

LEBANON COMMUNITY SCHOOL DISTRICT NO. 9
LEBANON, OREGON

FINANCIAL REPORT
For the Year Ended June 30, 2022



12700 SW 72nd Ave.
Tigard, OR 97223

LEBANON COMMUNITY SCHOOL DISTRICT NO. 9
LEBANON, OREGON

BOARD OF DIRECTORS 2021-22

Tom Oliver, Chair	June 30, 2025
Tammy Schilling	June 30, 2023
Mike Martin	June 30, 2025
Richard Borden, Vice-Chair	June 30, 2023
Nicole Piland	June 30, 2025

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

LEBANON COMMUNITY SCHOOL DISTRICT NO. 9
LEBANON, OREGON

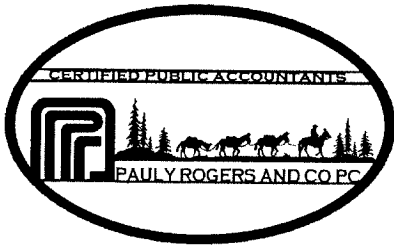
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LEBANON, OREGON

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

November 7, 2022

INDEPENDENT AUDITORS' REPORT

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

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Lebanon Community School District No. 9 (the District), as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Lebanon Community School District (the District), as of June 30, 2022, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparisons for the general fund and major special revenue funds for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The supplementary information, as listed in the table of contents, is presented for purposes of additional analysis and is not a required part of the basic financial statements. The supplementary information, as listed in the table of contents, is the responsibility of management and was derived from and relates directly to the underlying accounting

and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information, as listed in the table of contents, is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

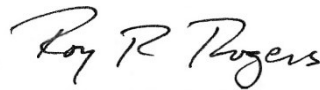
Other Information

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

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

Report on Other Legal and Regulatory Requirements

In accordance with Minimum Standards for Audits of Oregon Municipal Corporations, we have issued our report dated November 7, 2022, 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.

BASIC FINANCIAL STATEMENTS

LEBANON COMMUNITY SCHOOL DISTRICT NO. 9
LEBANON, OREGON

STATEMENT OF NET POSITION
June 30, 2022

	Governmental Activities	Business-Type Activities	Total Primary Government
ASSETS:			
Cash and Investments	\$ 7,513,851	\$ 162,306	\$ 7,676,157
Receivables:			
Accounts and Grants	6,137,333	-	6,137,333
Property Taxes	605,158	-	605,158
Inventory	21,360	515,628	536,988
Net OPEB RHIA Asset	562,729	-	562,729
Capital Assets - Nondepreciable	1,416,570	-	1,416,570
Capital Assets - Depreciable, Net of Depreciation	32,189,334	-	32,189,334
Total Assets	48,446,335	677,934	49,124,269
DEFERRED OUTFLOWS OF RESOURCES:			
Deferred Outflows Related to Debt Refunding	1,453,069	-	1,453,069
OPEB Related Outflows - RHIA	251,997	-	251,997
Pension Related Outflows - PERS	21,098,216	-	21,098,216
Total Deferred Outflows	22,803,282	-	22,803,282
Total Assets and Related Deferrals	71,249,617	677,934	71,927,551
LIABILITIES:			
Current Liabilities:			
Accounts Payable	1,331,039	224,745	1,555,784
Interest Payable	53,196	-	53,196
Long-Term Liabilities Due within one year	2,940,000	-	2,940,000
Other Current Liabilities	767	-	767
Non Current Liabilities:			
Long-Term Liabilities Due in more than one year	28,600,000	-	28,600,000
Bond Premium	1,167,259	-	1,167,259
Compensated Absences	186,823	-	186,823
Net Pension Liability - PERS	31,472,878	-	31,472,878
OPEB - Stipend	276,000	-	276,000
OPEB - Health Care	136,958	-	136,958
Total Liabilities	66,164,920	224,745	66,389,665
DEFERRED INFLOWS OF RESOURCES:			
OPEB Related Inflows - RHIA	236,747	-	236,747
Pension Related Inflows - PERS	24,393,000	-	24,393,000
Total Deferred Inflows	24,629,747	-	24,629,747
Total Liabilities and Related Deferrals	90,794,667	224,745	91,019,412
NET POSITION:			
Net Investment in Capital Assets	2,351,714	-	2,351,714
Restricted for:			
Deferred Outflows Related to Debt Refunding	1,453,069	-	1,453,069
OPEB - RHIA Asset	562,729	-	562,729
Grants, Food Service & Student Activities	5,742,028	-	5,742,028
Debt Service	512,699	-	512,699
Unrestricted	(30,167,289)	453,189	(29,714,100)
Total Net Position	\$ (19,545,050)	\$ 453,189	\$ (19,091,861)

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, 2022

Functions/Programs	Expense	Program Revenues		Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Primary Government		Totals
				Governmental Activities	Business-Type Activities	
Governmental Activities:						
Instruction	\$ 36,614,837	\$ -	\$ 9,195,564	\$ (27,419,273)	\$ -	\$ (27,419,273)
Support Services	21,368,047	90	5,005,183	(16,362,774)	-	(16,362,774)
Community Services	2,234,993	7,604	2,866,793	639,404	-	639,404
Interest on Long-Term Debt	1,415,738	-	-	(1,415,738)	-	(1,415,738)
Total Governmental Activities	<u>\$ 61,633,615</u>	<u>\$ 7,694</u>	<u>\$ 17,067,540</u>	<u>(44,558,381)</u>	<u>-</u>	<u>(44,558,381)</u>
GENERAL REVENUES:						
				11,624,248	-	11,624,248
				4,015,465	-	4,015,465
				32,697,200	-	32,697,200
				1,529,455	-	1,529,455
				225,782	-	225,782
				143,872	-	143,872
				91,675	-	91,675
			Total General Revenues	<u>50,327,697</u>	<u>-</u>	<u>50,327,697</u>
			Transfers	(450,000)	450,000	-
			Gain (Loss) on Disposal of Assets	13,750	(572,000)	(558,250)
			Changes in Net Position	5,333,066	(122,000)	5,211,066
			Net Position - Beginning	<u>(24,878,116)</u>	<u>575,189</u>	<u>(24,302,927)</u>
			Net Position - Ending	<u>\$ (19,545,050)</u>	<u>\$ 453,189</u>	<u>\$ (19,091,861)</u>

See accompanying notes to the basic financial statements.

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

**BALANCE SHEET - GOVERNMENTAL FUNDS
June 30, 2022**

	GENERAL FUND	SPECIAL GRANTS AND REVENUES FUND	DEBT SERVICE GO BOND FUND	CAPITAL PROJECTS FUND	TOTAL GOVERNMENTAL FUNDS
ASSETS:					
Cash and Investments	\$ 6,402,833	\$ 429,237	\$ 440,999	\$ -	\$ 7,273,069
Inventory	-	21,360	-	-	21,360
Due from Other Funds	303,067	-	-	-	303,067
Receivables					
Accounts and Grants	37,231	156,608	-	-	193,839
Property Taxes	446,979	-	158,179	-	605,158
Interest	-	-	-	-	-
Intergovernmental Accounts	36,667	5,419,010	-	487,817	5,943,494
Prepaid Expenses	-	-	-	-	-
Total Assets	\$ 7,226,777	\$ 6,026,215	\$ 599,178	\$ 487,817	\$ 14,339,987
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES:					
Liabilities:					
Accounts Payable	\$ 884,134	\$ 262,155	\$ -	\$ 184,750	\$ 1,331,039
Accrued Salaries and Benefits	-	-	-	-	-
Interest Payable	-	-	-	-	-
Due To Other Funds	-	-	-	303,067	303,067
Other Current Liabilities	95	672	-	-	767
Unearned Revenue	-	-	-	-	-
Total Liabilities	884,229	262,827	-	487,817	1,634,873
Deferred Inflows of Resources:					
Unavailable Revenue - Property Taxes	234,139	-	86,479	-	320,618
Total Deferred Inflows of Resources	234,139	-	86,479	-	320,618
Fund Balances (Deficit):					
Non-spendable	-	21,360	-	-	21,360
Restricted for:					
Grants, Food Service & Student Activities	-	5,742,028	-	-	5,742,028
Student Activity	-	-	-	-	-
Food Service	-	-	-	-	-
Facilities and Maintenance	-	-	-	-	-
Debt Service	-	-	512,699	-	512,699
Committed	-	-	-	-	-
Assigned	-	-	-	-	-
Unassigned	6,108,409	-	-	-	6,108,409
Total Fund Balances (Deficit)	6,108,409	5,763,388	512,699	-	12,384,496
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 7,226,777	\$ 6,026,215	\$ 599,178	\$ 487,817	\$ 14,339,987

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, 2022

TOTAL FUND BALANCES-GOVERNMENTAL FUNDS		\$ 12,384,496
Capital assets are not financial resources and therefore are not reported in the governmental funds.		
Cost	\$104,899,256	
Accumulated Depreciation	<u>(71,293,352)</u>	33,605,904
Deferred outflows of resources for debt refunding charges are not reported in the governmental funds		
		1,453,069
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	(31,472,878)	
OPEB Liability - Stipend	(276,000)	
OPEB Liability - Health Insurance	(136,958)	
OPEB Asset - RHIA	<u>562,729</u>	(31,323,107)
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	(24,393,000)	
Deferred Inflows - RHIA	(236,747)	
Deferred Outflows - RHIA	251,997	
Deferred Outflows - PERS	<u>21,098,216</u>	(3,279,534)
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	(53,196)	
Bond Premium	(1,167,259)	
Compensated Absences	(186,823)	
General Obligation Bonds Payable	<u>(31,540,000)</u>	(32,947,278)
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.		
		240,782
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>320,618</u>
TOTAL NET POSITION		<u>\$ (19,545,050)</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, 2022

	GENERAL FUND	SPECIAL GRANTS AND REVENUES FUND	DEBT SERVICE FUND	CAPITAL PROJECTS FUND	TOTAL GOVERNMENTAL FUNDS
REVENUES:					
Local Sources	\$ 12,592,123	\$ 1,345,213	\$ 4,075,376	\$ -	\$ 18,012,712
Intermediate Sources	198,785	26,997	-	-	225,782
State Sources	33,558,497	5,302,745	-	1,964,360	40,825,602
Federal Sources	237,132	8,249,303	-	-	8,486,435
Total Revenues	46,586,537	14,924,258	4,075,376	1,964,360	67,550,531
EXPENDITURES:					
Current:					
Instruction	27,185,006	8,973,530	-	-	36,158,536
Support Services	17,222,904	3,867,942	-	-	21,090,846
Community Services	5,625	2,201,515	-	-	2,207,140
Facilities Acquisition	-	231,423	-	1,964,360	2,195,783
Debt Service	-	-	4,165,738	-	4,165,738
Total Expenditures	44,413,535	15,274,410	4,165,738	1,964,360	65,818,043
Revenues Over (Under) Expenditures	2,173,002	(350,152)	(90,362)	-	1,732,488
OTHER FINANCING SOURCES (USES)					
Debt Proceeds	-	-	91,675	-	91,675
Transfer In	-	1,820,997	300,000	-	2,120,997
Transfer Out	(2,270,997)	(300,000)	-	-	(2,570,997)
Sale of Capital Assets	750	13,000	-	-	13,750
Total Other Financing Sources (Uses)	(2,270,247)	1,533,997	391,675	-	(344,575)
Net Change in Fund Balance	(97,245)	1,183,845	301,313	-	1,387,913
Beginning Fund Balance	6,205,654	4,579,543	211,386	-	10,996,583
Ending Fund Balance	\$ 6,108,409	\$ 5,763,388	\$ 512,699	\$ -	\$ 12,384,496

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, 2022

TOTAL NET CHANGES IN FUND BALANCES-GOVERNMENTAL FUNDS **\$ 1,387,913**

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	\$ 1,205,020	
Less current year depreciation, Net	<u>(1,513,184)</u>	(308,164)

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.

1,573,850

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.

769

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.

Bonds Payments	2,750,000	
Premium Amortization	<u>145,908</u>	2,895,908

Change in net OPEB liability

Health Insurance Subsidy	49,892	
Stipend	120,000	
RHIA	<u>44,851</u>	214,743

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.

3,790

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.

(11,044)

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	(179,774)	
Change in Debt Service Fund	<u>(63,291)</u>	(243,065)

CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES **\$ 5,333,066**

See accompanying notes to the basic financial statements.

LEBANON COMMUNITY SCHOOL DISTRICT NO. 9
LEBANON, OREGON

STATEMENT OF NET POSITION - PROPRIETARY FUND
June 30, 2022

<u>PROPRIETARY FUNDS</u>		
	Business-Type Activity Enterprise Fund	Internal Service Fund Insurance
ASSETS		
Current Assets:		
Cash and Cash Equivalents	\$ 162,306	\$ 240,782
Work in Process	515,628	-
TOTAL ASSETS	677,934	240,782
LIABILITIES		
Current Liabilities:		
Accounts Payable	224,745	-
TOTAL LIABILITIES	224,745	-
NET POSITION		
Unrestricted	453,189	240,782
TOTAL NET POSITION	\$ 453,189	\$ 240,782

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, 2022**

	<u>Business-Type Activity Enterprise Fund</u>	<u>Internal Service Fund Insurance</u>
<u>PROPRIETARY FUNDS</u>		
OPERATING REVENUES		
Miscellaneous revenue	\$ -	\$ -
TOTAL OPERATING REVENUES	<u>-</u>	<u>-</u>
OPERATING EXPENSES		
Support services	-	11,044
TOTAL OPERATING EXPENSES	<u>-</u>	<u>11,044</u>
OPERATING INCOME	-	(11,044)
NONOPERATING REVENUES (EXPENSES)		
Transfers In	450,000	-
Transfers Out	-	-
Gain on Sale of Fixed Assets	<u>(572,000)</u>	<u>-</u>
CHANGE IN NET POSITION	(122,000)	(11,044)
NET POSITION - BEGINNING	<u>575,189</u>	<u>251,826</u>
NET POSITION - ENDING	<u>\$ 453,189</u>	<u>\$ 240,782</u>

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, 2022**

	<u>Business-Type Activity Enterprise Fund</u>	<u>Internal Service Fund Insurance</u>
<u>PROPRIETARY FUNDS</u>		
CASH FLOWS FROM OPERATING ACTIVITIES		
Received for miscellaneous purposes	\$ -	\$ -
Payments for goods and services	279,071	(11,044)
NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES	279,071	(11,044)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Gain on Sale of Fixed Assets	(572,000)	-
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:		
Transfers	450,000	-
NET CASH USED BY FINANCING ACTIVITIES	(122,000)	-
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	157,071	(11,044)
CASH AND CASH EQUIVALENTS, BEGINNING	5,235	251,826
CASH AND CASH EQUIVALENTS, ENDING	<u>\$ 162,306</u>	<u>\$ 240,782</u>
RECONCILIATION OF OPERATING LOSS TO NET CASH USED BY OPERATING ACTIVITIES:		
Operating Income (Loss)	\$ -	\$ (11,044)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:		
Decrease (increase) in Work in process inventory	56,372	-
Increase (decrease) in Accounts Payable	222,699	-
Increase (decrease) in Book overdraft	-	-
NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES	<u>\$ 279,071</u>	<u>\$ (11,044)</u>

See accompanying notes to the basic financial statements

NOTES TO BASIC FINANCIAL STATEMENTS

LEBANON COMMUNITY SCHOOL DISTRICT NO. 9
LEBANON, OREGON

For the Year Ended June 30, 2022

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, 2022

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.

Capital Projects Fund

This fund provides the capital construction expenditures related to the bond. The principal revenue source is bond proceeds.

LEBANON COMMUNITY SCHOOL DISTRICT NO. 9
LEBANON, OREGON

For the Year Ended June 30, 2022

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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.

LEBANON COMMUNITY SCHOOL DISTRICT NO. 9
LEBANON, OREGON

For the Year Ended June 30, 2022

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, 2022, 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, 2022

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, 2022, 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, 2021, 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, 2021, 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, 2022

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, 2022.

LEBANON COMMUNITY SCHOOL DISTRICT NO. 9
LEBANON, OREGON

For the Year Ended June 30, 2022

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 for the year ended June 30, 2022.

LEBANON COMMUNITY SCHOOL DISTRICT NO. 9
LEBANON, OREGON

For the Year Ended June 30, 2022

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	\$ (1,952,440)
Enterprise Fund Deposits	162,306
Investments	<u>9,769,358</u>
Total Cash and investments	<u>\$ 7,979,224</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, 2022 was \$1,500,901 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.

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.

LEBANON COMMUNITY SCHOOL DISTRICT NO. 9
LEBANON, OREGON

For the Year Ended June 30, 2022

4. CASH AND INVESTMENTS (CONTINUED)

Investments in the Short-Term Fund are governed by ORS 294.135, Oregon Investment Council, and portfolio guidelines issued by the Oregon Short-Term Fund Board, which establish diversification percentages and specify the types and maturities of investments. The portfolio guidelines permit securities lending transactions as well as investments in repurchase agreements and reverse repurchase agreements. The fund appears to be in compliance with all portfolio guidelines at June 30, 2022. The LGIP seeks to exchange shares at \$1.00 per share; an investment in the LGIP is neither insured nor guaranteed by the FDIC or any other government agency. Although the LGIP seeks to maintain the value of share investments at \$1.00 per share, it is possible to lose money by investing in the pool. We intend to measure these investments at book value since it *materially approximates fair value.*

The pool is comprised of a variety of investments. These investments are characterized as a level 2 fair value measurement in the Oregon Short Term Fund’s audited financial report. As of June 30, 2022, the fair value of the position in the *LGIP is 98.98%* of the value of the pool shares as reported in the Oregon Short Term Fund audited financial statements. Amounts in the State Treasurer’s Local Government Investment Pool are not required to be collateralized. The District booked a fair market value loss of \$99,647, for the difference between the pool fair market value and the book value.

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 Pool	\$ 9,769,358	\$ 9,769,358	\$ -	\$ -
Total	<u>\$ 9,769,358</u>	<u>\$ 9,769,358</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, 2022, 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, 2022, investments were in compliance with all percentage restrictions.

LEBANON COMMUNITY SCHOOL DISTRICT NO. 9
LEBANON, OREGON

For the Year Ended June 30, 2022

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, 2022 was as follows:

Governmental Activities:	Balance July 1, 2021	Adjustments	Additions	Deletions	Balance June 30, 2022
Capital Assets Not being Depreciated:					
Land	\$ 1,411,570	\$ -	\$ 5,000	\$ -	\$ 1,416,570
Total Capital Assets Not Being Depreciated	<u>1,411,570</u>	<u>-</u>	<u>5,000</u>	<u>-</u>	<u>1,416,570</u>
Capital Assets Being Depreciated:					
Buildings and Improvements	93,990,404	-	570,154	-	94,560,558
Machinery and Equipment	8,292,262	-	629,866	-	8,922,128
Total Capital Assets Being Depreciated	<u>102,282,666</u>	<u>-</u>	<u>1,200,020</u>	<u>-</u>	<u>103,482,686</u>
Accumulated Depreciation:					
Land Improvements	-	-	139	-	139
Buildings and Improvements	64,248,360	-	1,016,350	-	65,264,710
Machinery and Equipment	5,531,808	-	496,695	-	6,028,503
Total Accumulated Depreciation	<u>69,780,168</u>	<u>-</u>	<u>1,513,184</u>	<u>-</u>	<u>71,293,352</u>
Governmental Activities					
Capital Assets, Net	<u>\$ 33,914,068</u>				<u>\$ 33,605,904</u>

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

Governmental Activities	
Instruction	\$ 920,244
Support Services	536,768
Community Services	<u>56,172</u>
Total Depreciation Expense	
Governmental Activities	<u>\$ 1,513,184</u>

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.

LEBANON COMMUNITY SCHOOL DISTRICT NO. 9
LEBANON, OREGON

For the Year Ended June 30, 2022

7. LONG-TERM OBLIGATIONS (CONTINUED)

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:

	Interest Rates	Original Issue	Outstanding July 1, 2021	Issued	Matured and Redeemed	Outstanding June 30, 2022	Due within one year
Bonds Payable:							
GO Bond 2005	3-5%	\$ 19,515,000	\$ 14,065,000	-	(1,175,000)	\$ 12,890,000	\$ 1,220,000
GO Bond 2019	4-5%	18,790,000	18,330,000	-	(1,575,000)	16,755,000	1,720,000
QSCB 2011	5.13%	1,895,000	1,895,000	-	-	1,895,000	-
Total			34,290,000	-	(2,750,000)	31,540,000	2,940,000
Premium Related to Bond							
Premium 2005		2,013,612	1,313,167	-	(145,908)	1,167,259	-
Premium 2011		1,259,036	-	-	-	-	-
Total Long-Term Liabilities			\$ 35,603,167	\$ -	\$ (2,895,908)	\$ 32,707,259	\$ 2,940,000
Deferred Outflow on Debt Refunding							
Defeased GO Bond 2011			\$ 1,634,703	-	(181,634)	\$ 1,453,069	\$ -
Total Deferred Outflow			\$ 1,634,703	\$ -	\$ (181,634)	\$ 1,453,069	\$ -

Future maturities of long term obligations are as follows:

Fiscal Year Ending	GO Bonds		Fiscal Year Ending	QSCB	
Ending June 30	Principal	Interest	Ending June 30	Principal	Interest
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	3,510,000	852,786	2026	1,895,000	97,213
2026-2030	16,725,000	1,892,076			
	<u>29,645,000</u>	<u>5,778,714</u>		<u>1,895,000</u>	<u>388,854</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/2021-ACFR.pdf>

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

LEBANON COMMUNITY SCHOOL DISTRICT NO. 9
LEBANON, OREGON

For the Year Ended June 30, 2022

8. DEFINED BENEFIT PENSION PLAN (CONTINUED)

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

LEBANON COMMUNITY SCHOOL DISTRICT NO. 9
LEBANON, OREGON

For the Year Ended June 30, 2022

8. DEFINED BENEFIT PENSION PLAN (CONTINUED)

General service: 1.5 percent is multiplied by the number of years of service and the final average salary. Normal retirement age for general service members is age 65, or age 58 with 30 years of retirement credit.

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

- ii. **Death Benefits.** Upon the death of a non-retired member, the spouse or other person who is constitutionally required to be treated in the same manner as the spouse, receives for life 50 percent of the pension that would otherwise have been paid to the deceased member. The surviving spouse may elect to delay payment of the death benefit, but payment must commence no later than December 31 of the calendar year in which the member would have reached 70½ years.
- iii. **Disability Benefits.** A member who has accrued 10 or more years of retirement credits before the member becomes disabled or a member who becomes disabled due to job-related injury shall receive a disability benefit of 45 percent of the member's salary determined as of the last full month of employment before the disability occurred.

Contributions – PERS funding policy provides for monthly employer contributions at actuarially determined rates. These contributions, expressed as a percentage of covered payroll, are intended to accumulate sufficient assets to pay benefits when due. The funding policy applies to the PERS Defined Benefit Plan and the Other Postemployment Benefit Plans. Employer contribution rates during the period were based on the December 31, 2019 actuarial valuation, which became effective July 1, 2021. The state of Oregon and certain schools, community colleges, and political subdivision have made unfunded actuarial liability payments and their rates have been reduced. Employer contributions for the year ended June 30, 2022 were \$8,025,709, excluding amounts to fund employer specific liabilities. There were no additional employee contributions picked up by the District in fiscal 2022.

Pension Asset or Liability – At June 30, 2022, the District reported a net pension liability of \$31,472,878 for its proportionate share of the net pension liability. The pension liability was measured as of June 30, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation dated December 31, 2019. 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 date of June 30, 2021 and 2020, the District's proportion was .026 percent and .025 percent, respectively. Pension expense for the year ended June 30, 2022 was \$1,573,880.

The rates in effect for the year ended June 30, 2022 were:

- (1) Tier 1/Tier 2 – 6.16%
- (2) OPSRP general services – 0.9%
- (3) OPSRP police and fire – 0.9%

LEBANON COMMUNITY SCHOOL DISTRICT NO. 9
LEBANON, OREGON

For the Year Ended June 30, 2022

8. DEFINED BENEFIT PENSION PLAN (CONTINUED)

	Deferred Outflow of Resources	Deferred Inflow of Resources
Difference between expected and actual experience	\$ 2,946,067	\$ -
Changes in assumptions	7,878,609	82,829
Net difference between projected and actual earnings on pension plan investments	-	23,299,128
Net changes in proportionate share	1,112,003	1,011,043
Differences between District contributions and proportionate share of contributions	1,135,828	-
Subtotal - Amortized Deferrals (below)	13,072,507	24,393,000
District contributions subsequent to measurement date	8,025,709	
Deferred outflow (inflow) of resources	<u>\$ 21,098,216</u>	<u>\$ 24,393,000</u>

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, 2023.

Subtotal amounts related to pension as deferred outflows of resources \$13,072,507, or deferred inflows of resources, (\$24,393,000), net to (\$11,320,493) and will be recognized in pension expense as follows:

<u>Year ending June 30,</u>	<u>Amount</u>
2023	\$ (1,637,467)
2024	(2,137,082)
2025	(3,075,009)
2026	(5,316,371)
2027	845,436
Thereafter	-
Total	<u>\$ (11,320,493)</u>

All assumptions, methods and plan provisions used in these calculations are described in the Oregon PERS system-wide GASB 68 reporting summary dated March 1, 2022. Oregon PERS produces an independently audited ACFR which can be found at:

<https://www.oregon.gov/pers/Documents/Financials/CAFR/2021-ACFR.pdf>

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

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

LEBANON COMMUNITY SCHOOL DISTRICT NO. 9
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For the Year Ended June 30, 2022

8. DEFINED BENEFIT PENSION PLAN (CONTINUED)

Actuarial Methods and Assumptions:

Valuation date	December 31, 2019
Experience Study Report	2018, Published July 24, 2019
Actuarial cost method	Entry Age Normal
Amortization method	Level percentage of payroll
Asset valuation method	Market value of assets
Inflation rate	2.40 percent (reduced from 2.50 percent)
Investment rate of return	6.90 percent (reduced from 7.20 percent)
Discount rate	6.90 percent (reduced from 7.20 percent)
Projected salary increase	3.40 percent (reduced from 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	<p>Healthy retirees and beneficiaries: Pub-2010 Healthy Retiree, sex distinct, generational with Unisex, Social Security Data Scale, with job category adjustments and set-backs as described in the valuation. Active members: Pub-2010 Employee, sex distinct, generational with Unisex, Social Security Data Scale, with job category adjustments and set-backs as described in the valuation. Disabled retirees: Pub-2010 Disabled Retiree, sex distinct, generational with Unisex, Social Security Data Scale, with job category adjustments and set-backs as described in the valuation.</p>

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 2018 Experience Study which is reviewed for the four-year period ending December 31, 2018.

Assumed Asset Allocation:

Asset Class/Strategy	Low Range	High Range	OIC Target
Debt Securities	15.0%	25.0%	20.0%
Public Equity	27.5%	37.5%	32.5%
Real Estate	9.5%	15.5%	12.5%
Private Equity	14.0%	21.0%	17.5%
Alternative Investments	7.5%	17.5%	15.0%
Opportunity Portfolio	0.0%	3.0%	0.0%
Risk Parity	0.0%	2.5%	2.5%
Total			100.0%

(Source: June 30, 2021 PERS CAFR; p. 104)

LEBANON COMMUNITY SCHOOL DISTRICT NO. 9
LEBANON, OREGON

For the Year Ended June 30, 2022

8. DEFINED BENEFIT PENSION PLAN (CONTINUED)

Long-Term Expected Rate of Return:

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

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

(Source: June 30, 2021 PERS CAFR; p. 74)

Discount Rate – The discount rate used to measure the total pension liability as of the measurement dates of June 30, 2021 and 2020 was 6.90 and 7.20 percent, respectively, for the Defined Benefit Pension Plan. The projection of cash flows used to determine the discount rate assumed that contributions from the plan members and those of the contributing employers are made at the contractually required rates, as actuarially determined. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments for the Defined Benefit Pension Plan was applied to all periods of projected benefit payments to determine the total pension liability.

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

	1% Decrease (5.90%)	Discount Rate (6.90%)	1% Increase (7.90%)
District's proportionate share of the net pension liability (asset)	\$ 61,805,204	\$ 31,472,878	\$ 6,095,731

LEBANON COMMUNITY SCHOOL DISTRICT NO. 9
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For the Year Ended June 30, 2022

8. DEFINED BENEFIT PENSION PLAN (CONTINUED)

Changes Subsequent to the Measurement Date

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

There are no changes subsequent to the June 30, 2021 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.

Pension Benefits:

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

Death Benefits:

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

Contributions:

Employees of the District pay six (6) percent of their covered payroll. Effective July 1, 2020, currently employed Tier 1/Tier 2 and OPSRP members earning \$2,500 or more per month (increased to \$2,535 per month on January 1, 2021) will have a portion of their 6 percent monthly IAP contributions redirected to an Employee Pension Stability Account. The Employee Pension Stability Account will be used to pay part of the member's future benefit. Of the 6 percent monthly IAP contribution, Tier 1/Tier 2 will have 2.5 percent redirected to the Employee Pension Stability Account and OPSRP will have 0.75 percent redirected to the Employee Pension Stability Account, with the remaining going to the member's existing IAP account. Members may voluntarily choose to make additional after-tax contributions into their IAP account to make a full 6 percent contribution to the IAP. The District did not make any optional contributions to member IAP accounts for the year ended June 30, 2022.

LEBANON COMMUNITY SCHOOL DISTRICT NO. 9
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For the Year Ended June 30, 2022

8. DEFINED BENEFIT PENSION PLAN (CONTINUED)

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. 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 0.00% of annual covered OPERF payroll and 0.00% of OPSRP payroll under a contractual requirement in effect until June 30, 2022. Consistent with GASB Statement 75, the OPERS Board of Trustees sets the employer contribution rates as a measure of the proportionate relationship of the employer to all employers consistent with the manner in which contributions to the OPEB plan are determined. The basis for the employer's portion is determined by comparing the employer's actual, legally required contributions made during the fiscal year to the plan with the total actual contributions made in the fiscal year of all employers. The District's contributions to RHIA for the years ended June 30, 2020, 2021 and 2022 were \$1.7, \$0.9 and \$1.6, respectively, which equaled the required contributions each year.

LEBANON COMMUNITY SCHOOL DISTRICT NO. 9
LEBANON, OREGON

For the Year Ended June 30, 2022

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

At June 30, 2022, the District reported a net OPEB asset of \$562,729 for its proportionate share of the net OPEB asset. The OPEB asset was measured as of June 30, 2021, and the total OPEB asset used to calculate the net OPEB asset was determined by an actuarial valuation as of December 31, 2019. Consistent with GASB Statement No. 75, paragraph 59(a), the District's proportion of the net OPEB asset is determined by comparing the employer's actual, legally required contributions made during the fiscal year to the Plan with the total actual contributions made in the fiscal year of all employers. As of the measurement date of June 30, 2021 and 2020, the District's proportion was .20 percent and .36 percent, respectively. OPEB income for the year ended June 30, 2022 was \$1,513,313.

Components of OPEB Expense/(Income):

Employer's proportionate share of collective system OPEB Expense/(Income)	\$	(92,033)
Net amortization of employer-specific deferred amounts from:		
- Changes in proportionate share (per paragraph 64 of GASB 75)		52,039
- Differences between employer contributions and employer's proportionate share of system contributions (per paragraph 65 of GASB 75)		-
		-
Employer's Total OPEB Expense/(Income)	<u>\$</u>	<u>(39,994)</u>

Components of Deferred Outflows/Inflows of Resources:

	Deferred Outflow of Resources	Deferred Inflow of Resources
Difference between expected and actual experience	\$ -	\$ 15,656
Changes in assumptions	11,072	8,371
Net difference between projected and actual earnings on pension plan investments	-	133,734
Net changes in proportionate share	240,925	78,986
Differences between District contributions and proportionate share of contributions	-	-
Subtotal - Amortized Deferrals (below)	251,997	236,747
District contributions subsequent to measuring date	-	-
Deferred outflow (inflow) of resources	\$ 251,997	\$ 236,747

The amount of contributions subsequent to the measurement date will be included as a reduction of the net OPEB asset in the fiscal year ended June 30, 2022.

Subtotal amounts related to OPEB as deferred outflows of resources, \$251,997, and deferred inflows of resources, (\$236,747), net to \$15,250 and will be recognized in OPEB income as follows:

Year ending June 30,	Amount
2023	\$ 15,797
2024	72,229
2025	(30,532)
2026	(42,245)
2027	-
Thereafter	-
Total	\$ 15,250

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

For the Year Ended June 30, 2022

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

All assumptions, methods and plan provisions used in these calculations are described in the Oregon PERS Retirement Health Insurance Account Cost-Sharing Multiple-Employer Other Postemployment Benefit (OPEB) Plan Schedules of Employer Allocations and OPEB Amounts by Employer report, as of and for the Year Ended June 30, 2021. That independently audited report was dated March 1, 2022 and can be found at:

<https://www.oregon.gov/pers/EMP/Documents/GASB/2022/Oregon%20PERS%20-%20GASB%2075%20RHIA%20Employer%20Schedules%20-%20FY%2006-30-2021.pdf>

Actuarial Methods and Assumptions:

Valuation Date	December 31, 2019
Experience Study Report	2018, Published July 24, 2019
Actuarial cost method	Entry Age Normal
Inflation rate	2.40 percent (reduced from 2.50 percent)
Investment rate of return	6.90 percent (reduced from 7.20 percent)
Discount rate	6.90 percent (reduced from 7.20 percent)
Projected salary increase	3.40 percent (reduced from 3.50 percent)
Retiree healthcare participation	Healthy retirees: 32%; Disabled retirees: 20%
Mortality	Healthy retirees and beneficiaries: Pub-2010 Healthy Retiree, sex distinct, generational with Unisex, Social Security Data Scale, with job category adjustments and set-backs as described in the valuation. Active members: Pub-2010 Employee, sex distinct, generational with Unisex, Social Security Data Scale, with job category adjustments and set-backs as described in the valuation. Disabled retirees: Pub-2010 Disabled Retiree, sex distinct, generational with Unisex, Social Security Data Scale, with job category adjustments and set-backs as described in the valuation.

Actuarial valuations of an ongoing plan involve estimates of value of reported amounts and assumptions about the probability of events far into the future. Actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. Experience studies are performed as of December 31 of even numbered years. The method and assumptions shown are based on the 2018 Experience Study which is reviewed for the four-year period ending December 31, 2018.

Discount Rate:

The discount rate used to measure the total pension liability as of the measurement dates of June 30, 2021 and 2020 was 6.90 and 7.20 percent, respectively, 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 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.

LEBANON COMMUNITY SCHOOL DISTRICT NO. 9
LEBANON, OREGON

For the Year Ended June 30, 2022

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

Long-Term Expected Rate of Return:

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

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

(Source: June 30, 2021 PERS CAFR; p. 74)

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

	1% Decrease (5.90%)	Discount Rate (6.90%)	1% Increase (7.90%)
District's proportionate share of the net OPEB liability (asset)	\$ (497,651)	\$ (562,729)	\$ (618,321)

Changes Subsequent to the Measurement Date

There are no changes subsequent to the June 30, 2020 Measurement Date that meet this requirement and thus would require a brief description under the GASB standard.

LEBANON COMMUNITY SCHOOL DISTRICT NO. 9
LEBANON, OREGON

For the Year Ended June 30, 2022

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.

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, 2021 to be paid out by June 30, 2025. At June 30, 2021, there was a total potential OPEB liability for the Early Retirement Stipend of \$396,000 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.

As of the actuarial valuation date, there were no active participants and 3 retirees in the ORS allowed plan 243.303 which states, in part, that for the purposes of establishing healthcare premiums, the calculated rate must be based on the cost of all plan members, including both active employees and retirees. Because claim costs are generally higher for retiree groups than for active employees, the premium amount does not represent the full cost of coverage for retirees. The resulting additional cost, or implicit subsidy, is required to be valued under GASB Statement 75 related to Other Post-Employment Benefits (OPEB).

LEBANON COMMUNITY SCHOOL DISTRICT NO. 9
LEBANON, OREGON

For the Year Ended June 30, 2022

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

Calculations are based on the OPEB benefits provided under the terms of the substantive plan in effect at the time of each valuation and on the pattern of sharing of costs between the employer and plan members to that point. Actuarial valuations for OPEB plans involve estimates of the value of reported amounts and assumptions about the probability of events far into the future, and actuarially determined amounts are subject to continual revision as results are compared to past expectations and new estimates are made about the future. Actuarial calculations of the OPEB plan reflect a long-term perspective.

Funding Policy

The District has not established a trust fund to finance the cost of Post-employment Health Care Benefits related to implicit rate subsidies. Premiums are paid by retirees based on the rates established for active employees. Additional costs related to an implicit subsidy are paid by the District on a pay-as-you go basis in all funds. There is no obligation on the part of the District to fund these benefits in advance.

Net Other Post-employment Benefit Liability

The net other post-employment benefit liability (NOL) was measured as of June 30, 2022, and the total other post-employment benefit liability was determined by an actuarial valuation as of July 1, 2021.

At July 1, 2020, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	3
Active employees	0
	3

Actuarial Methods and Assumptions

The District engaged an actuary to perform a valuation as of July 1, 2020 using the Entry age normal, Alternative Measurement method.

The total other post-employment benefit liability was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Valuation Date	July 1, 2020
Measurement Date	June 30, 2021
Actuarial Cost Method	Entry Age Normal (Alternative Measurement method)
Discount Rate	2.18% from the S&P Municipal Bond 20 year High-Grade Rate Index as of June 30, 2021
Medical premium annual trend rate	7.7% in FY21-22, steadily decreasing each year to 4.5% in FY35-36, and thereafter
Inflation rate	3.0% for all Future years
Annual salary rate increase	4% for all future years
Health care premium	
Beginning in 2018 a 40% excise tax will be imposed under the affordable care act on employers if the aggregate value of medical coverage exceeds a threshold limit. This excise tax is not included in the calculations because it is believed to be immaterial in regard to the OPEB plan.	

Mortality rates were based on the Pub-2010 teachers table, separate Employee/Healthy Annuitant, sex distinct, generational. Improvement scale was MP-2020.

The discount rate used to measure the total pension and total other post-employment benefit liabilities was 2.18%, based on all years discounted at the municipal bond rate.

LEBANON COMMUNITY SCHOOL DISTRICT NO. 9
LEBANON, OREGON

For the Year Ended June 30, 2022

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

Changes in the Net Other Post-employment Benefit Liability

Changes of assumptions: Interest Discount, the investment return assumption was decreased from 2.66% to 2.18%. Demographic assumptions were revised to match (as closely as possible) those developed in the most recent experience study for Oregon PERS.

	Total OPEB Liability
Total OPEB Liability Balance 6/30/2021	\$ 186,850
Changes for the Year:	
Service Cost	-
Interest	3,530
Changes of benefit terms	-
Changes of Assumptions or other input	(3,537)
Benefit payments	(49,885)
Net Change in total OPEB Liability	(49,892)
Total OPEB Liability Balance 6/30/22	\$ 136,958

Sensitivity of the Net Other Post-employment Benefit Liability to changes in the discount and trend rates

The following presents the net other post-employment benefit liability (NOL) of the District, calculated using the discount rate of 2.18 percent, as well as what the District's NOL would be if it was calculated using a discount rate that is 1-percentage-point lower (1.18 percent) or 1-percentage-point higher (3.18 percent) than the current rate:

	1% Lower 3.09%	Current Discount Rate 4.09%	1% Higher 5.09%
Total OPEB Liability	\$ 138,767	\$ 136,958	\$ 135,215

The following presents the net other post-employment benefit liability (NOL) of the District, calculated using the trend rate of 7.7 percent, as well as what the District's NOL would be if it was calculated using a trend rate that is 1-percentage-point lower (6.7 percent) or 1- percentage-point higher (8.7 percent) than the current rate:

	1% Lower	Current Healthcare Trend Rates	1% Higher
Total OPEB Liability	\$ 135,246	\$ 136,958	\$ 138,700

For the year ended June 30, 2022, the District recognized Other Post-employment Benefit income of \$49,892. At June 30, 2022, the District reported no deferred outflows or inflows of resources related to Other Post-employment benefits.

LEBANON COMMUNITY SCHOOL DISTRICT NO. 9
LEBANON, OREGON

For the Year Ended June 30, 2022

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.

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 ultimate impact of the reduction of economic activity is not determinable.

LEBANON COMMUNITY SCHOOL DISTRICT NO. 9
LEBANON, OREGON

For the Year Ended June 30, 2022

14. INTERFUND TRANSFERS & INTERFUND RECEIVABLE/PAYABLE

Amounts were comprised of the following:

	Transfers Out	Transfers In	Interfund Receivable	Interfund Payable
General Fund	\$ 2,270,997	\$ -	\$ 303,067	\$ -
Special Revenue Fund	300,000	1,820,997	-	-
Debt Service Fund	-	300,000	-	-
Enterprise Fund	-	450,000	-	-
Internal Service Fund	-	-	-	-
	\$ 2,570,997	\$ 2,570,997	\$ 303,067	\$ 303,067

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, 2022, the District had tax abatements through various state allowed programs that impacted levied taxes. Based on the information available from the county as of the date of issuance of these basic financial statements, the amount of abatements for the year ended June 30, 2022 is deemed by management to be immaterial.

REQUIRED SUPPLEMENTARY INFORMATION

LEBANON COMMUNITY SCHOOL DISTRICT NO. 9
LEBANON, OREGON

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF FUNDING PROGRESS AND EMPLOYER CONTRIBUTIONS
June 30, 2022

Annual OPEB Cost and Net OPEB Obligation relating to Early Retirement Plan: Healthcare

SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY AND RELATED RATIOS

Year Ended June 30,	Total OPEB Liability - Beginning *	Service Cost	Interest	Changes of Benefit Terms	Changes of Assumptions	Differences Between Expected and Actual	Benefit Payments	Total OPEB Liability - End of Year	Estimated Covered Payroll	Total OPEB Liability as a % of Covered Payroll
2022	\$ 186,850	\$ -	\$ 3,530	\$ -	\$ (3,537)	\$ -	\$ (49,885)	\$ 136,958	N/A	N/A

The above tables present the most recent actuarial valuation for the District's post-retirement benefits.

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.

* Total beginning OPEB Liability at July 1, 2020, is an estimate provided by the Actuarial Valuation at the July 30, 2021 Measurement Date.

LEBANON SCHOOL DISTRICT
LEBANON, OREGON

REQUIRED SUPPLEMENTARY INFORMATION
June 30, 2022

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
2022	0.26 %	\$ 31,472,878	\$ 26,324,755	119.6 %	87.6 %
2021	0.26	55,989,795	23,572,946	237.5	75.8
2020	0.26	45,003,219	21,834,903	206.1	80.2
2019	0.27	41,328,208	21,486,185	192.3	82.1
2018	0.26	35,578,592	19,595,401	181.6	83.1
2017	0.28	41,360,281	19,237,669	215.0	80.5
2016	0.01	19,039,703	17,568,345	108.4	91.9

The amounts presented for each fiscal year were actuarially determined at 12/31 and rolled forward to the on

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
2022	\$ 8,025,709	\$ 8,025,709	\$ -	\$ 26,324,755	30.5 %
2021	8,051,779	8,051,779	-	23,572,946	34.2
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

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

June 30, 2021

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)
2022	0.16386 %	\$ 562,729	\$ 26,324,755	2.14 %	183.9 %
2021	0.36034	734,231	23,572,946	3.11	150.1
2020	0.19724	381,150	21,834,903	1.75	144.4
2019	0.18905	211,038	21,486,185	0.98	124.0
2018	0.01879	78,459	19,595,401	0.40	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

Year	Statutorily required contribution	Contributions in relation to the statutorily required contribution	Contribution deficiency (excess)	Employer's covered payroll	Contributions as a percent of covered payroll
2022	\$ N/A	\$ N/A	\$ N/A	\$ 26,324,755	N/A %
2021	N/A	N/A	N/A	23,572,946	N/A
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. 37).

**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, 2022**

	<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	\$ 12,391,985	\$ 12,391,985	\$ 12,592,123	\$ 200,138
Intermediate Sources	405,000	405,000	198,785	(206,215)
State Sources	32,246,830	32,246,830	33,558,497	1,311,667
Federal Sources	190,000	190,000	237,132	47,132
Total Revenue	<u>45,233,815</u>	<u>45,233,815</u>	<u>46,586,537</u>	<u>1,352,722</u>
EXPENDITURES:				
Instruction	27,930,716	27,695,716 (1)	27,185,006	510,710
Support Services	17,088,655	16,888,655 (1)	17,222,904	(334,249)
Community Services	-	-	5,625	(5,625)
Operating Contingencies	100,000	100,000 (1)	-	100,000
Total Expenditures	<u>45,119,371</u>	<u>44,684,371</u>	<u>44,413,535</u>	<u>270,836</u>
Revenues Over (Under) Expenditures	<u>114,444</u>	<u>549,444</u>	<u>2,173,002</u>	<u>1,623,558</u>
OTHER FINANCING SOURCES, (USES)				
Transfers In	-	-	-	-
Transfers Out	(2,279,446)	(2,279,446) (1)	(2,270,997)	8,449
Sale of Capital Assets	-	-	750	750
Total Other Financing Sources, (Uses)	<u>(2,279,446)</u>	<u>(2,279,446)</u>	<u>(2,270,247)</u>	<u>9,199</u>
Net Change in Fund Balance	(2,165,002)	(1,730,002)	(97,245)	1,632,757
Beginning Fund Balance	<u>5,065,000</u>	<u>5,065,000</u>	<u>6,205,654</u>	<u>1,140,654</u>
Ending Fund Balance	<u>\$ 2,899,998</u>	<u>\$ 3,334,998</u>	<u>\$ 6,108,409</u>	<u>\$ 2,773,411</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, 2022**

	<u>BUDGET</u>		<u>ACTUAL</u>	<u>VARIANCE TO FINAL BUDGET POSITIVE (NEGATIVE)</u>
	<u>ORIGINAL</u>	<u>FINAL</u>		
<u>SPECIAL REVENUE FUND</u>				
REVENUES:				
Local Sources	\$ 974,000	\$ 974,000	\$ 1,345,213	\$ 371,213
Intermediate Sources	92,758	92,758	26,997	(65,761)
State Sources	17,961,867	19,464,911	5,302,745	(14,162,166)
Federal Sources	4,504,866	16,584,734	8,249,303	(8,335,431)
Total Revenue	<u>23,533,491</u>	<u>37,116,403</u>	<u>14,924,258</u>	<u>(22,192,145)</u>
EXPENDITURES:				
Instruction	10,305,038	9,520,608 (1)	8,973,530	547,078
Support Services	4,025,860	4,234,499 (1)	3,867,942	366,557
Community Services	2,997,858	2,713,639 (1)	2,201,515	512,124
Facilities Acquisition	5,076,000	855,000 (1)	231,423	623,577
Total Expenditures	<u>22,404,756</u>	<u>17,323,746</u>	<u>15,274,410</u>	<u>2,049,336</u>
Revenues Over (Under) Expenditures	<u>1,128,735</u>	<u>19,792,657</u>	<u>(350,152)</u>	<u>(20,142,809)</u>
OTHER FINANCING SOURCES, (USES)				
Transfers In	2,104,446	2,104,446	1,820,997 (2)	(283,449)
Transfers Out	(300,000)	(300,000) (1)	(300,000)	-
Total Other Financing Sources, (Uses)	<u>1,804,446</u>	<u>1,804,446</u>	<u>1,533,997</u>	<u>(270,449)</u>
Net Change in Fund Balance	2,933,181	21,597,103	1,183,845	(20,413,258)
Beginning Fund Balance	<u>3,819,633</u>	<u>3,819,633</u>	<u>4,579,543</u>	<u>759,910</u>
Ending Fund Balance	<u>\$ 6,752,814</u>	<u>\$ 25,416,736</u>	<u>\$ 5,763,388</u>	<u>\$ (19,653,348)</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

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, 2022

DEBT SERVICE - GO BONDS FUND

	<u>BUDGET</u>		<u>ACTUAL</u>	VARIANCE TO
	<u>ORIGINAL</u>	<u>FINAL</u>		FINAL BUDGET
				POSITIVE (NEGATIVE)
REVENUES:				
Local Sources	\$ 3,910,000	\$ 3,910,000	\$ 4,075,376	\$ 165,376
Total Revenues	<u>3,910,000</u>	<u>3,910,000</u>	<u>4,075,376</u>	<u>165,376</u>
EXPENDITURES:				
Debt Service	4,239,569	4,239,569 (1)	4,165,738	73,831
Total Expenditures	<u>4,239,569</u>	<u>4,239,569</u>	<u>4,165,738</u>	<u>73,831</u>
OTHER FINANCING SOURCES, (USES)				
Debt Proceeds	-	-	91,675	91,675
Transfers In	300,000	300,000	300,000	-
Total Other Financing Sources, (Uses)	<u>300,000</u>	<u>300,000</u>	<u>391,675</u>	<u>91,675</u>
Net Change in Fund Balance	(29,569)	(29,569)	301,313	330,882
Beginning Fund Balance	<u>535,000</u>	<u>535,000</u>	<u>211,386</u>	<u>(323,614)</u>
Ending Fund Balance	<u>\$ 505,431</u>	<u>\$ 505,431</u>	<u>\$ 512,699</u>	<u>\$ 7,268</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, 2022

CAPITAL PROJECTS - SEISMIC REHAB

	BUDGET		ACTUAL	VARIANCE TO
	ORIGINAL	FINAL		FINAL BUDGET
				POSITIVE (NEGATIVE)
REVENUES:				
State Sources	\$ 2,300,000	\$ 2,300,000	\$ 1,964,360	\$ (335,640)
Total Revenues	2,300,000	2,300,000	1,964,360	(335,640)
EXPENDITURES:				
Facilities Acquisition	2,300,000	2,300,000 (1)	1,964,360	335,640
Total Expenditures	2,300,000	2,300,000	1,964,360	335,640
Net Change in Fund Balance	-	-	-	-
Beginning Fund Balance	-	-	-	-
Ending Fund Balance	\$ -	\$ -	\$ -	\$ -

(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, 2022

	<u>ENTERPRISE FUND</u>			VARIANCE TO FINAL BUDGET POSITIVE (NEGATIVE)
	<u>BUDGET</u>		<u>ACTUAL</u>	
	<u>ORIGINAL</u>	<u>FINAL</u>		
REVENUES:				
Local Sources	\$ 250,000	\$ 250,000	\$ -	(250,000)
Total Revenues	<u>\$ 250,000</u>	<u>\$ 250,000</u>	<u>\$ -</u>	<u>\$ (250,000)</u>
EXPENDITURES:				
Support Services	558,095	558,095 (1)	-	558,095
Facility Acquisition	-	(1)	515,628	(515,628)
Total Expenditures	<u>558,095</u>	<u>558,095</u>	<u>515,628</u>	<u>42,467</u>
OTHER FINANCING SOURCES, (USES)				
Transfers In	250,000	250,000	450,000	200,000
Sale of Capital Assets	250,000	250,000	-	(250,000)
Total Other Financing Sources, (Uses)	<u>500,000</u>	<u>500,000</u>	<u>450,000</u>	<u>(250,000)</u>
Net Change in Fund Balance	191,905	191,905	(65,628)	(257,533)
Beginning Fund Balance	<u>58,095</u>	<u>58,095</u>	<u>3,189</u>	<u>(54,906)</u>
Ending Fund Balance	<u>\$ 250,000</u>	<u>\$ 250,000</u>	<u>\$ (62,439)</u>	<u>\$ (312,439)</u>

(1) Appropriation Level

Reconciliation to the Statement of Net Position

Work in Process	515,628
Net Position	<u>\$ 453,189</u>

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, 2022

INSURANCE FUND

	<u>BUDGET</u>		<u>ACTUAL</u>	<u>VARIANCE TO</u>
	<u>ORIGINAL</u>	<u>FINAL</u>		<u>FINAL BUDGET</u>
				<u>POSITIVE</u>
				<u>(NEGATIVE)</u>
EXPENDITURES:				
Support Services	60,000	60,000 (1)	11,044	48,956
Total Expenditures	<u>60,000</u>	<u>60,000</u>	<u>11,044</u>	<u>48,956</u>
Net Change in Fund Balance	(60,000)	(60,000)	(11,044)	48,956
Beginning Fund Balance	<u>270,000</u>	<u>270,000</u>	<u>251,826</u>	<u>(18,174)</u>
Ending Fund Balance	<u>\$ 210,000</u>	<u>\$ 210,000</u>	<u>\$ 240,782</u>	<u>\$ 30,782</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, 2022

TAX YEAR	ORIGINAL LEVY OR BALANCE UNCOLLECTED 7/1/2021	DEDUCT DISCOUNTS	ADJUSTMENTS TO ROLLS	INTEREST	CASH COLLECTIONS BY COUNTY TREASURER	BALANCE UNCOLLECTED OR UNSEGREGATED AT 6/30/2022
GENERAL FUND:						
Current:						
2021-22	\$ 12,012,894	\$ 324,523	\$ (48,830)	\$ 4,734	\$ 11,417,542	\$ 226,733
Prior Years:						
2020-21	239,561	(501)	(28,830)	9,430	112,434	108,228
2019-20	115,394	(7)	(9,978)	9,546	52,426	62,543
2018-19	63,662	(3)	(10,731)	10,467	36,864	26,537
2017-18	27,280	(2)	(7,056)	6,847	19,285	7,788
2016-17	7,041	-	(1,404)	1,272	2,520	4,389
Prior Years:	13,351	-	(2,172)	1,997	2,415	10,761
Total Prior	466,289	(513)	(60,171)	39,559	225,944	220,246
Total General Fund	\$ 12,479,183	\$ 324,010	\$ (109,001)	\$ 44,293	\$ 11,643,486	\$ 446,979

RECONCILIATION TO REVENUE:	GENERAL FUND
Cash Collections by County Treasurer Above	\$ 11,643,486
Accrued at 6/30/21	(52,376)
Accrued at 6/30/22	212,840
Changes from Prior year Unavailable Revenue, see page 6	(179,774)
In Lieu of Property Taxes	72
Total Revenue	\$ 11,624,248

LEBANON COMMUNITY SCHOOL DISTRICT NO. 9
LEBANON, OREGON

SCHEDULE OF PROPERTY TAX TRANSACTIONS AND BALANCES OF TAXES UNCOLLECTED
For the Year Ended June 30, 2022

TAX YEAR	ORIGINAL LEVY OR BALANCE UNCOLLECTED 07/01/21	DEDUCT DISCOUNTS	ADJUSTMENTS TO ROLLS	INTEREST	CASH COLLECTIONS BY COUNTY TREASURER	BALANCE UNCOLLECTED OR UNSEGREGATED AT 06/30/22
<u>DEBT SERVICE FUND:</u>						
Current:						
2021-22	\$ 4,149,875	\$ 112,107	\$ (16,868)	\$ 1,635	\$ 3,944,210	\$ 78,325
Prior Years:						
2020-21	83,771	(175)	(10,081.00)	3,298.00	39,317	37,846
2019-20	41,826	(3)	(3,617.00)	3,460.00	19,003	22,669
2018-19	23,846	(1)	(4,020.00)	3,921.00	13,808	9,940
2017-18	10,762	(1)	(2,783.00)	2,701.00	7,608	3,073
2016-17	2,918		(582.00)	527.00	1,044	1,819
Prior Years:	5,590	-	(909.00)	836.00	1,011	4,506
Total Prior	168,713	(180)	(21,992)	14,743	81,790	79,854
Total Debt Svc Fund	<u>\$ 4,318,588</u>	<u>\$ 111,927</u>	<u>\$ (38,860)</u>	<u>\$ 16,378</u>	<u>\$ 4,026,000</u>	<u>\$ 158,179</u>

RECONCILIATION TO REVENUE:	DEBT SERVICE FUND
Cash Collections by County Treasurer Above	\$ 4,026,000
Timing Differences of Cash Collections	(28,165)
Accrued at 6/30/21	(19,862)
Accrued at 6/30/22	18,943
Changes from Prior year Unavailable Revenue, see page 6	18,549
Total Revenue	<u>\$ 4,015,465</u>

Lebanon Community School District #9
Schedule of Expenditures of Federal Awards
For the Fiscal Year Ended June 30, 2022

Grantor	Program Title	Fund #	Grant Period	AL Number	Pass through #	2021-22 Expenditures	Pass Through Expenditures	
U.S. Department of Education:								
Passed through Oregon State Department of Education:								
	Title I-A :	228						
			7/1/20 - 9/30/21	84.010	58298	\$ 383,314		
			7/1/21 - 9/30/22	84.010	67007	777,419		
						<u>1,160,734</u>		
	Children with disabilities - IDEA Part B:							
	IDEA Part B Sec 611	259	7/1/19 - 9/30/22	84.027	60688	50,968		
	IDEA Part B Sec 611-ARP	259	7/1/21 - 9/30/23	84.027	68414	186,330		
	IDEA Part B Sec 611	259	7/1/21 - 9/30/23	84.027	68663	640,740		
	IDEA Part B Sec 619	257	7/01/21-9/30/23	84.173	68944	7,087		
	IDEA Part B Sec 619-ARP	257	7/1/21 - 9/30/23	84.173	69188	4,845		
			IDEA Cluster Total			<u>889,970</u>		
	Title II-A Improving Teacher Quality:							
		271	7/1/20 - 9/30/21	84.367	58790	68,095		
		271	7/1/21 - 9/30/22	84.367	67440	133,247		
						<u>201,341</u>		
	Title IV-A Student Support and Academic Enrichment							
		228	7/1/21 - 9/30/22	84.424	66796	81,702		
						<u>81,702</u>		
	LEA ESSER II Fund							
		902	5/13/20 - 9/30/23	84.425	64615	812,477		
						<u>812,477</u>		
	LEA ESSER III Fund							
		903	5/13/20 - 9/30/24	84.425	64920	2,238,418		
						<u>2,238,418</u>		
	Title III							
		278	7/01/20-9/30/21	84.365	58482	9,130		
		278	7/01/21-9/30/22	84.365	67143	2,422		
						<u>11,552</u>		
	MTSS LEA Coaches							
		245		84.323		13,578		
						<u>13,578</u>		
	Total Passed Through Oregon Department of Education						<u>\$ 5,409,772</u>	<u>\$ -</u>
	Direct from Federal Government							
	Emergency Connectivity Fund							
						\$ 276,868		
						<u>\$ 276,867.50</u>		
	Passed Through Oregon State University							
	GEAR-UP	237	7/01/20-6/30/21	84.334A		22,420		
						<u>\$ 22,420</u>		
	Passed Through LBCC							
	Carl Perkins Title I	293		84.048		\$ 52,202		
						<u>\$ 52,202</u>		
	DHS YTP - Basic Vocational Rehabilitation Services							
		248	7/1/19 - 6/30/23	84.126a	160725	\$ 44,005		
						<u>\$ 44,005</u>		
	US DOD JROTC							
		100-4300	7/01/21-6/30/22	12.000		\$ 75,249		
						<u>\$ 75,249</u>		

Lebanon Community School District #9
Schedule of Expenditures of Federal Awards
For the Fiscal Year Ended June 30, 2022

Grantor	Program Title	Fund #	Grant Period	AL Number	Pass through #	2020-21 Expenditures	Pass Through Expenditures
U.S. Department of Agriculture:							
Passed through Oregon State Department of Education:							
	CACFP	299	2021-2022	10.558	2021-2022	\$ 2,046,984	
	Fresh Fruit & Vegetables	297	2021-2022	10.582	2021-2022	41,025	
	Summer Foods Program	299	2021-2022	10.559	2021-2022	60,092	
	Commodities	299	Commodities	10.555	2021-2022	170,356	
	Child Nutrition Cluster Total					<u>2,318,457</u>	
Total U.S. Department of Agriculture						<u>\$ 2,318,457</u>	
Total Federal Financial Assistance						<u>\$ 8,198,972</u>	<u>\$ -</u>
RECONCILIATION TO REVENUE							
Total Federal Expenditures above						\$ 8,198,972	
Accruals/Deferrals						<u>287,463</u>	
Federal Revenue Recognized						<u>8,486,435</u>	

OTHER INFORMATION

LEBANON COMMUNITY SCHOOL DISTRICT NO. 9
LEBANON, OREGON

OTHER INFORMATION
As Required by The Oregon Department of Education
For the Year Ended June 30, 2022

A. Energy bills for heating, fuel, water and sewage - all funds:		Objects 325, 326 and 327
	Function 2540 \$	780,847
	Function 2550	-

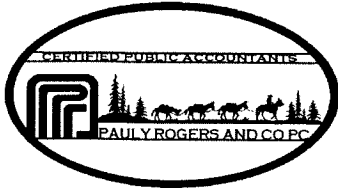
B. Replacement of equipment - General Fund: All General Fund expenditures in Object 542:		Object 542
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\$ 210,121

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

INDEPENDENT AUDITORS' REPORT REQUIRED BY OREGON STATE REGULATIONS



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

November 7, 2022

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, 2022, and have issued our report thereon dated January 2, 2023. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and Government Auditing Standards.

Compliance

As part of obtaining reasonable assurance about whether the basic financial statements are free of material misstatement, we performed tests of 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:

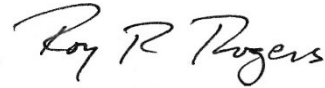
- **Deposit of public funds with financial institutions (ORS Chapter 295)**
- **Indebtedness limitations, restrictions and repayment.**
- **Budgets legally required (ORS Chapter 294).**
- **Insurance and fidelity bonds in force or required by law.**
- **Programs funded from outside sources.**
- **Authorized 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, for the year ended June 30, 2022.

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.

A handwritten signature in black ink that reads "Roy R. Rogers". The signature is written in a cursive style with a large, prominent "R" at the beginning.

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