPSRP Individual Account Program (OPSRP IAP)

Plan Description:

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

LEBANON COMMUNITY SCHOOL DISTRICT NO. 9
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For the Year Ended June 30, 2020

8. DEFINED BENEFIT PENSION PLAN - (CONTINUED)

Pension Benefits:

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

Death Benefits:

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

Contributions:

Employees of the District pay six (6) percent of their covered payroll. The District did not make any optional contributions to member IAP accounts for the year ended June 30, 2020.

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

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

9. OTHER POST-EMPLOYMENT BENEFIT PLAN – (RHIA)

Plan Description:

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

Funding Policy:

Because RHIA was created by enabling legislation (ORS 238.420), contribution requirements of the plan members and the participating employers were established and may be amended only by the Oregon Legislature. ORS require that an amount equal to \$60 dollars or the total monthly cost of Medicare companion health insurance premiums coverage, whichever is less, shall be paid from the Retirement Health Insurance Account established by the employer, and any monthly cost in excess of \$60 dollars shall be paid by the eligible retired member in the manner provided in ORS 238.410.

LEBANON COMMUNITY SCHOOL DISTRICT NO. 9
LEBANON, OREGON

For the Year Ended June 30, 2020

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

To be eligible to receive this monthly payment toward the premium cost the member must: (1) have eight years or more of qualifying service in OPERS at the time of retirement or receive a disability allowance as if the member had eight years or more of creditable service in OPERS, (2) receive both Medicare Parts A and B coverage, and (3) enroll in an OPERS-sponsored health plan. A surviving spouse or dependent of a deceased OPERS retiree who was eligible to receive the subsidy is eligible to receive the subsidy if he or she (1) is receiving a retirement benefit or allowance from OPERS or (2) was insured at the time the member died and the member retired before May 1, 1991.

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

At June 30, 2020, the District reported a net OPEB liability/(asset) of (\$381,150) for its proportionate share of the net OPEB liability/(asset). The OPEB liability/(asset) was measured as of June 30, 2019, and the total OPEB liability/(asset) used to calculate the net OPEB liability/(asset) was determined by an actuarial valuation as of December 31, 2017. Consistent with GASB Statement No. 75, paragraph 59(a), the District's proportion of the net OPEB liability/(asset) is determined by comparing the employer's actual, legally required contributions made during the fiscal year to the Plan with the total actual contributions made in the fiscal year of all employers. As of the measurement dates of June 30, 2019 and 2018, the District's proportion was .20 percent and .19 percent, respectively. OPEB expense for the year ended June 30, 2020 was \$91,481.

Components of OPEB Expense/(Income):

Employer's proportionate share of collective system OPEB Expense/(Income)	\$	(49,570)
Net amortization of employer-specific deferred amounts from:		
- Changes in proportionate share (per paragraph 64 of GASB 75)		(2,019)
- Differences between employer contributions and employer's proportionate share of system contributions (per paragraph 65 of GASB 75)		-
Employer's Total OPEB Expense/(Income)	\$	(51,589)

Components of Deferred Outflows/Inflows of Resources:

	Deferred Outflow of Resources	Deferred Inflow of Resources
Difference between expected and actual experience	\$ -	\$ (50,262)
Changes in assumptions	-	(395)
Net difference between projected and actual earnings on pension plan investments	-	(23,526)
Net changes in proportionate share	132	(4,580)
Differences between District contributions and proportionate share of contributions	-	-
Subtotal - Amortized Deferrals (below)	132	(78,763)
District contributions subsequent to measuring date	-	-
Deferred outflow (inflow) of resources	\$ 132	\$ (78,763)

LEBANON COMMUNITY SCHOOL DISTRICT NO. 9
LEBANON, OREGON

For the Year Ended June 30, 2020

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

The amount of contributions subsequent to the measurement date will be included as a reduction of the net OPEB liability/(asset) in the fiscal year ended June 30, 2021.

Subtotal amounts related to OPEB as deferred outflows of resources, \$132, and deferred inflows of resources, (\$78,763), net to (\$78,631) and will be recognized in OPEB expense as follows:

<u>Year ending June 30,</u>	<u>Amount</u>
2021	\$ (40,208)
2022	(36,279)
2023	(4,568)
2024	2,424
2025	-
Thereafter	-
Total	<u>\$ (78,631)</u>

All assumptions, methods and plan provisions used in these calculations are described in the Oregon PERS Retirement Health Insurance Account Cost-Sharing Multiple-Employer Other Postemployment Benefit (OPEB) Plan Schedules of Employer Allocations and OPEB Amounts by Employer report, as of and for the Year Ended June 30, 2019. That independently audited report was dated March 4, 2020 and can be found at:

<https://www.oregon.gov/pers/EMP/Documents/GASB/2019/PERS%20GASB%2075%20RHIA%20Report%20FY%206.30.19.pdf>

Valuation Date	December 31, 2017 rolled forward to June 30, 2019
Experience Study Report	2016, Published July 26, 2017
Actuarial cost method	Entry Age Normal
Inflation rate	2.50 percent
Investment rate of return	7.20 percent
Discount rate	7.20 percent
Projected salary increase	3.50 percent
Retiree healthcare participation	Healthy retirees: 35%; Disabled retirees: 20%
Mortality	Healthy retirees and beneficiaries: RP-2014 Healthy annuitant, sex-distinct, generational with Unisex, Social Security Data Scale, with collar adjustments and set-backs as described in the valuation. Active members: RP-2014 Employees, sex-distinct, generational with Unisex, Social Security Data Scale, with collar adjustments and set-backs as described in the valuation. Disabled retirees: RP-2014 Disabled retirees, sex-distinct, generational with Unisex, Social Security Data Scale.

LEBANON COMMUNITY SCHOOL DISTRICT NO. 9
LEBANON, OREGON

For the Year Ended June 30, 2020

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

Actuarial Methods and Assumptions:

Actuarial valuations of an ongoing plan involve estimates of value of reported amounts and assumptions about the probability of events far into the future. Actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. Experience studies are performed as of December 31 of even numbered years. The method and assumptions shown are based on the 2016 Experience Study which is reviewed for the four-year period ending December 31, 2016.

Discount Rate:

The discount rate used to measure the total OPEB liability as of the measurement dates of June 30, 2019 and 2018 was 7.20 and 7.20 percent, respectively. The projection of cash flows used to determine the discount rate assumed that contributions from contributing employers are made at the contractually required rates, as actuarially determined. Based on those assumptions, the RHIA plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on OPEB plan investments for the RHIA plan was applied to all periods of projected benefit payments to determine the total OPEB asset.

Long-Term Expected Rate of Return:

To develop an analytical basis for the selection of the long-term expected rate of return assumption, in July 2017 the PERS Board reviewed long-term assumptions developed by both Milliman's capital market assumptions team and the Oregon Investment Council's (OIC) investment advisors. The table below shows Milliman's assumptions for each of the asset classes in which the plan was invested at that time based on the OIC long-term target asset allocation. The OIC's description of each asset class was used to map the target allocation to the asset classes shown below. Each asset class assumption is based on a consistent set of underlying assumptions, and includes adjustment for the inflation assumption. These assumptions are not based on historical returns, but instead are based on a forward-looking capital market economic model.

Asset Class	Target Allocation	Compound Annual (Geometric) Return
Core Fixed Income	8.00%	3.49%
Short-Term Bonds	8.00%	3.38%
Bank/Leveraged Loans	3.00%	5.09%
High Yield Bonds	1.00%	6.45%
Large/Mid Cap US Equities	15.75%	6.30%
Small Cap US Equities	1.31%	6.69%
Micro Cap US Equities	1.31%	6.80%
Developed Foreign Equities	13.13%	6.71%
Emerging Market Equities	4.13%	7.45%
Non-US Small Cap Equities	1.88%	7.01%
Private Equity	17.50%	7.82%
Real Estate (Property)	10.00%	5.51%
Real Estate (REITS)	2.50%	6.37%
Hedge Fund of Funds - Diversified	2.50%	4.09%
Hedge Fund - Event-driven	0.63%	5.86%
Timber	1.88%	5.62%
Farmland	1.88%	6.15%
Infrastructure	3.75%	6.60%
Commodities	1.88%	3.84%
<i>Assumed Inflation - Mean</i>		2.50%

(Source: June 30, 2019 PERS CAFR; p. 74)

LEBANON COMMUNITY SCHOOL DISTRICT NO. 9
LEBANON, OREGON

For the Year Ended June 30, 2020

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

Sensitivity of the District’s proportionate share of the net OPEB liability/(asset) to changes in the discount rate – The following presents the District’s proportionate share of the net OPEB liability/(asset) calculated using the discount rate of 7.20 percent, as well as what the District’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.20 percent) or 1-percentage-point higher (8.20 percent) than the current rate.

	1% Decrease (6.20%)	Discount Rate (7.20%)	1% Increase (8.20%)
District's proportionate share of the net OPEB liability (asset)	\$ (295,490)	\$ (381,150)	\$ (454,139)

Changes Subsequent to the Measurement Date

There are no changes subsequent to the June 30, 2019 Measurement Date that meet this requirement and thus would require a brief description under the GASB standard.

10. OTHER POST-EMPLOYMENT BENEFITS (OPEB)

Early Retirement (Stipends)

In April 2003, an early retirement plan with two arrangements was established for certified employees who were age 55 and had 10 years of District service or 10 years of District service and 30 years of service in Oregon PERS.

To qualify for the first arrangement, an employee had to be eligible to retire on or before June 30, 2003. Beginning with the month of retirement, the District shall pay to the retired employee a monthly stipend equal to 1% of the annual salary on his/her last permanent teacher contract if the employee is under age 55 at retirement, 1.5% if the employee is age 55 to 58 at retirement, or 2% if the employee is aged 58 to 62 at retirement. The stipend is paid to age 62 or the date on which the retired employee qualifies for federal social security benefits. Employees who have accumulated 30 years of PERS membership or choose to retire prior to age 55 will have their 1% stipend increased to 1.5% at age 55 where it will remain until age 62.

The second arrangement requires that the employee be hired on or before December 31, 1982 or eligible to retire on or before June 30, 2005.

Beginning with the month of retirement, the District pays a monthly stipend to the retiree equal to 0.5% of their 2002-2003 second half salary placement amount if the employee is age 55 to 58 at retirement or 1.25% if the employee is age 58 to 62 at retirement. Such stipend shall be paid to age 62 or when eligible for social security benefits, whichever is earlier.

Administrator or confidential employees need to have been hired prior to July 2000, be age 55 with 10 years of District service or 10 years of District service with 30 years under PERS. The stipend benefits for this group are the same as the first arrangement, above, for certified employees.

Upon death of the retiree, the stipend will be paid to the retiree’s estate for an additional six months. A one-time payment of \$500 will be paid to those certified, administrator, confidential, or classified employees who have served the District 20 years, are retiring at age 62 or older, and meet the requirements of the hire date as outlined in the group’s supplemental retirement benefits agreements. This benefit is paid to the beneficiaries of those employees currently employed, regardless of length of service.

LEBANON COMMUNITY SCHOOL DISTRICT NO. 9
LEBANON, OREGON

For the Year Ended June 30, 2020

10. OTHER POST-EMPLOYMENT BENEFITS (OPEB) – (CONTINUED)

There are 11 employees currently in the plan, which is closed to all other employees. The liability is calculated using the maximum amounts the District would owe to all eligible employees on June 30, 2020 to be paid out by June 30, 2025. At June 30, 2020, there was a total potential OPEB liability for the Early Retirement Stipend of \$517,275 reported in the Statement of Net Position. The District elected to not obtain an actuarial valuation due to this calculation of maximum liability owed. The District pays these benefits on a pay-as-you-go basis, thus there are no deferred outflows or deferred inflows.

Post-Retirement Health Benefits (Health Insurance)

The District's post-retirement health benefits plan entry qualifications are described in The Defined Benefit Pension Plan. There is also a third arrangement for licensed staff that were age 55 by June 30, 2007 with 20 years of continuous District Service. Arrangement one, including confidential and administrator staff pays full medical, dental, vision and life insurance up to the District cap until age 65. Arrangements two and three pay a monthly \$500 contribution towards the District insurance program until age 65.

The district maintains a schedule of explicit insurance liabilities but does not calculate the implicit insurance subsidy. The District elected to not obtain an actuarial valuation for the implicit insurance subsidy due to the costs associated with obtaining one. The District pays these benefits on a pay-as-you-go basis, thus there are no deferred outflows or deferred inflows.

11. PROPERTY TAX LIMITATION

The voters of the State of Oregon approved ballot measure 5, a constitutional limit on property taxes for schools and non-school government operations, in November, 1990. School operations include community colleges, local school districts, and education service districts.

The limitation provides that property taxes for school operations are limited to \$5.00 for each \$1,000 of property market value. This limitation does not apply to taxes levied for principal and interest on general obligation bonded debt. The result of this initiative has been that school districts have become more dependent upon state funding and less dependent upon property tax revenues as their major source of operating revenue. The State voters passed ballot measure 50 in May, 1997 to further reduce property taxes by replacing the previous constitutional limits on tax bases with a rate and value limit.

Measure 50 reduced the amount of operating property tax revenues available for the 1998-99 fiscal year and thereafter. This reduction is accomplished by rolling property values back to their 1995-96 values less 10% and limiting future tax value growth of each property to no more than 3% per year, subject to certain exceptions. Taxes levied to support bonded debt are exempted from the property tax limitations. The measure also sets restrictive voter approval requirements for most tax and many fee increases and new bond issues, and requires the State of Oregon to minimize the impact of the tax cuts to the school districts. The ultimate impact to the District as a result of the measure has been greater reliance on state funding and less reliance on local funding.

12. RISK MANAGEMENT

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

LEBANON COMMUNITY SCHOOL DISTRICT NO. 9
LEBANON, OREGON

For the Year Ended June 30, 2020

13. COMMITMENTS AND CONTINGENCIES

Substantially all amounts received or receivable from grantor 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 management expects such amounts, if any, to be immaterial.

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

The COVID-19 outbreak in the United States has caused substantial disruption to business and local governments due to mandated and voluntary suspension of operations and stay at home orders. There is considerable uncertainty around the duration of the outbreak and the long-term impact to the overall economy. However, the District expects the reduction of economic activity to negatively impact funds received.

14. INTERFUND TRANSFERS & INTERFUND RECEIVABLE/PAYABLE

Amounts were comprised of the following:

	Transfers Out	Transfers In	Interfund Receivable	Interfund Payable
General Fund	\$ 1,185,000	\$ 850,000	\$ -	\$ 51,707
Special Revenue Fund	850,000	1,110,000	51,707	-
Debt Service Fund	-	50,000	-	-
Internal Service Fund	-	25,000	-	-
	<u>\$ 2,035,000</u>	<u>\$ 2,035,000</u>	<u>\$ 51,707</u>	<u>\$ 51,707</u>

The internal transfers and receivables/payables are budgeted and recorded to show legal and operational commitments between funds such as cost sharing.

15. TAX ABATEMENTS

As of June 30, 2020, the District had tax abatements through the state allowed program: Enterprise Zone that impacted their levied taxes and require disclosure under GASB 77.

Enterprise Zone (ORS 285C.175):

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

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

For the fiscal year ended June 30, 2020, the District had abated property taxes totaling \$152,605 under this program.

LEBANON COMMUNITY SCHOOL DISTRICT NO. 9
LEBANON, OREGON

For the Year Ended June 30, 2020

16. RELATED PARTY TRANSACTIONS

The District uses the Gillott Home Team as the real estate agent to purchase and sell one property annually for the Lebanon High School construction class. The Gillott Home Team real estate agency is owned by a District employee and his wife, who is the Principal Broker. The Principal Broker's husband is a part-time teacher for the District. Fees from selling LHS construction class projects are donated back to the program. Proceeds are reported in the District's donations and contributions.

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REQUIRED SUPPLEMENTARY INFORMATION

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LEBANON SCHOOL DISTRICT
LEBANON, OREGON

REQUIRED SUPPLEMENTARY INFORMATION

At June 30, 2020

PERS

SCHEDULE OF THE PROPORTIONATE SHARE OF THE NET PENSION LIABILITY

Year Ended June 30,	(a) Employer's proportion of the net pension liability (NPL)	(b) Employer's proportionate share of the net pension liability (NPL)	(c) Employer's covered payroll	(b/c) NPL as a percentage of covered payroll	Plan fiduciary net position as a percentage of the total pension liability
2020	0.26 %	\$ 45,003,219	\$ 21,486,185	209.5 %	80.2 %
2019	0.27	41,328,208	19,595,401	210.9	82.1
2018	0.26	35,578,592	19,237,669	184.9	83.1
2017	0.28	41,360,281	17,568,345	235.4	80.5
2016	0.01	19,039,703	17,185,736	110.8	91.9
2015	0.36	(8,236,146)	N/A	N/A	103.6

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

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

SCHEDULE OF CONTRIBUTIONS

	Statutorily required contribution	Contributions in relation to the statutorily required contribution	Contribution deficiency (excess)	Employer's covered payroll	Contributions as a percent of covered payroll
2020	\$ 7,558,671	\$ 7,558,671	\$ -	\$ 21,834,903	34.6 %
2019	6,452,727	6,452,727	-	21,486,185	30.0
2018	5,979,757	5,979,757	-	19,595,401	30.5
2017	4,963,690	4,963,690	-	19,237,669	25.8
2016	4,637,109	4,637,109	-	17,568,345	26.4
2015	3,344,918	3,344,918	-	17,185,736	19.5

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

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

LEBANON SCHOOL DISTRICT
LEBANON, OREGON

REQUIRED SUPPLEMENTARY INFORMATION

At June 30, 2020

OPEB - RHIA

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

Year Ended June 30,	(a) Employer's proportion of the net OPEB asset/ (liability) (NOA/(L))	(b) Employer's proportionate share of the net OPEB asset/ (liability) (NOA/(L))	(c) Employer's covered payroll	(b/c) NOA/(L) as a percentage of covered payroll	Plan fiduciary net position as a percentage of the total OPEB asset (liability)
2020	0.19724 %	\$ 381,150	\$ 21,486,185	1.77 %	144.4 %
2019	0.18905	211,038	19,595,401	1.08	124.0
2018	0.01879	78,459	19,237,669	0.41	108.9

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

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

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

SCHEDULE OF CONTRIBUTIONS FOR RHIA

	Statutorily required contribution	Contributions in relation to the statutorily required contribution	Contribution deficiency (excess)	Employer's covered payroll	Contributions as a percent of covered payroll
2020	\$ N/A	\$ N/A	\$ N/A	\$ 21,834,903	N/A %
2019	N/A	N/A	N/A	21,486,185	N/A
2018	N/A	N/A	N/A	19,595,401	N/A

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

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

All statutorily required contributions were made and are included within PERS contributions (see p. 34).

LEBANON COMMUNITY SCHOOL DISTRICT NO. 9
LEBANON, OREGON

SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - ACTUAL AND BUDGET - BUDGETARY BASIS
For the Year Ended June 30, 2020

	<u>GENERAL FUND</u>			VARIANCE TO FINAL BUDGET POSITIVE (NEGATIVE)
	<u>BUDGET</u>		<u>ACTUAL</u>	
	<u>ORIGINAL</u>	<u>FINAL</u>		
REVENUES:				
Local Sources	\$ 11,423,240	\$ 11,423,240	\$ 11,139,562	\$ (283,678)
Intermediate Sources	150,000	150,000	421,626	271,626
State Sources	31,829,700	31,829,700	31,161,848	(667,852)
Federal Sources	<u>195,000</u>	<u>195,000</u>	<u>235,786</u>	<u>40,786</u>
Total Revenue	<u>43,597,940</u>	<u>43,597,940</u>	<u>42,958,822</u>	<u>(639,118)</u>
EXPENDITURES:				
Instruction	26,910,980	26,910,980 (1)	25,520,241	1,390,739
Support Services	16,881,460	16,881,460 (1)	15,182,726	1,698,734
Operating Contingencies	<u>100,000</u>	<u>100,000 (1)</u>	<u>-</u>	<u>100,000</u>
Total Expenditures	<u>43,892,440</u>	<u>43,892,440</u>	<u>40,702,967</u>	<u>3,189,473</u>
Revenues Over (Under) Expenditures	<u>(294,500)</u>	<u>(294,500)</u>	<u>2,255,855</u>	<u>2,550,355</u>
OTHER FINANCING SOURCES, (USES)				
Transfers In	850,000	850,000	850,000	-
Transfers Out	(1,185,500)	(1,185,500) (1)	(1,185,000)	500
Sale of Capital Assets	<u>-</u>	<u>-</u>	<u>15,750</u>	<u>(15,750)</u>
Total Other Financing Sources, (Uses)	<u>(335,500)</u>	<u>(335,500)</u>	<u>(319,250)</u>	<u>(16,250)</u>
Net Change in Fund Balance	(630,000)	(630,000)	1,936,605	2,534,105
Beginning Fund Balance	<u>2,280,000</u>	<u>2,280,000</u>	<u>2,126,602</u>	<u>(153,398)</u>
Ending Fund Balance	<u>\$ 1,650,000</u>	<u>\$ 1,650,000</u>	<u>\$ 4,063,207</u>	<u>\$ 2,413,207</u>

(1) Appropriation Level

LEBANON COMMUNITY SCHOOL DISTRICT NO. 9
LEBANON, OREGON

SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - ACTUAL AND BUDGET - BUDGETARY BASIS
For the Year Ended June 30, 2020

SPECIAL REVENUE FUND

	<u>BUDGET</u>		<u>ACTUAL</u>	VARIANCE TO FINAL BUDGET POSITIVE (NEGATIVE)
	<u>ORIGINAL</u>	<u>FINAL</u>		
REVENUES:				
Local Sources	\$ 1,306,650	\$ 1,306,650	\$ 1,168,098	\$ (138,552)
Intermediate Sources	15,000	15,000	39,153	24,153
State Sources	1,069,800	1,069,800	1,357,417	287,617
Federal Sources	4,867,756	4,867,756	3,971,562	(896,194)
Total Revenue	<u>7,259,206</u>	<u>7,259,206</u>	<u>6,536,230</u>	<u>(722,976)</u>
EXPENDITURES:				
Instruction	4,375,150	4,375,150 (1)	3,867,111	508,039
Support Services	2,133,809	2,133,809 (1)	1,624,354	509,455
Community Services	2,440,137	2,440,137 (1)	1,927,082	513,055
Facilities Acquisition	70,000	70,000 (1)	93,295	(23,295)
Total Expenditures	<u>9,019,096</u>	<u>9,019,096</u>	<u>7,511,842</u>	<u>1,507,254</u>
Revenues Over (Under) Expenditures	<u>(1,759,890)</u>	<u>(1,759,890)</u>	<u>(975,612)</u>	<u>784,278</u>
OTHER FINANCING SOURCES, (USES)				
Transfers In	1,110,000	1,110,000	1,110,000 (2)	-
Transfers Out	(1,000,000)	(1,000,000) (1)	(850,000)	150,000
Total Other Financing Sources, (Uses)	<u>110,000</u>	<u>110,000</u>	<u>260,000</u>	<u>150,000</u>
Net Change in Fund Balance	(1,649,890)	(1,649,890)	(715,612)	934,278
Beginning Fund Balance	<u>3,702,409</u>	<u>3,702,409</u>	<u>4,485,560</u>	<u>783,151</u>
Ending Fund Balance	<u>\$ 2,052,519</u>	<u>\$ 2,052,519</u>	<u>\$ 3,769,948</u>	<u>\$ 1,717,429</u>

(1) Appropriation Level

(2) Included in this amount is the state revenue match of \$15,977 for National School Lunch Program support.

SUPPLEMENTARY INFORMATION

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LEBANON COMMUNITY SCHOOL DISTRICT NO. 9
LEBANON, OREGON

SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - ACTUAL AND BUDGET - BUDGETARY BASIS
For the Year Ended June 30, 2020

DEBT SERVICE - GO BONDS FUND

	BUDGET			VARIANCE TO FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL	FINAL	ACTUAL	(NEGATIVE)
REVENUES:				
Local Sources	\$ 4,022,000	\$ 4,022,000	\$ 3,828,242	\$ (193,758)
Total Revenues	4,022,000	4,022,000	3,828,242	(193,758)
EXPENDITURES:				
Support Services	-	-	(1) 29,350	(29,350)
Debt Service	4,472,645	4,472,645	(1) 4,065,594	407,051
Total Expenditures	4,472,645	4,472,645	4,094,944	407,051
OTHER FINANCING SOURCES, (USES)				
Debt Proceeds	-	-	43,114	43,114
Transfers In	50,000	50,000	50,000	-
Total Other Financing Sources, (Uses)	50,000	50,000	93,114	43,114
Net Change in Fund Balance	(400,645)	(400,645)	(173,588)	227,057
Beginning Fund Balance	400,645	400,645	429,783	29,138
Ending Fund Balance	\$ -	\$ -	\$ 256,195	\$ 256,195

(1) Appropriation Level

LEBANON COMMUNITY SCHOOL DISTRICT NO. 9
LEBANON, OREGON

SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - ACTUAL AND BUDGET - BUDGETARY BASIS
For the Year Ended June 30, 2020

ENTERPRISE FUND

	BUDGET		ACTUAL	VARIANCE TO FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL	FINAL		
Total Revenues	\$ -	\$ -	\$ -	\$ -
EXPENDITURES:				
Instruction	232,000	232,000 (1)	283,716	(51,716)
OTHER FINANCING SOURCES, (USES)				
Sale of Capital Assets	285,000	285,000	244,526	(40,474)
Net Change in Fund Balance	53,000	53,000	(39,190)	(92,190)
Beginning Fund Balance	75,000	75,000	(16,921)	(91,921)
Ending Fund Balance	<u>\$ 128,000</u>	<u>\$ 128,000</u>	\$ (56,111)	<u>\$ (184,111)</u>

(1) Appropriation Level

Reconciliation to the Statement of Net Position

Work in Process	283,716
Net Position	\$ 227,605

**LEBANON COMMUNITY SCHOOL DISTRICT NO. 9
LEBANON, OREGON**

**SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - ACTUAL AND BUDGET - BUDGETARY BASIS
For the Year Ended June 30, 2020**

INSURANCE FUND

	<u>BUDGET</u>		<u>ACTUAL</u>	<u>VARIANCE TO FINAL BUDGET POSITIVE (NEGATIVE)</u>
	<u>ORIGINAL</u>	<u>FINAL</u>		
Total Revenues	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
EXPENDITURES:				
Support Services	<u>175,000</u>	<u>175,000 (1)</u>	<u>63,933</u>	<u>111,067</u>
Total Expenditures	<u>175,000</u>	<u>175,000</u>	<u>63,933</u>	<u>111,067</u>
OTHER FINANCING SOURCES, (USES)				
Transfers In	<u>25,000</u>	<u>25,000</u>	<u>25,000</u>	<u>-</u>
Net Change in Fund Balance	(150,000)	(150,000)	(38,933)	111,067
Beginning Fund Balance	<u>150,000</u>	<u>150,000</u>	<u>117,617</u>	<u>(32,383)</u>
Ending Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 78,684</u>	<u>\$ 78,684</u>

(1) Appropriation Level

**LEBANON COMMUNITY SCHOOL DISTRICT NO. 9
LEBANON, OREGON**

**SCHEDULE OF PROPERTY TAX TRANSACTIONS AND BALANCES OF TAXES UNCOLLECTED
For the Year Ended June 30, 2020**

TAX YEAR	ORIGINAL LEVY OR BALANCE UNCOLLECTED 7/1/19	DEDUCT DISCOUNTS	ADJUSTMENTS TO ROLLS	INTEREST	CASH COLLECTIONS BY COUNTY TREASURER	BALANCE UNCOLLECTED OR UNSEGREGATED AT 6/30/20
GENERAL FUND:						
Current:						
2018-19	\$ 10,839,816	\$ 288,467	\$ (42,290)	\$ 4,736	\$ 10,245,943	\$ 267,852
Prior Years:						
2017-18	264,514	653	(13,381)	10,780	139,987	121,273
2016-17	123,351	1	(12,557)	10,431	54,703	66,521
2015-16	65,282	(6)	(14,701)	11,565	38,161	23,991
2014-15	25,149	(6)	(8,263)	6,357	17,450	5,799
Prior Years:	<u>22,268</u>	<u>-</u>	<u>(7,487)</u>	<u>2,308</u>	<u>3,004</u>	<u>14,085</u>
Total Prior	<u>500,564</u>	<u>642</u>	<u>(56,389)</u>	<u>41,441</u>	<u>253,305</u>	<u>231,669</u>
Total General Fund	<u>\$ 11,340,380</u>	<u>\$ 289,109</u>	<u>\$ (98,679)</u>	<u>\$ 46,177</u>	<u>\$ 10,499,248</u>	<u>\$ 499,521</u>

RECONCILIATION TO REVENUE:

	GENERAL FUND
Cash Collections by County Treasurer Above	\$ 10,499,248
Accrued at 6/30/19	(43,126)
Accrued at 6/30/20	53,057
Changes from Prior year Unavailable Revenue, see page 6	<u>(12,205)</u>
Total Revenue	<u>\$ 10,496,974</u>

LEBANON COMMUNITY SCHOOL DISTRICT NO. 9
LEBANON, OREGON

SCHEDULE OF PROPERTY TAX TRANSACTIONS AND BALANCES OF TAXES UNCOLLECTED
For the Year Ended June 30, 2020

TAX YEAR	ORIGINAL LEVY OR BALANCE UNCOLLECTED 7/1/19	DEDUCT DISCOUNTS	ADJUSTMENTS TO ROLLS	INTEREST	CASH COLLECTIONS BY COUNTY TREASURER	BALANCE UNCOLLECTED OR UNSEGREGATED AT 6/30/20
DEBT SERVICE FUND:						
Current:						
2018-19	\$ 3,929,012	\$ 104,558	\$ (15,329)	\$ 1,717	\$ 3,713,756	\$ 97,086
Prior Years:						
2017-18	99,078	245	(5,012)	4,038	52,434	45,425
2016-17	48,662	1	(4,954)	4,115	21,580	26,242
2015-16	27,053	(3)	(6,093)	4,793	15,814	9,942
2014-15	10,155	(2)	(3,335)	2,567	7,047	2,342
Prior Years:	9,664	-	(3,249)	1,002	1,304	6,113
Total Prior	194,612	241	(22,643)	16,515	98,179	90,064
Total Debt Svc Fund	\$ 4,123,624	\$ 104,799	\$ (37,972)	\$ 18,232	\$ 3,811,935	\$ 187,150

RECONCILIATION TO REVENUE:

	DEBT SERVICE FUND
Cash Collections by County Treasurer Above	\$ 3,811,935
Timing Differences of Cash Collections	(11,376)
Accrued at 6/30/19	(16,670)
Accrued at 6/30/20	19,862
Changes from Prior year Unavailable Revenue, see page 6	(10,519)
Total Revenue	\$ 3,793,232

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OTHER INFORMATION

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LEBANON COMMUNITY SCHOOL DISTRICT NO. 9
LEBANON, OREGON

OTHER INFORMATION
As Required by The Oregon Department of Education
For the Year Ended June 30, 2020

A. Energy bills for heating, fuel, water and sewage - all funds:			<u>Objects 325, 326 and 327</u>
	Function 2540	\$	752,075
	Function 2550		-

B. Replacement of equipment - General Fund: All General Fund expenditures in Object 542:			<u>Object 542</u>
		\$	35,121

These functions are Excluded:

1113, 1122 & 1132	Co-curricular activities	Construction
1140	Pre-kindergarten	Pupil transportation
1300	Continuing education	Food service
1400	Summer school	Community services

2019-20 DISTRICT AUDIT REVENUE SUMMARY
Lebanon Community School District #9

	Fund 100	Fund 200	Fund 300	Fund 500	Fund 600
Revenue from Local Sources					
1110 Ad Valorem Taxes Levied by District	\$10,509,103		\$3,803,751		
1120 Local Option Ad Valorem Taxes Levied by District					
1130 Construction Excise Tax					
1190 Penalties and Interest on Taxes	\$76				
1200 Revenue from Local Govt Units Other Than Districts					
1311 Regular Day School Tuition - From Individuals					
1312 Regular Day School Tuition - Other Dist Within State					
1313 Regular Day School Tuition - Other Districts Outside					
1320 Adult/Continuing Education Tuition					
1330 Summer School Tuition					
1411 Transportation Fees - From Individuals	\$4,538				
1412 Transportation Fees - Other Dist Within State					
1414 Transportation Fees - Foster Students					
1420 Summer School Transportation Fees					
1500 Earnings on Investments	\$320,317	\$14,013	\$6,148		
1600 Food Service		\$73,367			
1700 Extracurricular Activities		\$622,598			
1800 Community Services Activities					
1910 Rentals	\$1,582				
1920 Contributions and Donations From Private Sources		\$162,032			
1930 Rental or Lease Payments From Private Contractors					
1940 Services Provided Other Local Education Agencies	\$120,211				
1950 Textbook Sales and Rentals					
1960 Recovery of Prior Years' Expenditure					
1970 Services Provided Other Funds					
1980 Fees Charged to Grants	\$14,915				
1990 Miscellaneous	\$168,820	\$296,089	\$18,342		
Total Revenue from Local Sources	\$11,139,562	\$1,168,098	\$3,828,242	\$0	\$0
Revenue from Intermediate Sources					
2101 County School Funds	\$209,250				
2102 General ESD Revenue					
2103 Excess ESD Local Revenue					
2105 Natural Gas, Oil, and Mineral Receipts					
2110 Intermediate "I" Tax					
2199 Other Intermediate Sources					
2200 Restricted Revenue	\$212,376	\$39,153			
2800 Revenue in Lieu of Taxes					
2900 Revenue for/on Behalf of the District					
Total Revenue from Intermediate Sources	\$421,626	\$39,153	\$0	\$0	\$0
Revenue from State Sources					
3101 State School Fund - General Support	\$30,942,140				
3102 State School Fund - School Lunch Match					
3103 Common School Fund	\$196,120				
3104 State Managed County Timber	\$23,587				
3106 State School Fund - Accrual					
3199 Other Unrestricted Grants-in-Aid					
3204 Driver Education					
3222 State School Fund (SSF) Transportation Equipment					
3299 Other Restricted Grants-in-Aid		\$1,357,417			
3800 Revenue in Lieu of Taxes					
3900 Revenue for/on Behalf of the District					
Total Revenue from State Sources	\$31,161,848	\$1,357,417	\$0	\$0	\$0
Revenue from Federal Sources					
4100 Unrestricted Revenue Direct From the Federal Government					
4200 Unrestricted Revenue From the Federal Government Through the State					
4300 Restricted Revenue From the Federal Government	\$77,982				
4500 Restricted Revenue From the Federal Government Through the State		\$3,683,594			
4700 Grants-In-Aid From the Federal Government Through Other Intermediate Agencies		\$118,811			
4801 Federal Forest Fees	\$157,804				
4802 Impact Aid to School Districts for Operation (PL 874)					
4899 Other Revenue in Lieu of Taxes		\$169,157			
4900 Revenue for/on Behalf of the District					
Total Revenue from Federal Sources	\$235,786	\$3,971,562	\$0	\$0	\$0
Revenue from Other Sources					
5100 Long Term Debt Financing Sources			\$43,114		
5200 Interfund Transfers	\$850,000	\$1,110,000	\$50,000		\$25,000
5300 Sale of or Compensation for Loss of Fixed Assets	\$15,750			\$244,526	
5400 Resources - Beginning Fund Balance	\$2,126,602	\$4,485,560	\$429,783	-\$16,921	\$117,617
Total Revenue from Other Sources	\$2,992,352	\$5,595,560	\$522,897	\$227,605	\$142,617
Grand Totals	\$45,951,174	\$12,131,790	\$4,351,139	\$227,605	\$142,617

2019-20 DISTRICT AUDIT EXPENDITURE SUMMARY
Lebanon Community School District #9

Fund: 100 General Fund + 102 Facilities

	Totals	Object 100	Object 200	Object 300	Object 400	Object 500	Object 600	Object 700
Instruction Expenditures								
1111 Elementary, K-5 or K-6	\$8,170,226	\$4,856,217	\$3,086,829	\$173,237	\$53,943			
1113 Elementary Extracurricular	\$2,855	\$2,000	\$855					
1121 Middle/Junior High Programs	\$3,637,685	\$2,114,051	\$1,427,548	\$75,343	\$20,742			
1122 Middle/Junior High School Extracurricular	\$33,219	\$23,607	\$9,612					
1131 High School Programs	\$4,619,734	\$2,747,338	\$1,698,125	\$114,270	\$56,929		\$3,072	
1132 High School Extracurricular	\$127,880	\$97,986	\$29,894					
1140 Pre-Kindergarten Programs	\$0							
1210 Programs for the Talented and Gifted	\$39,578	\$26,630	\$10,830	\$296	\$1,822			
1220 Restrictive Programs for Students with Disabilities	\$2,290,752	\$1,230,422	\$1,010,667	\$45,043	\$4,619			
1230 Tutoring	\$0							
1250 Less Restrictive Programs for Students with Disabilities	\$2,899,130	\$1,547,021	\$1,261,545	\$80,784	\$9,317		\$463	
1260 Treatment and Habilitation	\$0							
1271 Remediation	\$0							
1272 Title I	\$43			\$43				
1280 Alternative Education	\$3,298,274	\$453,792	\$302,603	\$2,514,099	\$26,225		\$1,555	
1291 English Second Language Programs	\$361,642	\$214,437	\$141,010	\$6,160	\$36			
1292 Teen Parent Program	\$0							
1293 Migrant Education	\$0							
1294 Youth Corrections Education	\$0							
1299 Other Programs	\$0							
1300 Adult/Continuing Education Programs	\$20,351			\$20,351				
1400 Summer School Programs	\$18,872	\$13,327	\$5,545					
Total Instruction Expenditures	\$25,520,241	\$13,326,830	\$8,985,062	\$3,029,626	\$173,634	\$0	\$5,090	\$0
Support Services Expenditures	168820.36	296088.63	18342.24	Object 300	Object 400	Object 500	Object 600	Object 700
2110 Attendance and Social Work Services	\$325,242	\$131,372	\$95,839	\$95,250	\$2,480		\$300	
2120 Guidance Services	\$865,771	\$526,604	\$332,891	\$6,059	\$217			
2130 Health Services	\$275,147	\$154,334	\$117,933	\$1,953	\$648		\$279	
2140 Psychological Services	\$0							
2150 Speech Pathology and Audiology Services	\$383,145	\$198,674	\$119,203	\$61,512	\$2,621		\$1,136	
2160 Other Student Treatment Services	\$0							
2190 Service Direction, Student Support Services	\$367,860	\$207,872	\$146,063	\$7,952	\$5,974			
2210 Improvement of Instruction Services	\$295,205	\$153,509	\$91,918	\$7,631	\$15,565		\$26,582	
2220 Educational Media Services	\$418,953	\$189,081	\$193,179	\$11,075	\$22,360		\$3,258	
2230 Assessment & Testing	\$21,057			\$13,097	\$7,804		\$156	
2240 Instructional Staff Development	\$195,998	\$5,431	\$62,210	\$82,432	\$45,784		\$140	
2310 Board of Education Services	\$65,417			\$62,450	\$467		\$2,500	
2320 Executive Administration Services	\$661,949	\$368,008	\$270,491	\$3,231	\$9,803		\$10,417	
2410 Office of the Principal Services	\$3,857,861	\$2,277,397	\$1,430,649	\$100,579	\$42,071		\$7,164	
2490 Other Support Services - School Administration	\$0							
2510 Direction of Business Support Services	\$0							
2520 Fiscal Services	\$718,642	\$415,872	\$236,663	\$38,345	\$22,324		\$5,438	
2540 Operation and Maintenance of Plant Services	\$3,794,430	\$1,135,662	\$803,018	\$1,249,692	\$310,982	\$55,827	\$239,248	
2550 Student Transportation Services	\$1,626,310	\$741,763	\$592,135	\$59,757	\$172,359	\$18,799	\$41,497	
2570 Internal Services	\$21,324	\$14,189	\$5,717		\$1,419			
2610 Direction of Central Support Services	\$0							
2620 Planning, Evaluation, Grant Writing and Statistical Svcs	\$0							
2630 Information Services	\$77,108	\$43,297	\$28,744	\$4,738	\$329			
2640 Staff Services	\$396,901	\$205,905	\$136,463	\$27,750	\$24,332		\$2,451	
2660 Technology Services	\$644,949	\$210,464	\$109,906	\$93,858	\$220,421	\$10,000	\$300	
2670 Records Management Services	\$0							
2680 Interpretation & Translation Services	\$4,250	\$3,071	\$1,179					
2690 Other Support Services - Central	\$0							
2700 Supplemental Retirement Program	\$165,208	\$79,649	\$85,559					
Total Support Services Expenditures	\$15,182,726	\$7,062,154	\$4,859,759	\$1,927,361	\$907,961	\$84,626	\$340,865	\$0
Facilities Acquisition and Construction Expenditures	Totals	Object 100	Object 200	Object 300	Object 400	Object 500	Object 600	Object 700
4110 Service Area Direction	\$0							
4120 Site Acquisition and Development Services	\$0							
4150 Building Acquisition, Construction, and Improvement	\$0							
4180 Other Capital Items	\$0							
4190 Other Facilities Construction Services	\$0							
Total Facilities Acquisition and Construction Expenditures	\$0	\$4,485,560	\$0	\$0	\$0	\$0	\$0	\$0
Other Uses Expenditures	Totals	Object 100	Object 200	Object 300	Object 400	Object 500	Object 600	Object 700
5100 Debt Service	\$0							
5200 Transfers of Funds	\$1,185,000							\$1,185,000
5300 Apportionment of Funds by ESD	\$0							
5400 PERS UAL Bond Lump Sum	\$0							
Total Other Uses Expenditures	\$1,185,000	\$0	\$0	\$0	\$0	\$0	\$0	\$1,185,000
Grand Total	\$41,887,967	\$24,874,543	\$13,844,822	\$4,956,986	\$1,081,595	\$84,626	\$345,954	\$1,185,000
All Funds	\$54,692,501	\$27,604,119	\$15,684,256	\$5,807,363	\$2,661,063	\$863,640	\$4,522,620	\$2,035,000

2019-20 DISTRICT AUDIT EXPENDITURE SUMMARY
Lebanon Community School District #9

Fund: 200 Special Revenue Funds

Instruction Expenditures	Totals	Object 100	Object 200	Object 300	Object 400	Object 500	Object 600	Object 700
1111 Elementary, K-5 or K-6	\$160,825	\$7,929	\$2,988	\$37,850	\$112,058			
1113 Elementary Extracurricular	\$96,397			\$8,041	\$52,938	\$35,328	\$89	
1121 Middle/Junior High Programs	\$114,606			\$29,848	\$84,758			
1122 Middle/Junior High School Extracurricular	\$98,591	\$43,054	\$9,437	\$13,673	\$30,335		\$2,092	
1131 High School Programs	\$511,324	\$192,272	\$121,292	\$27,337	\$168,862			\$1,560
1132 High School Extracurricular	\$820,369	\$220,316	\$110,398	\$176,354	\$251,208	\$2,000	\$60,093	
1140 Pre-Kindergarten Programs	\$0							
1210 Programs for the Talented and Gifted	\$0							
1220 Restrictive Programs for Students with Disabilities	\$1,016				\$1,016			
1250 Less Restrictive Programs for Students with Disabilities	\$618,067	\$348,423	\$256,396	\$13,248				
1260 Treatment and Habilitation	\$0							
1271 Remediation	\$0							
1272 Title I	\$1,206,038	\$684,474	\$444,623	\$31,589	\$45,351			
1280 Alternative Education	\$198,758	\$110,331	\$64,961		\$23,466			
1291 English Second Language Programs	\$37,682	\$17,841	\$18,808	\$209	\$825			
1292 Teen Parent Program	\$0							
1293 Migrant Education	\$0							
1294 Youth Corrections Education	\$0							
1299 Other Programs	\$0							
1300 Adult/Continuing Education Programs	\$0							
1400 Summer School Programs	\$3,438	\$2,542	\$896					
Total Instruction Expenditures	\$3,867,111	\$1,627,182	\$1,029,800	\$338,149	\$770,818	\$37,328	\$63,835	\$0
Support Services Expenditures	Totals	Object 100	Object 200	Object 300	Object 400	Object 500	Object 600	Object 700
2110 Attendance and Social Work Services	\$222,865	\$117,798	\$79,109	\$25	\$25,833		\$100	
2120 Guidance Services	\$249,376	\$144,506	\$85,850	\$18,580	\$440			
2130 Health Services	\$0							
2140 Psychological Services	\$0							
2150 Speech Pathology and Audiology Services	\$396						\$396	
2160 Other Student Treatment Services	\$0							
2190 Service Direction, Student Support Services	\$134,179	\$76,163	\$54,738	\$2,683			\$595	
2210 Improvement of Instruction Services	\$262,131	\$122,369	\$70,344	\$68,319	\$1,099			
2220 Educational Media Services	\$0							
2230 Assessment & Testing	\$0							
2240 Instructional Staff Development	\$62,439	\$1,900	\$1,067	\$58,148	\$1,324			
2310 Board of Education Services	\$0							
2320 Executive Administration Services	\$0							
2410 Office of the Principal Services	\$12,852			\$12,852				
2490 Other Support Services - School Administration	\$0							
2520 Fiscal Services	\$14,915						\$14,915	
2540 Operation and Maintenance of Plant Services	\$80,274			\$29,229	\$9,493	\$41,471	\$81	
2550 Student Transportation Services	\$474,606	\$3,079	\$3,381	\$63,799		\$404,347		
2570 Internal Services	\$3,303				\$3,303			
2610 Direction of Central Support Services	\$0							
2620 Planning, Evaluation, Grant Writing and Statistical Svcs	\$15,643	\$8,564	\$6,087		\$992			
2630 Information Services	\$0							
2640 Staff Services	\$15,197	\$6,670	\$2,785	\$164	\$5,578			
2660 Technology Services	\$24,050			\$2,220	\$270	\$21,560		
2670 Records Management Services	\$0							
2680 Interpretation & Translation Services	\$52,127	\$27,080	\$25,047					
2690 Other Support Services - Central	\$0							
2700 Supplemental Retirement Program	\$0							
Total Support Services Expenditures	\$1,624,354	\$508,127	\$328,410	\$256,020	\$48,332	\$467,378	\$16,087	\$0
Enterprise and Community Services Expenditures	Totals	Object 100	Object 200	Object 300	Object 400	Object 500	Object 600	Object 700
3100 Food Services	\$1,888,619	\$593,456	\$480,896	\$37,549	\$749,993		\$26,725	
3200 Other Enterprise Services	\$0							
3300 Community Services	\$38,462	\$810	\$329	\$27,023	\$10,300			
3500 Custody and Care of Children Services	\$0							
Total Enterprise and Community Services Expenditures	\$1,927,082	\$594,267	\$481,225	\$64,572	\$760,293	\$0	\$26,725	\$0
Facilities Acquisition and Construction Expenditures	Totals	Object 100	Object 200	Object 300	Object 400	Object 500	Object 600	Object 700
4110 Service Area Direction	\$0							
4120 Site Acquisition and Development Services	\$0							
4150 Building Acquisition, Construction, and Improvement Services	\$93,295			\$91,741		\$1,554		
4180 Other Capital Items	\$0							
4190 Other Facilities Construction Services	\$0							
Total Facilities Acquisition and Construction	\$93,295	\$0	\$0	\$91,741	\$0	\$1,554	\$0	\$0
Other Uses Expenditures	Totals	4485559.76	Object 200	Object 300	Object 400	Object 500	Object 600	Object 700
5100 Debt Service	\$0							
5200 Transfers of Funds	\$850,000							\$850,000
5300 Apportionment of Funds by ESD	\$0							
5400 PERS UAL Bond Lump Sum	\$0							
Total Other Uses Expenditures	\$850,000	\$0	\$0	\$0	\$0	\$0	\$0	\$850,000
Grand Total	\$8,361,841	\$2,729,576	\$1,839,434	\$750,481	\$1,579,442	\$506,261	\$106,647	\$850,000

2019-20 DISTRICT AUDIT EXPENDITURE SUMMARY
Lebanon Community School District #9

Fund: 300 Debt Service Funds

Instruction Expenditures	Totals	Object 100	Object 200	Object 300	Object 400	Object 500	Object 600	Object 700
1111 Elementary, K-5 or K-6	\$0							
1113 Elementary Extracurricular	\$0							
1121 Middle/Junior High Programs	\$0							
1122 Middle/Junior High School Extracurricular	\$0							
1131 High School Programs	\$0							
1132 High School Extracurricular	\$0							
1140 Pre-Kindergarten Programs	\$0							
1210 Programs for the Talented and Gifted	\$0							
1220 Restrictive Programs for Students with Disabilities	\$0							
1250 Less Restrictive Programs for Students with Disabilities	\$0							
1260 Treatment and Habilitation	\$0							
1271 Remediation	\$0							
1272 Title I	\$0							
1280 Alternative Education	\$0							
1291 English Second Language Programs	\$0							
1292 Teen Parent Program	\$0							
1293 Migrant Education	\$0							
1294 Youth Corrections Education	\$0							
1299 Other Programs	\$0							
1300 Adult/Continuing Education Programs	\$0							
1400 Summer School Programs	\$0							
Total Instruction Expenditures	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Support Services Expenditures	Totals	Object 100	Object 200	Object 300	Object 400	Object 500	Object 600	Object 700
2110 Attendance and Social Work Services	\$0	\$0	\$0					
2120 Guidance Services	\$0							
2130 Health Services	\$0							
2140 Psychological Services	\$0							
2150 Speech Pathology and Audiology Services	\$0							
2160 Other Student Treatment Services	\$0							
2190 Service Direction, Student Support Services	\$0							
2210 Improvement of Instruction Services	\$0							
2220 Educational Media Services	\$0							
2230 Assessment & Testing	\$0							
2240 Instructional Staff Development	\$0							
2310 Board of Education Services	\$0							
2320 Executive Administration Services	\$0							
2410 Office of the Principal Services	\$0							
2490 Other Support Services - School Administration	\$0							
2510 Direction of Business Support Services	\$0							
2520 Fiscal Services	\$0							
2540 Operation and Maintenance of Plant Services	\$0							
2550 Student Transportation Services	\$0							
2570 Internal Services	\$0							
2610 Direction of Central Support Services	\$0							
2620 Planning, Research, Development, Evaluation Services, Grant Writing and Statistical Services	\$0							
2630 Information Services	\$0							
2640 Staff Services	\$0							
2660 Technology Services	\$0							
2670 Records Management Services	\$0							
2690 Other Support Services - Central	\$0							
2700 Supplemental Retirement Program	\$0							
Total Support Services Expenditures	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Enterprise and Community Services Expenditures	Totals	Object 100	Object 200	Object 300	Object 400	Object 500	Object 600	Object 700
3100 Food Services	\$0							
3200 Other Enterprise Services	\$0							
3300 Community Services	\$0							
3500 Custody and Care of Children Services	\$0							
Total Enterprise and Community Services Expenditures	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Facilities Acquisition and Construction Expenditures	Totals	Object 100	Object 200	Object 300	Object 400	Object 500	Object 600	Object 700
4110 Service Area Direction	\$0							
4120 Site Acquisition and Development Services	\$0							
4150 Building Acquisition, Construction, and Improvement Services	\$0							
4180 Other Capital Items	\$0							
4190 Other Facilities Construction Services	\$0							
Total Facilities Acquisition and Construction Expenditures	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Other Uses Expenditures	Totals	Object 200	Object 300	Object 400	Object 500	Object 600	Object 700	
2520 Fiscal Services	\$29,350		\$25,500			\$3,850		
Total Support Services Expenditures	\$29,350	\$0	\$25,500	\$0	\$0	\$3,850	\$0	
5100 Debt Service	\$4,065,594					\$4,065,594		
5200 Transfers of Funds	\$0							
5300 Apportionment of Funds by ESD	\$0							
5400 PERS UAL Bond Lump Sum	\$0							
Total Other Uses Expenditures	\$4,065,594	\$0	\$0	\$0	\$0	\$4,065,594	\$0	
Grand Total	\$4,094,944	\$0	\$25,500	\$0	\$0	\$4,069,444	\$0	

2019-20 DISTRICT AUDIT EXPENDITURE SUMMARY
Lebanon Community School District #9

Fund: 500 Enterprise Funds

Instruction Expenditures								
Totals	Object 100	Object 200	Object 300	Object 400	Object 500	Object 600	Object 700	
1111 Elementary, K-5 or K-6	\$0							
1113 Elementary Extracurricular	\$0							
1121 Middle/Junior High Programs	\$0							
1122 Middle/Junior High School Extracurricular	\$0							
1131 High School Programs	\$283,716		\$10,462		\$272,753	\$500		
1132 High School Extracurricular	\$0							
1140 Pre-Kindergarten Programs	\$0							
1210 Programs for the Talented and Gifted	\$0							
1220 Restrictive Programs for Students with Disabilities	\$0							
1250 Less Restrictive Programs for Students with Disabilities	\$0							
1260 Treatment and Habilitation	\$0							
1271 Remediation	\$0							
1272 Title I	\$0							
1280 Alternative Education	\$0							
1291 English Second Language Programs	\$0							
1292 Teen Parent Program	\$0							
1293 Migrant Education	\$0							
1294 Youth Corrections Education	\$0							
1299 Other Programs	\$0							
1300 Adult/Continuing Education Programs	\$0							
1400 Summer School Programs	\$0							
Total Instruction Expenditures	\$283,716	\$0	\$0	\$10,462	\$0	\$272,753	\$500	\$0
Support Services Expenditures								
Totals	Object 100	Object 200	Object 300	Object 400	Object 500	Object 600	Object 700	
2110 Attendance and Social Work Services	\$0	\$0	\$0					
2120 Guidance Services	\$0							
2130 Health Services	\$0							
2140 Psychological Services	\$0							
2150 Speech Pathology and Audiology Services	\$0							
2160 Other Student Treatment Services	\$0							
2190 Service Direction, Student Support Services	\$0							
2210 Improvement of Instruction Services	\$0							
2220 Educational Media Services	\$0							
2230 Assessment & Testing	\$0							
2240 Instructional Staff Development	\$0							
2310 Board of Education Services	\$0							
2320 Executive Administration Services	\$0							
2410 Office of the Principal Services	\$0							
2490 Other Support Services - School Administration	\$0							
2510 Direction of Business Support Services	\$0							
2520 Fiscal Services	\$0							
2540 Operation and Maintenance of Plant Services	\$0							
2550 Student Transportation Services	\$0							
2570 Internal Services	\$0							
2610 Direction of Central Support Services	\$0							
2620 Planning, Research, Development, Evaluation Services, Grant Writing and Statistical Services	\$0							
2630 Information Services	\$0							
2640 Staff Services	\$0							
2660 Technology Services	\$0							
2670 Records Management Services	\$0							
2690 Other Support Services - Central	\$0							
2700 Supplemental Retirement Program	\$0							
Total Support Services Expenditures	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Enterprise and Community Services Expenditures								
Totals	Object 100	Object 200	Object 300	Object 400	Object 500	Object 600	Object 700	
3100 Food Services	\$0							
3200 Other Enterprise Services	\$0							
3300 Community Services	\$0							
3500 Custody and Care of Children Services	\$0							
Total Enterprise and Community Services Expenditures	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Facilities Acquisition and Construction Expenditures								
Totals	Object 100	Object 200	Object 300	Object 400	Object 500	Object 600	Object 700	
4110 Service Area Direction	\$0							
4120 Site Acquisition and Development Services	\$0							
4150 Building Acquisition, Construction, and Improvement	\$0							
4180 Other Capital Items	\$0							
4190 Other Facilities Construction Services	\$0							
Total Facilities Acquisition and Construction Expenditures	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Other Uses Expenditures								
Totals	Object 100	Object 200	Object 300	Object 400	Object 500	Object 600	Object 700	
5100 Debt Service	\$0							
5200 Transfers of Funds	\$0							
5300 Apportionment of Funds by ESD	\$0							
5400 PERS UAL Bond Lump Sum	\$0							
Total Other Uses Expenditures	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Grand Total	\$283,716	\$0	\$0	\$10,462	\$0	\$272,753	\$500	\$0

2019-20 DISTRICT AUDIT EXPENDITURE SUMMARY
Lebanon Community School District #9

Fund: 600 Internal Service Funds

Instruction Expenditures		Totals	Object 100	Object 200	Object 300	Object 400	Object 500	Object 600	Object 700
1111 Elementary, K-5 or K-6		\$0							
1113 Elementary Extracurricular		\$0							
1121 Middle/Junior High Programs		\$0							
1122 Middle/Junior High School Extracurricular		\$0							
1131 High School Programs		\$0							
1132 High School Extracurricular		\$0							
1140 Pre-Kindergarten Programs		\$0							
1210 Programs for the Talented and Gifted		\$0							
1220 Restrictive Programs for Students with Disabilities		\$0							
1250 Less Restrictive Programs for Students with Disabilities		\$0							
1260 Treatment and Habilitation		\$0							
1271 Remediation		\$0							
1272 Title I		\$0							
1280 Alternative Education		\$0							
1291 English Second Language Programs		\$0							
1292 Teen Parent Program		\$0							
1293 Migrant Education		\$0							
1294 Youth Corrections Education		\$0							
1299 Other Programs		\$0							
1300 Adult/Continuing Education Programs		\$0							
1400 Summer School Programs		\$0							
Total Instruction Expenditures		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Support Services Expenditures		Totals	Object 100	Object 200	Object 300	Object 400	Object 500	Object 600	Object 700
2110 Attendance and Social Work Services		\$0	\$0	\$0					
2120 Guidance Services		\$0							
2130 Health Services		\$0							
2140 Psychological Services		\$0							
2150 Speech Pathology and Audiology Services		\$0							
2160 Other Student Treatment Services		\$0							
2190 Service Direction, Student Support Services		\$0							
2210 Improvement of Instruction Services		\$0							
2220 Educational Media Services		\$0							
2230 Assessment & Testing		\$0							
2240 Instructional Staff Development		\$0							
2310 Board of Education Services		\$0							
2320 Executive Administration Services		\$63,933			\$63,933				
2410 Office of the Principal Services		\$0							
2490 Other Support Services - School Administration		\$0							
2510 Direction of Business Support Services		\$0							
2520 Fiscal Services		\$0							
2540 Operation and Maintenance of Plant Services		\$0							
2550 Student Transportation Services		\$0							
2570 Internal Services		\$0							
2610 Direction of Central Support Services		\$0							
2620 Planning, Research, Development, Evaluation Services, Grant		\$0							
2620 Writing and Statistical Services		\$0							
2630 Information Services		\$0							
2640 Staff Services		\$0							
2660 Technology Services		\$0							
2670 Records Management Services		\$0							
2690 Other Support Services - Central		\$0							
2700 Supplemental Retirement Program		\$0							
Total Support Services Expenditures		\$63,933	\$0	\$0	\$63,933	\$0	\$0	\$0	\$0
Enterprise and Community Services Expenditures		Totals	Object 100	Object 200	Object 300	Object 400	Object 500	Object 600	Object 700
3100 Food Services		\$0							
3200 Other Enterprise Services		\$0							
3300 Community Services		\$0							
3500 Custody and Care of Children Services		\$0							
Total Enterprise and Community Services Expenditures		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Facilities Acquisition and Construction Expenditures		Totals	Object 100	Object 200	Object 300	Object 400	Object 500	Object 600	Object 700
4110 Service Area Direction		\$0							
4120 Site Acquisition and Development Services		\$0							
4150 Building Acquisition, Construction, and Improvement Services		\$0							
4180 Other Capital Items		\$0							
4190 Other Facilities Construction Services		\$0							
Total Facilities Acquisition and Construction Expenditures		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Other Uses Expenditures		Totals	Object 100	Object 200	Object 300	Object 400	Object 500	Object 600	Object 700
5100 Debt Service		\$0							
5200 Transfers of Funds		\$0							
5300 Apportionment of Funds by ESD		\$0							
5400 PERS UAL Bond Lump Sum		\$0							
Total Other Uses Expenditures		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Grand Total		\$63,933	\$0	\$0	\$63,933	\$0	\$0	\$0	\$0

LEBANON COMMUNITY SCHOOL DISTRICT NO. 9
LEBANON, OREGON
SCHEDULE OF FUTURE REQUIREMENTS OF BONDED DEBT
June 30, 2020

GENERAL OBLIGATION BONDS

YEAR Ending June 30	G.O. Bonds - 2005 Issue		
	PRINCIPAL	INTEREST	TOTAL
2021	1,055,000	817,288	1,872,288
2022	1,175,000	761,900	1,936,900
2023	1,220,000	700,213	1,920,213
2024	-	636,162	636,162
2025	160,000	636,163	796,163
2026	1,635,000	628,962	2,263,962
2027	2,000,000	543,125	2,543,125
2028	2,260,000	433,125	2,693,125
2029	2,615,000	308,824	2,923,824
2030	3,000,000	165,000	3,165,000
TOTALS	\$ 15,120,000	\$ 5,630,762	\$ 20,750,762

YEAR Ending June 30	G.O. Bonds - 2011 Issue		
	PRINCIPAL	INTEREST	TOTAL
2021	1,240,000	45,475	1,285,475
TOTALS	\$ 1,240,000	\$ 45,475	\$ 1,285,475

YEAR Ending June 30	QSCB School Construction Bonds - 2011 Issue		
	PRINCIPAL	INTEREST	TOTAL
2021	-	97,214	97,214
2022	-	97,213	97,213
2023	-	97,214	97,214
2024	-	97,213	97,213
2025	-	97,214	97,214
2026	1,895,000	97,213	1,992,213
TOTALS	\$ 1,895,000	\$ 583,281	\$ 2,478,281

YEAR Ending June 30	G.O. Bonds - 2019 Issue		
	PRINCIPAL	INTEREST	TOTAL
2021	250,000	434,956	684,956
2022	1,575,000	430,298	2,005,298
2023	1,720,000	399,790	2,119,790
2024	3,150,000	364,168	3,514,168
2025	3,160,000	297,356	3,457,356
2026	1,875,000	223,824	2,098,824
2027	1,760,000	177,380	1,937,380
2028	1,765,000	133,046	1,898,046
2029	1,700,000	87,880	1,787,880
2030	1,625,000	43,696	1,668,696
TOTALS	\$ 18,580,000	\$ 2,592,394	\$ 21,172,394

INDEPENDENT AUDITORS' REPORT REQUIRED BY OREGON STATE REGULATIONS

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December 21, 2020

Independent Auditors' Report Required by Oregon State Regulations

We have audited the basic financial statements of the Lebanon Community School District No. 9 as of and for the year ended June 30, 2020, and have issued our report thereon dated December 21, 2020. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and Government Auditing Standards.

Compliance

As part of obtaining reasonable assurance about whether the basic financial statements are free of material misstatement, we performed tests of 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 basic financial statements amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion.

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

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

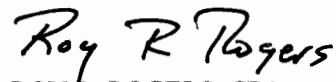
In connection with our testing nothing came to our attention that caused us to believe the Lebanon Community School District No. 9 was not in substantial compliance with certain provisions of laws, regulations, contracts, and grants, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules 162-10-000 through 162-10-320 of the Minimum Standards for Audits of Oregon Municipal Corporations, except as follows:

- During our testing of teacher experience, we found that the experience for five teachers was under-reported by the District.
- Expenditures of all the various funds were within authorized appropriations, except as noted on page 16 of the report

OAR 162-10-0230 Internal Control

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

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



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

GRANT COMPLIANCE REVIEW

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LEBANON COMMUNITY SCHOOL DISTRICT NO. 9
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR YEAR ENDED JUNE 30, 2020

FEDERAL GRANTOR/PASS-THROUGH GRANTOR/ PROGRAM TITLE	FEDERAL CFDA NUMBER	PASS-THROUGH GRANTORS NUMBER	EXPENDITURES (BUDGETARY BASIS)
U.S. DEPARTMENT OF EDUCATION			
Passed Through State Department of Education			
Grants to Local Education Agencies			
Title I			
Title IA/ID	84.010	N/A	\$ 1,231,168
ESSA District & School Improvement	84.010	N/A	<u>63,875</u>
Total Title I Cluster			<u>1,295,043</u>
Title IVA Grants			
Title IVA	84.424		<u>90,649</u>
Total Title IVA			<u>90,649</u>
Title IIA Teacher Quality			
Title III English Language Acquisition	84.367	N/A	145,273
	84.365		<u>1,741</u>
			<u>147,014</u>
Special Education-Grants to States			
IDEA Part B - Section 611	84.027	N/A	<u>731,842</u>
Total IDEA Special Education Cluster			<u>731,842</u>
MTSS LEA Coaches			
	84.323		<u>103</u>
			<u>103</u>
Total Passed Through Oregon State Department of Education			
			<u>2,264,651</u>
Passed Through Linn-Benton Community College			
Career and Technical-Basic Grants to States			
Perkins Title I	84.048	N/A	<u>41,315</u>
Passed Through Oregon State University			
Gaining Early Awareness and Readiness for Undergraduates	84.334A		<u>34,152</u>
Passed Through University of Oregon			
National Writing Project	84.367D		<u>3,000</u>
TOTAL U.S. DEPARTMENT OF EDUCATION			
			<u>2,343,118</u>
Passed Through State of Oregon Department of Health Services			
Youth Transition Program (YTP)	84.126A		<u>40,343</u>
U.S. DEPARTMENT OF DEFENSE			
Passed Through University of Oregon			
JROTC Program	12.000		<u>77,982</u>

LEBANON COMMUNITY SCHOOL DISTRICT NO. 9
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 FOR YEAR ENDED JUNE 30, 2020

U.S. DEPARTMENT OF AGRICULTURE			
National School Lunch Program			
Food Distribution/USDA Commodities	10.555		169,157
School Breakfast Program	10.553	296-4505-850	376,317
COVID-19 CARES NSLP Breakfast	10.553		29,954
National School Lunch Program	10.555	296-4506-850	592,673
COVID-19 CARES Lunch	10.555		48,612
Food Service Health Inspection	10.559		900
Summer Food Service Program	10.559		30,398
COVID-19 CARES SFSP Meals	10.559		279,004
Total Child Nutrition Cluster			<u>1,527,015</u>
Fresh Fruits & Vegetables Program	10.582		33,166
Child Care-Cash for Commodities	10.558		1,818
Child Care-Food/Supper Program	10.558		23,860
COVID-19 CARES CACFP Meals	10.558		2,240
Passed Through Linn County Schools and Roads	10.666		<u>157,805</u>
TOTAL U.S. DEPARTMENT OF AGRICULTURE			<u>1,745,904</u>
TOTAL FEDERAL EXPENDITURES			<u>\$ 4,207,348</u>



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December 21, 2020

To the Board of Directors
Lebanon Community School District No. 9
Linn County, Oregon

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the basic financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Lebanon Community School District No. 9 as of and for the year ended June 30, 2020 and the related notes to the basic financial statements, which collectively comprise the basic financial statements, and have issued our report thereon dated December 21, 2020.

Internal Control Over Financial Reporting

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

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

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the basic financial statements are free from material misstatement, we performed tests of compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of basic 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 an instance of noncompliance or other matters that is required to be reported under *Government Auditing Standards* which is described in the accompanying schedule of findings and questioned costs.

District's Response to Findings

The District's response to the finding identified in our audit is described in the accompanying schedule of findings and questioned costs. The District's response was not subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

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



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



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December 21, 2020

To the Board of Directors
Lebanon Community School District No. 9
Linn County, Oregon

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

Report on Compliance for Each Major Federal Program

We have audited Lebanon Community School District's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the major federal programs for the year ended June 30, 2020. The major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditors' Responsibility

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

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

Opinion on Each Major Federal Program

In our opinion, Lebanon Community School District, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2020.

Report on Internal Control Over Compliance

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

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

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

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



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

LEBANON COMMUNITY SCHOOL DISTRICT NO. 9
LEBANON, OREGON

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the Year Ended June 30, 2020

SECTION I – SUMMARY OF AUDITORS’ RESULTS

Basic Financial Statements

Type of Auditors’ report issued:	Modified	
Internal control over financial reporting:		
• Material weakness(es) identified?	<u> x </u> Yes	<u> </u> No
• Significant deficiency(ies) identified that are not considered to be material weaknesses	<u> </u> Yes	<u> x </u> None reported
Noncompliance material to basic financial statements noted?	<u> x </u> Yes	<u> </u> No
Any GAGAS audit findings disclosed that are required to be reported in accordance with the Uniform Guidance?	<u> x </u> Yes	<u> </u> No

Federal Awards

Internal control over major programs:		
• Material weakness(es) identified?	<u> </u> Yes	<u> x </u> No
• Significant deficiency(ies) identified that are not considered to be material weaknesses	<u> </u> Yes	<u> x </u> None reported
Type of auditors’ report issued on compliance for major programs:	Unmodified	
Any audit findings disclosed that are required to be reported in accordance with the Uniform Guidance?	<u> </u> Yes	<u> x </u> No

Identification of major programs:

CFDA Number(s):

Name of Federal Program:

84.027
10.553, 10.555, 10.559

IDEA – Special Education Cluster
Child Nutrition Cluster

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

Auditee qualified as low-risk auditee? Yes x No

LEBANON COMMUNITY SCHOOL DISTRICT NO. 9
LEBANON, OREGON

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the Year Ended June 30, 2020

SECTION II – FINANCIAL STATEMENT FINDINGS

FINDING 2020-001- Material Weakness in Internal Controls over Financial Reporting – Repeat Finding from 2019

Criteria: Financial Statements should be presented in conformance with GAAP to allow the auditor to render an unmodified opinion.

Condition: With the implementation of GASB 73 and 75, actuarial valuations of other post-employment benefits (OPEB) need to be made.

Context: The effect of these potential OPEB liabilities on the Statement of Net Position is unknown.

Effect: The District's Net Position may be understated or overstated.

Cause: Management has not obtained an actuarial valuation of the post-employment benefit obligation related to either stipends or implicit healthcare subsidy in accordance with GASB 73 and 75.

Recommendation: We recommend the District contract with a 3rd party actuary to obtain an actuarial valuation of the District's OPEB Liabilities in accordance with GASB 73 and 75.

Views of responsible officials and planned corrective actions: The District will consider obtaining an actuarial valuation from an actuarial firm in accordance with GASB 73 and 75 for future fiscal years.

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

None

SECTION IV – SUMMARY OF PRIOR AUDIT FINDINGS

FINDING 2019-001- Material Weakness in Internal Controls over Major Program

Criteria: Title IA Grant reimbursement claims should only be requested after the funds are expended by the District. In 2018-2019, some reimbursement claims were submitted prior to funds being expended.

Views of responsible officials and planned corrective actions:

The District will implement new procedures for reconciliation prior to requesting funds.

Status: The District has only requested Title IA reimbursements after appropriately expending funds during 2019-2020.

FINDING 2019-002- Material Weakness in Internal Controls over Financial Reporting

Criteria: Bank reconciliation preparation, review, and approval should be done in a timely fashion each month. For 2018-2019, reconciliations were not being prepared, reviewed, and approved in a timely fashion.

LEBANON COMMUNITY SCHOOL DISTRICT NO. 9
LEBANON, OREGON

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the Year Ended June 30, 2020

Views of responsible officials and planned corrective actions: The District has new staff in place to assist with month-end close, including bank reconciliations.

Status: For 2019-2020, the preparation, review, and approval of bank reconciliations for the District's accounts are being done on a timely basis.

NOTES TO SCHEDULE OF EXPENDITURE OF FEDERAL AWARDS

1. **BASIS OF PRESENTATION**

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

2. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

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