LINN BENTON LINCOLN
EDUCATION SERVICE DISTRICT

2021-2022 AUDIT

905 4TH AVE SE
ALBANY, OR 97321
WWW.LBLESD.K12.OR.US

LINN BENTON LINCOLN EDUCATION SERVICE DISTRICT

T A B L E O F C O N T E N T S

******

T A B L E O F C O N T E N T S (CONTINUED)

******

LINN BENTON LINCOLN EDUCATION SERVICE DISTRICT
Albany, Oregon

PRINCIPAL OFFICIALS

BOARD OF DIRECTORS		TERM EXPIRES
Zone 1:	Jean Wooten	June 30, 2025
Zone 2:	Roger Irvin	June 30, 2025
Zone 3:	Frank Bricker, Vice Chair	June 30, 2025
Zone 4:	Penny York	June 30, 2023
Zone 5:	Amy Vetor	June 30, 2023
Zone 6:	Miriam Cummins, Chair	June 30, 2023
Zone 7:	David Dunsdon	June 30, 2023

ADMINISTRATION

Tonja Everest, Superintendent
Jason Hay, Assistant Superintendent
Rocco Luiere, Executive Financial Officer Officer

The Board members receive mail at the following address:
LBL ESD
905 4th Avenue Southeast
Albany, Oregon 97321

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

November 21, 2022

To the Board of Directors
Linn Benton Lincoln Education Service District

INDEPENDENT AUDITORS' REPORT

Opinions

We have audited the accompanying financial statements of the governmental activities, and each major fund of Linn Benton Lincoln Education Service 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 and each major fund of Linn Benton Lincoln Education Service District as of June 30, 2022, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Change in Accounting Principle

The District adopted new accounting guidance, GASB Statement No. 87- Leases during the fiscal year under audit. Our opinions are not modified with respect to this matter.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

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 and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material misstatement of the 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 Linn Benton Lincoln Education Service District's internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Linn Benton Lincoln Education Service District's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

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

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the other information, as listed in the table of contents, and the listing of board members 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 *Government Auditing Standards*, we have also issued our report dated November 21, 2022 on our consideration of the internal control over financial reporting and on our tests of compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering internal control over financial reporting and compliance.

In accordance with Minimum Standards for Audits of Oregon Municipal Corporations, we have issued our report dated November 21, 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.

Ken Allen

Kenneth Allen, CPA
PAULY, ROGERS AND CO., P.C.

LINN BENTON LINCOLN EDUCATION SERVICE DISTRICT
ALBANY, OREGON

MANAGEMENT DISCUSSION AND ANALYSIS (MD&A)

LINN BENTON LINCOLN EDUCATION SERVICE DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)

As management of Linn Benton Lincoln Education Service District (the District) we offer readers this discussion and analysis of the District's financial activities for the fiscal year ended June 30, 2022. Please read it in conjunction with the transmittal letter included in the introductory section of this report and the District's Financial Statements, which follows this MD&A.

FINANCIAL HIGHLIGHTS

- At June 30, 2022, the District's assets and deferred outflows exceeded its liabilities by $6.94 million (net position).
- The District's total net position increased by $1.15 million for the fiscal year.
- The District has $6.28 million invested in capital assets, including capital assets not being depreciated.

OVERVIEW OF THE FINANCIAL STATEMENTS

The District's annual report consists of a series of financial statements that show information for the District as a whole, and its funds. The Statement of Net Position and the Statement of Activities provides information about the activities of the District as a whole and presents a longer-term view of the District's finances. Our fund financial statements are included later in the financial report. For our governmental activities, these statements tell how we financed our services in the short-term as well as what remains for future spending. Fund statements may also give you some insights into the District's overall financial health. Fund financial statements report the District's operations in more detail than the government-wide financial statements by providing information about the District's most significant fund, the general fund.

GOVERNMENT-WIDE FINANCIAL STATEMENTS

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

The Statement of Net Position shows the District's assets, deferred outflows, liabilities, and deferred inflows with the difference between them reported as net position. All capital assets, long-term liabilities, and general government functions, are shown in the Statement of Net Position.

The Statement of Activities shows revenues, expenses, and the change in net assets for the District as a whole. Revenues and expenses attributable to specific functions are segregated from general revenues, to display the extent to which general revenues support each function.

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

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

FUND FINANCIAL STATEMENTS

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Condensed Statement of Net Position

	2022	2021	Difference
Assets and Deferred Outflows			
Current Assets	$ 34,371,471	$ 36,275,211	$ (1,903,740)
Deferred Outflows	11,562,323	12,597,786	(1,035,463)
Capital Assets (net)	6,283,683	5,410,324	873,359
Total Assets and Deferred Outflows	52,217,477	54,283,321	(2,065,844)
Liabilities and Deferred Inflows			
Current Liabilities	5,637,497	5,590,689	46,808
Long Term Liabilities	39,382,133	40,943,937	(1,561,804)
Deferred Inflows	260,163	1,960,524	(1,700,361)
Total Liabilities and Deferred Inflows	45,279,793	48,495,150	(3,215,357)
Net Position			
Net Investment in Capital Assets	6,176,055	5,073,118	1,102,937
Restricted	2,248,916	1,621,285	627,631
Unrestricted	(1,487,287)	(906,232)	(581,055)
Total Net Position	$ 6,937,684	$ 5,788,171	$ 1,149,513

The District's net position increased by $1,149,513 during the current fiscal year as reflected above. The statement of activities information shown on the following page explains the change in net position.

FUND FINANCIAL STATEMENTS

GOVERNMENT-WIDE FINANCIAL ANALYSIS (Cont'd)

The District's revenues and expenses for the fiscal year 2021-2022, compared to the prior fiscal year, are as follows:

Condensed Statement of Activities

	2022	2021	Difference
Revenues			
Charges for Services	$ 2,802,851	$ 2,971,623	$ (168,772)
Operating Grants	20,128,112	22,705,995	(2,577,883)
General Revenues			
Property Taxes	8,710,331	8,329,518	380,813
State Revenue Sharing	9,869,350	11,021,471	(1,152,121)
Miscellaneous	5,333,917	5,240,312	93,605
Total Revenues	46,844,561	50,268,919	(3,424,358)
Expenses			
Instruction	10,584,328	12,820,491	(2,236,163)
Support Services	26,274,567	29,065,102	(2,790,535)
Other Uses	8,836,153	7,902,775	933,378
Total Expenditures	45,695,048	49,788,368	(4,093,320)
Change in Net Position	1,149,513	480,551	668,962
Beginning Net Position	5,788,171	3,628,095	2,160,076
Prior Period Adjustment	-	1,679,525	(1,679,525)
Ending Net Position	$ 6,937,684	$ 5,788,171	1,149,513

FUND FINANCIAL ANALYSIS

The focus of the governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Unreserved fund balance measures the District's net resources available for appropriation in the next fiscal year. As of June 30, 2022, total fund balance of the governmental funds was $27,695,845. These amounts are available to use, in accordance with applicable restrictions on the nature of the expenditures.

The total fund balance is allocated among five separate funds and in all but the general fund; the balances are further divided within the fund to provide for specific programs and functions. The general fund is established primarily to receive State School Fund distributions and provide "Resolution Services" for component school districts and general operations.

FUND FINANCIAL ANALYSIS (Cont'd)

Summary of ending fund balances for the major governmental funds for 2021 and 2022 are as follows:

Ending Fund Balance

	2022	2021	Change
General Fund	$ 9,101,498	$ 10,243,255	$ (1,141,757)
Debt Service Fund	525,250	-	525,250
Capital Projects Fund	9,020,691	8,776,284	244,407
Restricted Revenue Fund	1,072,712	3,978,354	(2,905,642)
Special Service Fund	7,975,694	6,975,384	1,000,310
	$ 27,695,845	$ 29,973,277	$ (2,277,432)

The general fund balance decreased by $1,141,727. Of the general fund ending fund balance, $1,704,411 is reserved for future resolution expenditures, a decrease from $3,281,553 in 2020-2021. The debt service fund provides for obligations on long-term debt service. The capital projects fund provides for capital improvements and expansion. The restricted revenue fund primarily receives grant revenues for specific programs. The special service fund primarily receives contracted revenues to provide for services contracted by component and non-component school districts.

CAPITAL ASSETS

At June 30, 2022 the District had $6,275,484 invested in broad range of capital assets, including land, building, equipment and intangible assets including the District's investment in the Student Information System software and website. Additions to fixed assets in 2021-2022 include an external camera system, updated servers with threat defense, acquisition of vehicles, acquisition of a pod container for storage during improvement projects, braille tablets/readers, audiology equipment, new blinds for the entire building at Crawfordsville school and various playground structures. Moreover, construction in progress attributed to a large portion of additions with architectural and engineering services, repairs and maintenance phases, and general professional fees for improvements to the main LBL ESD building.

ECONOMIC FACTORS AND THE 2022-2023 BUDGET

The budget for 2022-2023 has total appropriations of $99,757,437. The addition in the budget was primarily due to capital expenditures related to the remodel project of the main ESD building. Although the direct financial and operational disruptions resulting from the pandemic that were experienced throughout 2021-2022 are only minimally present in 2022-2023 operations, it is essential to recognize that operational and economic impacts related to the COVID pandemic are driving significant changes in the manner that the ESD operates in a post-COVID environment. The lasting impact that the pandemic imposed on our students alongside of the evolving cultural changes in the post-COVID workforce means that we do not anticipate returning to many of our pre-COVID operational norms. It is more appropriate to characterize 2022-2023 as base from which we will build new operating norms in a post-COVID environment rather than the beginning of a return to prior norms. Accordingly, as we move forward comparisons to prior year's operations may have limited explanatory relevance due to their diminished contextual relevance. Nonetheless, we expect our total operating resources and uses to be similar to prior years. The District will continue to identify efficiencies and cost saving measures while monitoring the ever-changing economic climate to ensure continued support to our component school districts and the students we collectively serve.

REQUESTS FOR INFORMATION

Our financial report is designed to provide our taxpayers, parents, teachers, students, investors and creditors with an overview of the District's finances. If you have any questions about this report or need any clarification of information please contact the Business Services Department at the Linn Benton Lincoln Education Service District, our address is: 905 4th Avenue Southeast, Albany, Oregon 97321.

LINN BENTON LINCOLN EDUCATION SERVICE DISTRICT
ALBANY, OREGON

BASIC FINANCIAL STATEMENTS

LINN BENTON LINCOLN EDUCATION SERVICE DISTRICT
ALBANY, OREGON

STATEMENT OF NET POSITION
June 30, 2022

ASSETS	
Cash and Cash Equivalents	$ 26,809,151
Receivables	6,350,380
Prepaid Expense	5,932
OPEB Asset - Retiree Health Insurance Account (RHIA)	393,318
Capital assets, leased assets, net	812,690
Capital assets, not being depreciated	992,697
Capital assets being depreciated, net	5,290,986
Total Assets	40,655,154
DEFERRED OUTFLOWS OF RESOURCES:	
Oregon Pension Deferred Outlfows	11,381,663
Implicit Subsidy Deferred Outflows	78,485
Retiree Health Insurance Account (RHIA) Related Deferred Outflows	102,175
Total Deferred Outflows	11,562,323
Total Assets and Deferred Outflows	52,217,477
LIABILITIES	
Current Liabilities:	
Accounts Payable	2,718,970
Accrued Payroll, Taxes, and Employee Withholdings	2,473,515
Long-term liabilities	
Due within one year:	
Vested Compensated Absences	155,012
Bonds Payable, Current Portion	334,007
Lease Liability, Current Portion	57,400
Due in more than one year:	
Lease Liability	90,494
Bonds Payable	6,454,116
Other Post Employment Benefits	533,427
Proportionate Share of Net Pension Liability	17,451,798
Total Liabilities	30,268,739
DEFERRED INFLOWS OF RESOURCES:	
Oregon Pension Deferred Infows	14,750,891
Implicit Subsidy Deferred Inflows	116,071
Retiree Health Insurance Account (RHIA) Related Deferred Inflows	144,092
Total Deferred Inflows	15,011,054
Total Liabilities and Deferred Inflows	45,279,793
Net Investment in Capital Assets	6,176,055
Restricted	2,248,916
Unrestricted	(1,487,287)
Total Net Position	$ 6,937,684

The accompanying notes are an integral part of this statement.

LINN BENTON LINCOLN EDUCATION SERVICE DISTRICT
ALBANY, OREGON

STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2022

FUNCTIONS	EXPENSES	PROGRAM REVENUES: CHARGES FOR SERVICES	PROGRAM REVENUES: OPERATING GRANTS AND CONTRIBUTIONS	NET (EXPENSE) REVENUE AND CHANGES IN NET ASSETS
Instruction	$ 10,584,328	$ 784,430	$ 5,633,224	$ (4,166,674)
Support Services	26,274,567	2,018,421	14,494,888	(9,761,258)
Other uses	8,836,153	-	-	(8,836,153)
Total Governmental Activities	$ 45,695,048	$ 2,802,851	$ 20,128,112	$ (22,764,085)

General Revenues	
Taxes:	
Property Taxes, Levied for General Purposes	8,710,331
State Revenue Sharing	9,869,350
Revenues Not Restricted to Specific Programs	
Intermediate	95,521
Interest and Investment Earnings	(133,191)
Miscellaneous	288,207
Medicaid	5,083,380
Total General Revenues	23,913,598
Changes in Net Position	1,149,513
Net Position - Beginning of Year	5,788,171
Net Position - Ending	$ 6,937,684

The accompanying notes are an integral part of this statement.

LINN BENTON LINCOLN EDUCATION SERVICE DISTRICT
ALBANY, OREGON

BALANCE SHEET - GOVERNMENTAL FUNDS
June 30, 2022

	GENERAL FUND	DEBT SERVICE FUND	CAPITAL PROJECTS FUND
ASSETS AND DEFERRED OUTFLOWS:			
Current Assets:			
Cash and Cash Equivalents	$ 8,539,968	$ 525,250	$ 9,200,228
Property Taxes and other Receivables	277,133	-	-
Due from Other Funds	3,046,635	-	-
Prepaid	5,932	-	-
Total Assets and Deferred Outflows	$ 11,869,668	$ 525,250	$ 9,200,228
LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES:			
Liabilities:			
Accounts Payable	$ 80,405	$ -	$ 179,537
Accrued Payroll, Taxes, and Employee Withholdings	2,410,632	-	-
Due to Other Funds	-	-	-
Total Liabilities	2,491,037	-	179,537
Deferred Inflows:			
Unavailable Property Tax Revenue	277,133	-	-
Total Deferred Inflows	277,133	-	-
Fund Balances (Deficit):			
Nonspendable	5,932	-	-
Restricted	1,484,523	-	6,015,699
Committed	-	-	-
Assigned	1,704,411	525,250	3,004,992
Unassigned	5,906,632	-	-
Total Fund Balances (Deficit)	9,101,498	525,250	9,020,691
Total Liabilities, Deferred Inflows and Fund Balances	$ 11,869,668	$ 525,250	$ 9,200,228

The accompanying notes are an integral part of this statement.

RESTRICTED REVENUE FUND	SPECIAL SERVICE FUND	TOTALS
$ -	$ 8,543,705	$ 26,809,151
5,803,835	269,412	6,350,380
-	-	3,046,635
-	-	5,932
$ 5,803,835	$ 8,813,117	$ 36,212,098
$ 1,621,605	$ 837,423	$ 2,718,970
62,883	-	2,473,515
3,046,635	-	3,046,635
4,731,123	837,423	8,239,120
-	-	277,133
-	-	277,133
-	-	5,932
764,393	-	8,264,615
2,619,495	6,223,309	8,842,804
674,164	1,752,385	7,661,202
(2,985,340)	-	2,921,292
1,072,712	7,975,694	27,695,845
$ 5,803,835	$ 8,813,117	$ 36,212,098

LINN BENTON LINCOLN EDUCATION SERVICE DISTRICT
ALBANY, OREGON

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES (DEFICIT)
GOVERNMENTAL FUNDS
For the Year Ended June 30, 2022

REVENUES:	GENERAL FUND	DEBT SERVICE FUND	CAPITAL PROJECTS FUND
Taxes	$ 8,758,738	$ -	$ -
Federal Sources	-	-	-
State and Local Sources	161,022	-	38,801
State Revenue Sharing	9,869,350	-	-
Charges for Services	1,982,637	-	-
Earnings from Investments	(133,191)	-	-
Intermediate Sources	248	-	-
Medicaid	-	-	-
Miscellaneous	44,539	-	-
Total Revenues	20,683,343	-	38,801
EXPENDITURES:			
Current:			
Instruction	232,406	-	-
Support Services	13,260,979	-	-
Building Acquisition Construction & Improvement	-	-	994,394
Capital Outlay	105,089	-	
Debt Service	-	474,750	-
Total Expenditures	13,598,474	474,750	994,394
Revenues over (under) Expenditures	7,084,869	(474,750)	(955,593)
Other Financing Sources, (uses):			
Transfers In	-	1,000,000	1,200,000
Transfers Out	(6,974,224)	-	-
Transits	(1,300,000)	-	-
Lease Proceeds	-	-	-
Sale of or Compensation for Loss of Fixed Assets	47,628	-	-
Total other Financing Sources (uses)	(8,226,596)	1,000,000	1,200,000
Net Change in Fund Balance	(1,141,727)	525,250	244,407
Beginning Fund Balance	10,243,225	-	8,776,284
Ending Fund Balance	$ 9,101,498	$ 525,250	$ 9,020,691

The accompanying notes are an integral part of this statement.

RESTRICTED REVENUE FUND	SPECIAL SERVICE FUND	TOTALS
$ -	$ -	$ 8,758,738
5,483,922	-	5,483,922
11,242,552	3,201,815	14,644,190
-	-	9,869,350
-	820,214	2,802,851
-	-	(133,191)
56,076	39,197	95,521
5,035,752	-	5,035,752
-	243,668	288,207
21,818,302	4,304,894	46,845,340
10,608,206	34,608	10,875,220
6,327,925	8,394,200	27,983,104
-	-	994,394
58,531	-	163,620
-	-	474,750
16,994,662	8,428,808	40,491,088
4,823,640	(4,123,914)	6,354,252
250,000	5,185,374	7,635,374
(600,000)	(61,150)	(7,635,374)
(7,390,410)	-	(8,690,410)
11,128	-	11,128
-	-	47,628
(7,729,282)	5,124,224	(8,631,654)
(2,905,642)	1,000,310	(2,277,402)
3,978,354	6,975,384	29,973,247
$ 1,072,712	$ 7,975,694	$ 27,695,845

LINN BENTON LINCOLN EDUCATION SERVICE DISTRICT
ALBANY, OREGON

Reconciliation of the Governmental Funds
Balance Sheet to the Statement of Net Position
June 30, 2022

Total Fund Balances - Governmental Funds			$	27,695,845
The cost of capital assets (land, buildings, furniture and equipment) purchased or constructed is reported as an expenditure in governmental funds. The Statement of Net Position includes those capital assets among the assets of the District as a whole.				
Net Capital Assets				6,283,683
The cost of right to use lease assets is reported as an expenditure in governmental funds. The Statement of Net Position includes those right to us lease assets among the assets of the District as a whole				
Right to Use Asset, net				812,690
Deferred Inflows and Outflows related to the Net Pension Liability OPEB and RHIA liability are not reported in the governmental funds. They represent a consumption of net position that will not be recognized until future periods				
Deferred Outflow	$	11,562,323		
Deferred Inflow		(15,011,054)		
				(3,448,731)
Deferred Revenue Related to Property Taxes				277,133
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. All liabilities, both current and long term, are reported in the Statement of Net Position.				
Bonds Payable	$	(6,788,123)		
Vested Compensated Absences		(155,012)		
Other Post Employment Benefits		(533,427)		
Proportionate Share of Net Pension Liability		(17,451,798)		
Lease Liability		(147,894)		
Retiree Health Insurance Account (RHIA) Asset		393,318		
Total Adjustment for Long-Term Liabilities				(24,682,936)
Total Net Position			$	6,937,684

The accompanying notes are an integral part of this statement.

Reconciliation of the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances to the Statement of Activities
For the Year Ended June 30, 2022

Total Net Changes in Fund Balances - Governmental Funds		$ (2,277,402)
Repayment of bond principal, capital leases and post retirement obligations is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position. Additions to bond principal, capital leases and post retirement obligations add an expense for the Statement of Net Position but not the governmental funds.		
Bond Repayment	329,007	
Vested Compensated Absences	40,792	
		369,799
Capital Outlays are reported in governmental funds as expenditures. However, in the Statement of Activities, the cost of those assets is capitalized and allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation exceeds capital outlay.		
Other Capitalized Expenses	$ 1,705,734	
Gain/(Loss) on Disposal or Adjustment	-	
Depreciation and Amortization Expense	(832,375)	
Total Adjustment for Fixed Assets		873,359
Changes in Lease Liability		(136,766)
Changes in Right to Use Asset		801,562
Pension Liability 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		1,551,109
The OPEB Expense and the changes in deferred inflows and outlfows related to the OPEB Liability represents the changes in the OPEB Liability from year to year due to changes in total OPEB liability		(35,159)
The RHIA Expense and the changes in deferred inflows and outlfows related to the RHIA Liability represents the changes in the RHIA Liability from year to year due to changes in total RHIA liability		51,418
Deferred property tax adjustment for the current year created a revenue in the Statement of Activities.		(48,407)
Change in Net Position of Governmental Activities		$ 1,149,513

The accompanying notes are an integral part of this statement.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. REPORTING ENTITY

Linn Benton Lincoln Education Service District (the District) is a municipal corporation governed by an elected seven-member Board of Directors. The Board approves administration officials. The daily functioning of the District is under the supervision of the Superintendent-Clerk. As required by generally accepted accounting principles, all activities of the District have been included in these basic financial statements.

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

B. MEASUREMENT FOCUS, BASIS OF ACCOUNTING AND BASIS OF PRESENTATION

GOVERNMENT-WIDE FINANCIAL STATEMENTS (GWFS)

The Statement of Net Position and Statements of Activities displays information about the reporting government as a whole. Fiduciary funds are not included in the GWFS.

The Statement of Net Position and the Statement of Activities was 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."

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

The District reports all direct expenses by function in the Statement of Activities. Direct expenses are those that are clearly identifiable with a function. Interest of 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 interfold 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.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

FUND FINANCIAL STATEMENTS

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

GOVERNMENTAL FUND TYPES

Governmental funds are used to account for the District's 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. 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 certain compensated absences and claims and judgments which are recognized as expenditures because they will be liquidated with 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.

The District reports the following major governmental funds:

GENERAL FUND
This fund accounts for the financial operations of the District not accounted for in any other fund. Principal sources of revenue are property taxes and distributions from the State of Oregon. Expenditures in the fund are made for instructional purposes and related support services.

CAPITAL PROJECTS FUND
This fund is used to account for resources set aside for the purpose of capital improvements and major equipment replacement. The principal revenue source is operating transfers from the General Fund.

Additionally, the government reports the following fund types:

DEBT SERVICE FUND
This fund is used to account for debt service payments for a General Obligation Bond. The principal revenue source is operating transfers from the General Fund.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

RESTRICTED REVENUE FUND

The Restricted Revenue Fund accounts for revenue and expenditures restricted for specific educational projects or programs. Principal revenue sources are federal grants, and fees from districts for services provided to them. These funds include Unemployment Compensation Fund, State and Federal Grants Fund and Other Grants and Projects Fund.

SPECIAL SERVICE FUND

The Special Service Fund accounts for revenue and expenditures for specific services rendered. The principal resource is fees from districts for services provided to them. Internal services have been deleted to avoid double reporting of revenues and expenditures consistent with the provisions of GASB 34.

ASSETS, LIABILITIES AND NET POSITION OR EQUITY

CASH AND CASH EQUIVALENTS

For financial reporting purposes, the District considers all highly liquid investments with maturity of three months or less when purchased to be cash equivalents.

PROPERTY TAXES

Uncollected real and personal property taxes are reflected on the statement of net assets and the balance sheet as receivables. Uncollected taxes are deemed to be substantially collectible or recoverable through liens, therefore no allowance for uncollectible taxes has been established. All property taxes receivable are due from property owners within the District.

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

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.

INVENTORIES

The District does not consider supply inventories to be material and does not record them as an asset on the balance sheet. Supplies are expensed immediately when they are purchased.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

CAPITAL ASSETS

Capital assets, which include land, buildings, equipment and construction in progress, are reported in the government wide financial statements. The government defines capital assets as assets with an initial, individual cost of more than $5,000 and an estimated useful life extending beyond a single reporting period. Capital assets are recorded at historical cost or estimated historical cost. Donated Capital assets are recorded at their estimated fair market value on the date donated. The costs of normal maintenance and repairs that do not add to the value of the assets or materially extend assets lives are not capitalized. Depreciation is recorded on Capital assets using the straight-line method over the following useful lives:

Buildings and Improvements	15-150 years
Improvements Other Than Building	5-15 years
Equipment	3-15 years
Vehicles	8 years
Intangible Assets	9 years

CAPITAL ASSETS, LEASED ASSETS AND LEASE LIABILITIES

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

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

COMPENSATED ABSENCES

It is the District's policy to permit employees to accumulate earned unused vacation and sick pay benefits. There is no liability for unpaid accumulated sick leave since the government does not have a policy to pay any amounts when employees separate from service with the government. All vacation pay is accrued in the government wide statements. A liability is accrued in the governmental funds because the District expects that vacation pay will be liquidated with expendable available resources.

LONG-TERM OBLIGATIONS

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

LONG-TERM OBLIGATIONS (continued)

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

FUND EQUITY

In March 2009, the GASB issued Statement No. 54, *Fund Balance Reporting and Governmental Fund-type Definitions*. The objective of this statement is to enhance the usefulness of fund balance information by providing clearer fund balance classifications that can be more consistently applied and by clarifying the existing governmental fund-type definitions. This statement establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed on the use of the resources reported in governmental funds. Under this standard, the fund balance classifications of reserved, designated, and unreserved/undesignated were replaced with five new classifications – nonspendable, restricted, committed, assigned, and unassigned.

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

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.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 related debt.

Restricted – consists of external constraints placed on net 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 net position items that are not included in the other categories previously mentioned.

NET POSITION FLOW ASSUMPTION

Sometimes the District will fund outlays for a particular purpose from both restricted and unrestricted resources. In order to calculate the amounts to report as restricted-net position and unrestricted-net position in the government-wide financial statements, a flow assumption must be made about the order in which resources are considered applied. It is the District's policy to consider restricted-net position to have been depleted before unrestricted-net position is applied.

ESTIMATES

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires the 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 financial statements and reported amounts of revenues, expenditures and expenses during the reporting period. Actual results could differ from those estimates.

DEFERRED OUTFLOW/INFLOW OF RESOURCES

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflow of resources. This separate financial statement element represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflow 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.

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. GASB Statements 68 and 71 were implemented as of July 1, 2014.

FAIR VALUE INPUTS, METHODOLOGIES AND HIERARCHY

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

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

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

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

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

2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

BUDGETARY INFORMATION

A budget is prepared and legally adopted for each governmental fund type on the modified accrual basis of accounting in the main program categories required by the Oregon Local Budget Law. The budgets for all budgeted funds are adopted on a basis consistent with generally accepted accounting principles, except that capital outlay expenditures, including items below the District's capitalization level, are budgeted by function in the governmental fund types.

The District begins its budgeting process by appointing Budget Committee members in early fall. Budget recommendations are developed by management through spring, with the Budget Committee meeting and approving the budget document in late spring. Public notices of the budget hearing are generally published in May or June, and the hearing is held in June. The budget is adopted, appropriations are made and the tax levy is declared no later than June 30. Expenditure budgets are appropriated at the major function level (instruction, support services, community services, debt service, contingency, and transfers) for each fund. Expenditure appropriations may not legally be over expended, except in the case of grant receipts, which could not be reasonably estimated at the time, the budget was adopted.

Unexpected additional resources may be added to the budget through the use of a supplemental budget and appropriation resolution. Supplemental budgets less than 10% of the fund's original budget may be adopted by the Board of Directors at a regular meeting. A supplemental budget greater than 10% of the fund's original budget requires hearings before the public, publication in newspapers and approval by the Board. Original and supplemental budgets may be modified by the use of appropriation transfers between the levels of control (major function levels). Such transfers require approval by the Board.

Budget amounts shown in the basic financial statements include the original budget amounts and the final budget appropriations approved by the Board. Appropriations lapse at the end of each fiscal year. Expenditures of the various funds were within authorized appropriations.

3. BUDGET/GAAP REPORTING DIFFERENCES

While the District reports financial position, results of operations, and changes in fund balance/net position on the basis of accounting principles generally accepted in the United States of America (GAAP), the District's budgetary 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 primary difference between the District's budgetary basis and GAAP basis is the classification of capital outlay, which for budgetary purposes is reported within the functional categories at the level of appropriation control. On a GAAP basis capital outlay is separately reported after current expenditures.

4. CASH AND INVESTMENTS

Statutes authorize the District to invest in banker's acceptances, time certificates of deposit, repurchase agreements, obligations of the United States and its agencies and instrumentalities, and the Oregon State Treasurer's Local Government Investment Pool. According to District Procedures State statutes govern the District's cash management policies.

Investments

Investments in the Local Government Investment Pool (LGIP) are included in the Oregon Short-Term Fund, which is an external investment pool that is not a 2a-7-like external investment pool, and is not registered with the U.S. Securities and Exchange Commission as an investment company. Fair value of the LGIP is calculated at the same value as the number of pool shares owned. The unit of account is each share held, and the value of the position would be the fair value of the pool's share price multiplied by the number of shares held. Investments in the Short-Term Fund are governed by ORS 294.135, Oregon Investment Council, and portfolio guidelines issued by the Oregon Short-Term Fund Board, which establish diversification percentages and specify the types and maturities of investments. The portfolio guidelines permit securities lending transactions as well as investments in repurchase agreements and reverse repurchase agreements. The fund 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.

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.

Cash and Investments at June 30, 2022 (recorded at fair value) consisted of:

Deposits with Financial Institutions:		
Demand Deposits	$	1,450,516
Investments		25,358,635
Total	$	26,809,151

The District had the following investments and maturities:

		Investment Maturities (in months)		
Investment Type:	Fair Value	Less than 3	3-18	More than 18
State Treasurer's Investment Pool	$ 25,358,635	$ 25,358,635	$ -	$ -
Total	$ 25,358,635	$ 25,358,635	$ -	$ -

4. CASH AND INVESTMENTS (Continued)

Interest Rate Risk

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. The District does not have any investments that exceed an 18 month maturity.

Credit Risk

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

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.

Concentration of Credit Risk

In the case of deposits, there is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District does not have a deposit policy for custodial credit risk. As of June 30, 2022, the District had $1,810,751 of deposits in accounts insured by the FDIC. $250,000 is covered by FDIC insurance and the remainder is collateralized by the Oregon Public Funds Collateralization Program.

5. GRANTS RECEIVABLE

Special revenue fund grants receivable are comprised of claims for reimbursement of costs under various federal and state grant programs.

6. CAPITAL ASSETS

The changes in capital assets for the fiscal year ended June 30, 2022 are as follows:

	Beginning Balance	Additions	Deletions	Ending Balance
Fixed Assets				
Land (Non-Depreciable)	$ 177,840	$ -	$ -	$ 177,840
CIP (Non-Depreciable)	243,172	814,857	243,172	814,857
Buildings & Improvements	2,866,746	40,340	-	2,907,086
Equipment & Vehicles	4,151,367	141,207	-	4,292,574
Intangibles	12,928,350	952,503	-	13,880,853
Total	20,367,475	1,948,907	243,172	22,073,210
Accumulated Depreciation				
Buildings & Improvements	740,539	65,648	-	806,187
Equipment & Vehicles	2,672,916	322,711	-	2,995,627
Intangibles	11,543,697	444,016	-	11,987,713
Total	14,957,152	$ 832,375	$ -	15,789,527
Total Net Capital Assets	$ 5,410,323			$ 6,283,683

6. CAPITAL ASSETS (continued)

Depreciation expense for the year ended June 30, 2022 was allocated to the functions as follows:

Instruction	$ 231,719
Support Services	600,656
Total Depreciation	$ 832,375

7. DEBT

Vested Compensated Absences

	June 30, 2021	Additions	Deletions	June 30, 2022	Amount Due within one year
Vacation Payable	$ 195,804	$ 155,012	$ (195,804)	$ 155,012	$ 155,012

General Obligation Bonds Payable

At June 30, 2022, outstanding General Obligation Bonds Payable were as follows:

Full Faith and Credit Obligations, Series 2021

In May, 2021, the District issued $6,325,000 in Full Faith and Credit Bonds for the purpose of financing facility upgrades. The bonds were sold at a premium of $792,130 and bear interest at 3% annually. Semi-annual principal and interest payments begin in December, 2021 and are scheduled through maturity in June, 2039. The bond issue premium will be amortized on the straight-line basis over the life of the bonds.

Changes in Bonds Payable for 2021-2022 were as follows:

Bond Issue	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
May, 2021 Issue	$ 6,325,000	$ -	$ 285,000	$ 6,040,000	$ 290,000
Premium, May 2021 Issue	792,130	-	44,007	748,123	44,007
Total Bonds Payable	$ 7,117,130	$ -	$ 329,007	$ 6,788,123	$ 334,007

7. DEBT (continued)

Future maturities of Bonds Payable were as follows:

Year	Principal	Interest
2022-2023	$ 290,000	$ 181,200
2023-2024	300,000	172,500
2024-2025	310,000	163,500
2025-2026	320,000	154,200
2026-2027	330,000	144,600
2027-2032	1,800,000	568,500
2032-2037	2,080,000	282,450
2037-2039	610,000	22,950
TOTALS	$ 6,040,000	$ 1,689,900

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 Annual Comprehensive 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.

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.

8. DEFINED BENEFIT PENSION PLAN (CONTINUED)

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.

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.

8. DEFINED BENEFIT PENSION PLAN (CONTINUED)

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 $4,004,458, excluding amounts to fund employer specific liabilities. In addition approximately $907,161 in employee contributions were paid or picked up by the District in fiscal 2022. At June 30, 2022, the District reported a net pension liability of $17,451,798 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 .146 percent and .152 percent, respectively. Pension expense for the year ended June 30, 2022 was $(1,551,109).

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

(1) Tier 1/Tier 2 – 26.83%
(2) OPSRP general services – 23.72%

	Deferred Outflow of Resources	Deferred Inflow of Resources
Difference between expected and actual experience	$ 1,633,602	$ -
Changes in assumptions	4,368,711	45,929
Net difference between projected and actual earnings on pension plan investments	-	12,919,431
Net changes in proportionate share	34,603	1,785,531
Differences between contributions and proportionate share of contributions	1,340,289	-
Subtotal - Amortized Deferrals (below)	7,377,205	14,750,891
Contributions subsequent to measuring date	4,004,458	-
Deferred outflow (inflow) of resources	$ 11,381,663	$ 14,750,891

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.

8. DEFINED BENEFIT PENSION PLAN (CONTINUED)

Amounts reported as deferred outflows or inflows of resources related to pension will be recognized in pension expense as follows:

Year ending June 30,	Amount
2023	$ (1,211,113)
2024	(1,405,054)
2025	(1,988,563)
2026	(3,165,186)
2027	396,231
Thereafter	-
Total	$ (7,373,685)

All assumptions, methods and plan provisions used in these calculations are described in the Oregon PERS system-wide GASB 68 reporting summary dated February 25, 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.

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 *Moro* decision; blend based on service
Mortality	Healthy retirees and beneficiaries: Pub-2010 Healthy Retiree, sex distinct, generational with Unisex, Social Security Data Scale, with job category adjustments and set-backs as described in the valuation. Active members: Pub-2010 Employee, sex distinct, generational with Unisex, Social Security Data Scale, with job category adjustments and set-backs as described in the valuation. Disabled retirees: Pub-2010 Disabled Retiree, sex distinct, generational with Unisex, Social Security Data Scale, with job category adjustments and set-backs as described in the valuation.

Actuarial valuations of an ongoing plan involve estimates of value of reported amounts and assumptions about the probability of events far into the future. Actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. Experience studies are performed as of December 31 of even numbered years. The method and assumptions shown are based on the 2018 Experience Study which is reviewed for the four-year period ending December 31, 2019.

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%
Alternatives Portfolio	7.5%	17.5%	15.0%
Opportunity Portfolio	0.0%	5.0%	0.0%
Risk Parity	0.0%	2.5%	2.5%
Total			100.0%

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

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%
Assumed Inflation - Mean		*2.40%*

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

Discount Rate – The discount rate used to measure the total pension liability was 6.90 percent for the Defined Benefit Pension Plan, a reduction approved by the Board from 7.20 percent in the prior fiscal year. 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.

8. DEFINED BENEFIT PENSION PLAN (CONTINUED)

	1% Decrease (5.90%)	Discount Rate (6.90%)	1% Increase (7.90%)
Proportionate share of the net pension liability	$ 34,271,157	$ 17,451,798	$ 3,380,100

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.

Deferred Compensation Plan

A deferred compensation plan is available to employees wherein they may execute an individual agreement with the District for amounts earned by them to not be paid until a future date when certain circumstances are met. These circumstances are: termination by reason of resignation, death, disability, or retirement; unforeseeable emergency; or by requesting a de minimis distribution from inactive accounts valued less than $5,000. Payment to the employee will be made over a period not to exceed 15 years. The deferred compensation plan is one which is authorized under IRC Section 457 and has been approved in its specifics by a private ruling from the Internal Revenue Service. The assets of the plan are held by the administrator for the sole benefit of the plan participants and are not considered assets or liabilities of the District.

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.

8. DEFINED BENEFIT PENSION PLAN (CONTINUED)

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

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

Contributions:
Employees of the District pay six (6) percent of their covered payroll. 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 picked up approximately $907,161 in contributions to member IAP accounts for the year ended June 30, 2022.

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 (GASB 75 – 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.

9. OTHER POST EMPLOYMENT BENEFIT PLAN (GASB 75 – RHIA) (CONTINUED)

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 districts are contractually required to contribute to RHIA at a rate assessed each year by OPERS, and the District currently contributes 0.53% of annual covered OPERF payroll and 0.45% 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 $59,217, $3,065 and $2,745, respectively, which equaled the required contributions each year.

At June 30, 2022, the District reported a net OPEB liability/(asset) of ($393,318) for its proportionate share of the net OPEB liability/(asset). The OPEB liability/(asset) was measured as of June 30, 2021, and the total OPEB liability/(asset) used to calculate the net OPEB liability/(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 liability/(asset) is determined by comparing the employer’s actual, legally required contributions made during the fiscal year to the Plan with the total actual contributions made in the fiscal year of all employers. As of the measurement date of June 30, 2021 and 2020, the District’s proportion was .11 percent and .19 percent, respectively. OPEB expense for the year ended June 30, 2022 was ($48,343).

Components of OPEB Expense/(Income):

Employer's proportionate share of collective system OPEB Expense/(Income)	$	(64,326)
Net amortization of employer-specific deferred amounts from:		
- Changes in proportionate share (per paragraph 64 of GASB 75)		15,983
- Differences between employer contributions and employer's proportionate share of system contributions (per paragraph 65 of GASB 75)		-
Employer's Total OPEB Expense/(Income)	$	(48,343)

9. OTHER POST EMPLOYMENT BENEFIT PLAN (GASB 75 – RHIA) (CONTINUED)

Components of Deferred Outflows/Inflows of Resources:

	Deferred Outflow of Resources	Deferred Inflow of Resources
Difference between expected and actual experience	$ -	$ 10,943
Changes in assumptions	7,739	5,851
Net difference between projected and actual earnings on pension plan investments	-	93,473
Net changes in proportionate share	91,690	33,825
Differences between contributions and proportionate share of contributions	-	-
Subtotal - Amortized Deferrals (below)	99,429	144,092
Contributions subsequent to measuring date	2,746	-
Deferred outflow (inflow) of resources	$ 102,175	$ 144,092

The amount of contributions subsequent to the measurement date will be included as a reduction of the net OPEB liability/(asset) in the fiscal year ended June 30, 2023.

Amounts reported as deferred outflows or inflows of resources related to pension will be recognized in pension expense as follows:

Year ending June 30,	Amount
2023	$ (12,697)
2024	18,900
2025	(21,340)
2026	(29,527)
2027	-
Thereafter	-
Total	$ (44,664)

All assumptions, methods and plan provisions used in these calculations are described in the Oregon PERS Retirement Health Insurance Account Cost-Sharing Multiple-Employer Other Postemployment Benefit (OPEB) Plan Schedules of Employer Allocations and OPEB Amounts by Employer report, as of and for the Year Ended June 30, 2021. That independently audited report was dated February 25, 2022 and can be found at:

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

9. OTHER POST EMPLOYMENT BENEFIT PLAN (GASB 75 – RHIA) (CONTINUED)

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, 2019.

Discount Rate:

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

9. OTHER POST EMPLOYMENT BENEFIT PLAN (GASB 75 – 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%
Assumed Inflation - Mean		*2.40%*

(Source: June 30, 2021 PERS ACFR; 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%)
Proportionate share of the net OPEB liability (asset)	$ (347,832)	$ (393,318)	$ (432,174)

9. OTHER POST EMPLOYMENT BENEFIT PLAN (GASB 75 – RHIA) (CONTINUED)

Changes Subsequent to the Measurement Date

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.

10. OTHER POST EMPLOYMENT BENEFIT PLAN (GASB 75 – IMPLICIT HEALTHCARE SUBSIDY)

Plan Description
The District administers a single-employer defined benefit healthcare plan that covers both active and retired participants. The plan provides post-retirement healthcare benefits for eligible retirees and their dependents through the District's group health insurance plans. The District's post-retirement plan was established in accordance with Oregon Revised Statutes (ORS) 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 members, 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). 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. The valuation date was July 1, 2021 and the measurement date was June 30, 2022.

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. There is no obligation on the part of the District to fund these benefits in advance. The District considered the liability to be solely the responsibility of the District as a whole and it is allocated to the governmental statements.

Actuarial Methods and Assumptions
The District engaged an actuary to perform a valuation as of July 1, 2021 using the Entry Age Normal, level percent of salary Actuarial Cost Method. Mortality rates were based on the Pub-2010 Teachers table, separate Employee/Healthy Annuitant, sex distinct, generational, no setback. Demographic assumptions regarding retirement, mortality, and turnover are based on Oregon PERS actuarial valuation assumptions. Election rate and lapse assumptions are based on experience implied by valuation data for this and other Oregon public employers.

10. OTHER POST EMPLOYMENT BENEFIT PLAN (GASB 75 – IMPLICIT HEALTHCARE SUBSIDY) – (CONTINUED)

Health Care Cost Trend	Medical and vision:

Year	Pre-65 Trend
2020-2021	3.50%
2021-2022	4.00%
2022-2023	4.50%
2023-2024	5.00%
2024-2025	5.50%
2026-2030	6.0-5.6%
2020-2035	5.5-5.1%
2035-2040	5.0-4.6%
2040+	4.50%

	Health care cost trend affects both the projected health care costs as well as the projected health care premiums.
General Inflation	2.0% per year, used to develop other economic assumptions
Annual Pay Increases	3.0% per year, based on general inflation and the likelihood of raises throughout participants' careers
Mortality	Pub-2010 Teachers table, separate Employee/Healthy Annuitant, sex distinct, generational, no setback
Disability	As developed for the valuation of benefits under Oregon PERS.
Withdrawal	Based on Oregon PERS assumptions. Annual rates are based on employment classification, gender, and duration from hire date.
Retirement	Based on Oregon PERS assumptions. Annual rates are based on age, Tier/OPSRP, duration of service, and employment classification.

10. OTHER POST EMPLOYMENT BENEFIT PLAN (GASB 75 – IMPLICIT HEALTHCARE SUBSIDY) – (CONTINUED)

Changes in the Net OPEB Liability

Total OPEB Liability at June 30, 2021	$ 498,502
Changes for the year:	
Service cost	59,754
Interest	12,145
Changes in benefit terms	-
Differences between expected and actual experience	-
Changes of assumptions or other input	-
Benefit payments	(36,974)
Balance as of June 30, 2022	$ 533,427

Sensitivity of the Net OPEB Liability to Changes in the Discount Rate and Trend Rates
The following analysis presents the net OPEB liability using a discount rate of 2.25%, as well as what the District's net OPEB liability would be if it was calculated using a discount rate that is one percentage point lower (1.25%) or one percentage point higher (3.25%) than the current rate, a similar sensitivity analysis is presented for the changes in the healthcare trend assumption:

	1% Decrease 1.25%	Current Discount Rate 2.25%	1% Increase 3.25%
Total OPEB Liability	$ 566,159	$ 533,427	$ 502,305

	1% Decrease Healthcare	Current Trend Rate Healthcare	1% Increase Healthcare
Total OPEB Liability	$ 476,488	$ 533,427	$ 600,899

Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB Benefits
The District reports information on deferred outflows and deferred inflows of resources at year end as well as a schedule of amounts of those deferred outflows of resources and deferred inflows of resources that will be recognized in other post-employment benefit expense for the following five years.

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	$ -	$ 116,071
Changes in assumptions or other input	78,485	-
Benefit Payments	-	-
Deferred outflow (inflow) of resources	$ 78,485	$ 116,071

10. OTHER POST EMPLOYMENT BENEFIT PLAN (GASB 75 – IMPLICIT HEALTHCARE SUBSIDY) – (CONTINUED)

Amounts reported as deferred outflows or inflow of resources related to pension will be recognized in pension expense as follows:

Year Ending June 30,	Amount
2023	$ 234
2024	234
2025	235
2026	(19,142)
2027	(19,147)
Thereafter	-
Total	$ (37,586)

11. INTERFUND BALANCES

Interfund transactions are used to finance operations between the funds. Amounts are comprised of the following at June 30, 2022:

Fund	Transfers In	Transfers Out
General	$ -	$ (6,974,224)
Debt Service	1,000,000	
Capital Projects	1,200,000	-
Restricted Revenue	250,000	(600,000)
Special Services	5,185,374	(61,150)
	$ 7,635,374	$ (7,635,374)

12. PROPERTY TAX LIMITATIONS

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

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

13. FUND BALANCE CONSTRAINTS

The specific purposes for each of the categories of fund balance as of June 30, 2022 are as follows:

Fund Balances:	General Fund	Debt Service Fund	Captial Projects Fund	Restricted Revenue Fund	Special Service Fund	Total
Nonspendable:						
Prepaid Expense	$ 5,932	$ -	$ -	$ -	$ -	$ 5,932
Restricted:						
Grants and Contracts	-	-	-	764,393	-	764,393
Bond Funded Capital Projects	-	-	6,015,699	-	-	6,015,699
Future Health Insurance Premiums	1,484,523	-	-	-	-	1,484,523
	1,484,523	-	6,015,699	764,393	-	8,264,615
Committed:						
Employee Pension	-	-	-	606,974	-	606,974
Technology Equipment	-	-	-	1,725,940	-	1,725,940
Vehicle Replacements	-	-	-	286,581	-	286,581
Component District Investment	-	-	-	-	6,223,309	6,223,309
	-	-	-	2,619,495	6,223,309	8,842,804
Assigned:						
Debt Service	-	525,250	-	-	-	525,250
Component District Collaboration	1,704,411	-	-	674,164	800,573	3,179,148
Capital Projects and Improvements	-	-	3,004,992	-	-	3,004,992
Future Unemployment Costs	-	-	-	-	951,812	951,812
	1,704,411	525,250	3,004,992	674,164	1,752,385	7,661,202
Unassigned	5,906,632	-	-	(2,985,340)	-	2,921,292
Total Fund Balances	$ 9,101,498	$ 525,250	$ 9,020,691	$ 1,072,712	$ 7,975,694	$ 27,695,845

14. COMMITMENTS AND CONTINGENCIES

The District is involved in various claims and legal matters relating to its operations which have all been tendered to, and are either being adjusted by the District's liability carrier, or are being defended by attorneys retained by the District's liability carrier. The District does not believe that any of these matters will have a material impact on its June 30, 2022 financial statements.

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 the District to either have increases or decreases in revenue. Due to these future uncertainties at the state level, the future effect on operations cannot be determined.

15. TAX ABATEMENTS (GASB 77)

As of June 30, 2022, the District provides tax abatements through the following programs:

Enterprise Zone (ORS 285C.175)

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

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

For the year ended June 30, 2022, the District abated property taxes totaling $35,107 from Linn and Benton County under this program.

Construction in Process in Enterprise Zone (ORS 285C.170)

For property under construction where there is no reason to conclude that the property will not satisfy any applicable requirements for the property to be exempt under ORS 285C.175 upon being placed in service, the property may be exempt for no more than two tax years, which must be consecutive.

For the year ended June 30, 2022, the District abated property taxes totaling $8,719 ($6,492 and $2,227 in Linn and Benton Counties, respectively) under this program.

Housing Authority Property (ORS 307.515 – 307.523)

Property or a portion of the property is exempt from taxation if it is held for the purpose of developing low-income rental housing.

For the year ended June 30, 2022, the District abated property taxes totaling $27,137 in Benton County under this program.

Nonprofit corporation low income housing (ORS 307.515 – 307.523)

Property or a portion of the property is exempt from taxation if it is occupied by low income persons or held for the purpose of developing low-income rental housing.

For the year ended June 30, 2022, the District abated property taxes totaling $1,367 in Linn County under this program.

16. RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft or damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters for which the District carries commercial insurance. Settled claims have not exceeded this commercial coverage for any of the past three years.

17. LEASES PAYABLE

For the year ended 6/30/2022, the financial statements include the adoption of GASB Statement No. 87, Leases. The primary objective of this statement is to enhance the relevance and consistency of information about governments' leasing activities. This statement establishes a single model for lease accounting based on the principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources. For additional information, refer to the disclosures below.

On 07/01/2021, Linn Benton Lincoln ESD, OR entered into a 24 month lease as Lessee for the use of GAPS: Clover Ridge. An initial lease liability was recorded in the amount of $9,171. As of 06/30/2022, the value of the lease liability is $4,595. Linn Benton Lincoln ESD is required to make monthly fixed payments of $384. The lease has an interest rate of 0.5140%. The Buildings estimated useful life was 0 months as of the contract commencement. The value of the right to use asset as of 06/30/2022 of $9,171 with accumulated amortization of $4,585 is included with Buildings on the Lease Class activities table found below.

On 07/01/2021, Linn Benton Lincoln ESD, OR entered into a 24 month lease as Lessee for the use of GAPS: Clover Ridge. An initial lease liability was recorded in the amount of $6,114. As of 06/30/2022, the value of the lease liability is $3,063. Linn Benton Lincoln ESD is required to make monthly fixed payments of $256. The lease has an interest rate of 0.5140%. The Buildings estimated useful life was 0 months as of the contract commencement. The value of the right to use asset as of 06/30/2022 of $6,114 with accumulated amortization of $3,057 is included with Buildings on the Lease Class activities table found below.

On 03/01/2022, Linn Benton Lincoln ESD, OR entered into a 16 month lease as Lessee for the use of GAPS: Fir Grove. An initial lease liability was recorded in the amount of $11,128. As of 06/30/2022, the value of the lease liability is $8,353. Linn Benton Lincoln ESD is required to make monthly fixed payments of $1,050. The lease has an interest rate of 1.0350%. The Buildings estimated useful life was 0 months as of the contract commencement. The value of the right to use asset as of 06/30/2022 of $11,128 with accumulated amortization of $2,782 is included with Buildings on the Lease Class activities table found below. Linn Benton Lincoln ESD had a termination period of 4 months as of the lease commencement.

On 07/01/2021, Linn Benton Lincoln ESD, OR entered into a 144 month lease as Lessee for the use of Lincoln County-Early Childhood Center EI-ECSE. The entire amount of the lease of $726,000 was prepaid. The value of the right to use asset as of 06/30/2022 of $726,000 with accumulated amortization of $60,500 is included with Buildings on the Lease Class activities table found below.

17. LEASES PAYABLE (CONTINUED)

On 07/01/2021, Linn Benton Lincoln ESD, OR entered into a 26 month lease as Lessee for the use of Pitney Bowes. An initial lease liability was recorded in the amount of $7,028. As of 06/30/2022, the value of the lease liability is $3,522. Linn Benton Lincoln ESD is required to make quarterly fixed payments of $883. The lease has an interest rate of 0.5140%. The Equipment estimated useful life was 0 months as of the contract commencement. The value of the right to use asset as of 06/30/2022 of $7,028 with accumulated amortization of $3,207 is included with Equipment on the Lease Class activities table found below.

On 07/01/2021, Linn Benton Lincoln ESD, OR entered into a 84 month lease as Lessee for the use of Benjamin Properties An initial lease liability was recorded in the amount of $40,646. As of 06/30/2022, the value of the lease liability is $35,557. Linn Benton Lincoln ESD is required to make monthly fixed payments of $463. The lease has an interest rate of 1.3750%. The Buildings estimated useful life was 0 months as of the contract commencement. The value of the right to use asset as of 06/30/2022 of $40,646 with accumulated amortization of $5,807 is included with Buildings on the Lease Class activities table found below.

On 07/01/2021, Linn Benton Lincoln ESD, OR entered into a 48 month lease as Lessee for the use of GAPS: Clover Ridge. An initial lease liability was recorded in the amount of $105,600. As of 06/30/2022, the value of the lease liability is $79,200. Linn Benton Lincoln ESD is required to make monthly fixed payments of $2,200. The lease has an interest rate of 0.0000%. The Buildings estimated useful life was 0 months as of the contract commencement. The value of the right to use asset as of 06/30/2022 of $105,600 with accumulated amortization of $26,400 is included with Buildings on the Lease Class activities table found below.

On 07/01/2021, Linn Benton Lincoln ESD, OR entered into a 36 month lease as Lessee for the use of Lincoln County -Taft & Newport. An initial lease liability was recorded in the amount of $18,545. As of 06/30/2022, the value of the lease liability is $12,545. Linn Benton Lincoln ESD is required to make monthly fixed payments of $500. The lease has an interest rate of 0.0000%. The Buildings estimated useful life was 0 months as of the contract commencement. The value of the right to use asset as of 06/30/2022 of $18,545 with accumulated amortization of $6,182 is included with Buildings on the Lease Class activities table found below. Linn Benton Lincoln ESD had a termination period of 1 month as of the lease commencement.

On 07/01/2021, Linn Benton Lincoln ESD, OR entered into a 60 month lease as Lessee for the use of Xerox-EI. An initial lease liability was recorded in the amount of $1,219. As of 06/30/2022, the value of the lease liability is $1,058. Linn Benton Lincoln ESD is required to make monthly fixed payments of $160. The lease has an interest rate of 181.8155%. The Equipment estimated useful life was 0 months as of the contract commencement. The value of the right to use asset as of 06/30/2022 of $1,219 with accumulated amortization of $242 is included with Equipment on the Lease Class activities table found below.

17. LEASES PAYABLE (CONTINUED)

On 07/01/2021, Linn Benton Lincoln ESD, OR entered into a 48 month lease as Lessee for the use of GAPS: Clover Ridge. An initial lease liability was recorded in the amount of $105,600. As of 06/30/2022, the value of the lease liability is $79,200. Linn Benton Lincoln ESD is required to make monthly fixed payments of $2,200. The lease has an interest rate of 0.0000%. The Buildings estimated useful life was 0 months as of the contract commencement. The value of the right to use asset as of 06/30/2022 of $105,600 with accumulated amortization of $26,400 is included with Buildings on the Lease Class activities table found below.

On 07/01/2021, Linn Benton Lincoln ESD, OR entered into a 36 month lease as Lessee for the use of Lincoln County -Taft & Newport. An initial lease liability was recorded in the amount of $18,545. As of 06/30/2022, the value of the lease liability is $12,545.40. Linn Benton Lincoln ESD is required to make monthly fixed payments of $500. The lease has an interest rate of 0.0000%. The Buildings estimated useful life was 0 months as of the contract commencement. The value of the right to use asset as of 06/30/2022 of $18,545 with accumulated amortization of $6,182 is included with Buildings on the Lease Class activities table found below. Linn Benton Lincoln ESD had a termination period of 1 month as of the lease commencement.

On 07/01/2021, Linn Benton Lincoln ESD, OR entered into a 60 month lease as Lessee for the use of Xerox-EI. An initial lease liability was recorded in the amount of $1,219. As of 06/30/2022, the value of the lease liability is $1,058. Linn Benton Lincoln ESD is required to make monthly fixed payments of $160. The lease has an interest rate of 181.8155%. The Equipment estimated useful life was 0 months as of the contract commencement. The value of the right to use asset as of 06/30/2022 of $1,219 with accumulated amortization of $242 is included with Equipment on the Lease Class activities table found below.

The changes in lease liability and right to use asset for the fiscal year ended June 30, 2022 are as follows:

Lease Liability	Balance as of July 1, 2021	Additions	Reductions	Balance as of June 30, 2022
Buildings				
GAPS: Clover Ridge	$ 9,171	$ -	$ 4,576	$ 4,595
GAPS: Clover Ridge	6,114	-	3,050	3,064
GAPS: Fir Grove	-	11,128	2,775	8,353
Benjamin Properties	40,646	-	5,089	35,557
GAPS: Clover Ridge	105,600	-	26,400	79,200
Lincoln County -Taft & Newport	18,545	-	6,000	12,545
Total Building Lease Liability	180,076	11,128	47,890	143,314
Equipment				
Pitney Bowes	7,028	-	3,506	3,522
Xerox-EI	1,219	-	161	1,058
Total Equipment Lease Liability	8,247	-	3,667	4,580
Total Lease Liability	$ 188,323	$ 11,128	$ 51,557	$ 147,894

17. LEASES PAYABLE (CONTINUED)

Capital Assets, Lease Assets	Balance as of July 1, 2021	Additions	Reductions	Balance as of June 30, 2022
Buildings				
GAPS: Clover Ridge	$ 9,171	$ -	$ -	$ 9,171
GAPS: Clover Ridge	6,114	-	-	6,114
GAPS: Fir Grove	-	11,128	-	11,128
Lincoln County-Early Childhood Center EI-ECSE	726,000	-	-	726,000
Benjamin Properties	40,646	-	-	40,646
GAPS: Clover Ridge	105,600	-	-	105,600
Lincoln County -Taft & Newport	18,545	-	-	18,545
Total Building Lease Assets	906,076	11,128	-	917,204
Equipment				
Pitney Bowes	7,028	-	-	7,028
Xerox-EI	1,219	-	-	1,219
Total Equipment Lease Assets	8,247	-	-	8,247
Total Right to Use Lease Assets	914,323	11,128	-	925,451
Lease Accumulated Amortization				
Buildings				
GAPS: Clover Ridge	-	4,585	-	4,585
GAPS: Clover Ridge	-	3,057	-	3,057
GAPS: Fir Grove	-	2,782	-	2,782
Lincoln County-Early Childhood Center EI-ECSE	-	60,500	-	60,500
Benjamin Properties	-	5,807	-	5,807
GAPS: Clover Ridge	-	26,400	-	26,400
Lincoln County -Taft & Newport	-	6,182	-	6,182
Total Building Lease Accumulated Amortization	-	109,313	-	109,313
Equipment				
Pitney Bowes	-	3,207	-	3,207
Xerox-EI	-	242	-	242
Total Equipment Lease Accumulated Amortization	-	3,449	-	3,449
Total Lease Accumulated Amortization	-	112,762	-	112,761
Total Governmental Lease Assets, Net	$ 914,323			$ 812,690

17. LEASES PAYABLE (CONTINUED)

Future lease payments are as follows:

Year	Principal	Interest	Total Payments
2022-2023	$ 57,400	$ 2,456	$ 59,856
2023-2024	38,318	2,282	40,600
2024-2025	32,321	2,091	34,412
2025-2026	6,796	1,398	8,194
2026-2027	6,458	159	6,617
2027-2032	6,601	50	6,651
TOTALS	$ 147,894	$ 8,436	$ 156,330

18. INTERFUND RECEIVABLES/PAYABLES

The District uses interfund receivable/payables as a pooling of cash. Amounts are comprised of the following:

Fund	Interfund Receivable	Interfund Payable
General Fund	$ 3,406,635	$ -
Restricted Fund	-	3,406,635
Toal	$ 3,406,635	$ 3,406,635

LINN BENTON LINCOLN EDUCATION SERVICE DISTRICT
ALBANY, OREGON

REQUIRED SUPPLEMENTARY INFORMATION

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) covered payroll	(b/c) NPL as a percentage of covered payroll	Plan fiduciary net position as a percentage of the total pension liability
2022	0.15 %	$ 17,451,798	$ 15,317,536	113.9 %	87.6 %
2021	0.15	33,132,501	13,225,228	250.5	75.8
2020	0.16	27,573,140	12,754,012	216.2	80.2
2019	0.16	24,657,958	11,842,619	208.2	82.1
2018	0.16	21,744,300	11,613,259	187.2	83.1
2017	0.18	27,291,643	11,184,071	244.0	80.5
2016	0.20	11,533,368	10,487,930	110.0	91.9
2015	0.21	(4,766,397)	9,894,037	(48.2)	103.6
2014	0.21	10,730,783	9,669,508	108.5	92.0

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

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

SCHEDULE OF CONTRIBUTIONS

Year Ended June 30,	Statutorily required contribution	Contributions in relation to the statutorily required contribution	Contribution deficiency (excess)	Employer's covered payroll	Contributions as a percent of covered payroll
2022	$ 4,004,458	$ 4,004,458	$ -	$ 16,128,670	24.8 %
2021	4,398,103	4,398,103	-	15,317,536	28.7
2020	4,032,928	4,032,928	-	13,225,228	30.5
2019	3,133,658	3,133,658	-	12,754,012	24.6
2018	2,978,654	2,978,654	-	11,842,619	25.2
2017	2,381,548	2,381,548	-	11,613,259	20.5
2016	2,276,386	2,276,386	-	11,184,071	21.7
2015	2,257,284	2,257,284	-	10,487,930	22.8
2014	2,143,685	2,143,685	-	9,894,037	22.2

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

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 THE PROPORTIONATE SHARE OF THE NET OPEB ASSET

Year Ended June 30,	(a) Employer's proportion of the net pension asset (NPA)	(b) Employer's proportionate share of the net pension asset (NPA)	(c) covered payroll	(b/c) NPA as a percentage of covered payroll	Plan fiduciary net position as a percentage of the total pension asset
2022	0.11 %	$ 385,735	$ 15,317,536	2.5 %	183.9 %
2021	0.19	230,633	13,225,228	1.7	150.1
2020	0.16	131,580	12,754,012	1.0	144.4

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

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

SCHEDULE OF CONTRIBUTIONS

Year Ended June 30,	Statutorily required contribution	Contributions in relation to the statutorily required contribution	Contribution deficiency (excess)	Employer's covered payroll	Contributions as a percent of covered payroll
2022	$ 2,746	$ 2,746	$ -	$ 16,128,670	0.02 %
2021	3,065	3,065	-	15,317,536	0.02
2020	3,834	3,834	-	13,225,228	0.03

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

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.

LINN BENTON LINCOLN EDUCATION SERVICE DISTRICT
ALBANY, OREGON

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN OTHER POST EMPLOYMENT BENEFITS LIABILITY AND RELATED RATIOS

For the Year Ended June 30, 2022

	2022	2021	2020	2019	2018
Total Other Post Employment Benefits Liability, Beginning	**$ 498,502**	**$ 589,492**	**$ 577,307**	**$ 474,540**	**$ 498,000**
Changes for the year:					
Service Cost	59,754	54,847	52,992	23,891	23,423
Interest	12,145	21,631	20,979	16,873	16,690
Changes in Benefit Terms	-	-	-	-	-
Differences between expected and actual experience	-	(135,908)	-	(5,628)	-
Changes in assumptions or other input	-	21,051	-	121,885	-
Employer Contributions	-	-	-	-	-
Benefit Payments	(36,974)	(52,611)	(61,786)	(54,254)	(63,573)
Net changes for the year	34,925	(90,990)	12,185	102,767	(23,460)
Total Other Post Employment Benefits Liability - Ending	**$ 533,427**	**$ 498,502**	**$ 589,492**	**$ 577,307**	**$ 474,540**
Fiduciary Net Position - Beginning	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**
Contributions - Employer	36,974	52,611	61,786	54,254	63,573
Contributions - Employee	-	-	-	-	-
Net Investment Income	-	-	-	-	-
Benefit Payments	(36,974)	(52,611)	(61,786)	(54,254)	(63,573)
Net changes for the year	-	-	-	-	-
Fiduciary Net Position - Ending	-	-	-	-	-
Net Liability for Other Post Employment Benefits - End of Year	**$ 533,427**	**$ 498,502**	**$ 589,492**	**$ 577,307**	**$ 474,540**
Fiduciary Net Position as a percentage of the total Single Employer Pension Liability	0%	0%	0%	0%	0%
Covered Payroll	$14,800,549	$14,300,047	$15,505,028	$14,089,899	$11,007,772
Net Single Employer Pension Plan as a Percentage of Covered Payroll	3.60%	3.49%	3.80%	4.10%	4.31%

LINN BENTON LINCOLN EDUCATION SERVICE DISTRICT
ALBANY, OREGON

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
For the Year Ended June 30, 2022

GENERAL FUND

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE TO FINAL BUDGET POSITIVE (NEGATIVE)
REVENUES:				
Revenue from Local Sources:				
Taxes	$ 8,676,000	8,676,000	$ 8,758,738	$ 82,738
Earnings from Investments	204,000	204,000	(133,191)	(337,191)
Charges for Services	1,987,000	1,987,000	1,982,637	(4,363)
Other Local Sources	25,000	25,000	44,539	19,539
Total Local Revenue	10,892,000	10,892,000	10,652,723	(239,277)
Revenue from Intermediate Sources:				
Other Intermediate Sources:	$ -	-	$ 248	$ 248
Total Intermediate Souces:	-	-	248	248
Revenue from State Sources:				
School Support Fund	10,698,066	10,698,066	9,869,350	(828,716)
Other State Sources	100,000	100,000	161,022	61,022
Total State Revenue	10,798,066	10,798,066	10,030,372	(767,694)
Total Revenue	$ 21,690,066	$ 21,690,066	$ 20,683,343	$ (1,006,971)

Continued on pages 50 and 50A

LINN BENTON LINCOLN EDUCATION SERVICE DISTRICT
ALBANY, OREGON

SCHEDULE OF EXPENDITURES AND TRANSFERS
BUDGETARY BASIS
For the Year Ended June 30, 2022

GENERAL FUND

	ORIGINAL BUDGET	FINAL BUDGET		SALARIES	EMPLOYEE BENEFITS
INSTRUCTION:					
Special Programs:					
1250 Less Restricted - Students w/ Disabilities	$	$		$ 133,215	$ 70,402
Total Instruction	233,576	233,576	(1)	133,215	70,402
SUPPORT SERVICES:					
Instructional Staff Suppor					
2110 Attendance and Social Worl				68,827	39,206
2140 Psychological Services				2,019,331	1,175,543
2150 Speech Pathology and Audiology Service:				4,890	-
2160 Other Student Treatment Service:				1,051,992	601,657
2210 Improvement of Instructional Service				98,049	54,502
2220 Educational Media Services				81,395	43,968
2240 Educational Staff Developmen				-	-
Central Activities Support Services					
2310 Board of Education Services				-	-
2320 Executive Administration Service				481,402	269,059
2640 Human Resources				304,133	183,762
2660 Technology Services				1,712,477	965,973
Business Support Services					
2510 Direction of Business Support Services				206,126	119,867
2520 Fiscal Services				271,224	157,983
2540 Operation & Maintenance of Plant Service				175,915	109,224
2570 Internal Services				22,875	11,909
Total Support Services	16,184,006	16,184,006	(1)	6,498,636	3,732,653
6110 Contingency	1,520,016	1,520,016	(1)	-	-
Total Expenditures	$ 17,937,598	$ 17,937,598		$ 6,631,851	$ 3,803,055
Excess of Revenues over, (under) Expenditures	3,752,468	3,752,468			
Other Financing Sources, (uses):					
5200 Transfers Out	(7,904,418)	(7,904,418)	(1)		
5300 Apportionment of Funds by ESD	(1,300,000)	(1,300,000)	(1)		
5300 Sale of or Compensation for Loss of Fixed Assets	51,950	51,950			
Total other Financing Sources, (uses)	(9,152,468)	(9,152,468)			
Net Change in Fund Balance	(5,400,000)	(5,400,000)			
Beginning Fund Balance	7,400,000	7,400,000			
Ending Fund Balance	$ 2,000,000	$ 2,000,000			

(1) Appropriation Level

PURCHASED SERVICES	SUPPLIES & MATERIALS	CAPITAL OUTLAY	OTHER OBJECTS	TOTAL	VARIANCE TO FINAL BUDGET POSITIVE (NEGATIVE)
$ 15,551	$ 714	$ -	$ 12,524	$ 232,406	$ (232,406)
15,551	714	-	12,524	232,406	1,170
3,326	433	-	6,260	118,052	
139,303	71,102	7,800	192,112	3,605,191	
-	-	-	-	4,890	
137,582	11,850	-	101,318	1,904,399	
11,410	32,810	-	11,019	207,790	
150	910	-	-	126,423	
-	-	-	-	-	
45,972	3,071	-	42,397	91,440	
52,077	11,421	-	-	813,959	
41,651	28,293	-	1,137	558,976	
293,705	1,066,352	97,289	219,868	4,355,664	
30,375	4,389	-	1,747	362,504	
39,532	49,192	-	182,586	700,517	
150,652	36,715	-	125	472,631	
734	5,800	-	2,314	43,632	
946,469	1,322,338	105,089	760,883	13,366,068	2,817,938
-	-	-	-	-	1,520,016
$ 962,020	$ 1,323,052	$ 105,089	$ 773,407	$ 13,598,474	$ 4,339,124
				7,084,869	3,332,401
				(6,974,224)	930,194
				(1,300,000)	-
				47,628	(4,322)
				(8,226,596)	925,872
				(1,141,727)	4,258,273
				10,243,225	2,843,225
				$ 9,101,498	$ 7,101,498

LINN BENTON LINCOLN EDUCATION SERVICE DISTRICT
ALBANY, OREGON

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
For the Year Ended June 30, 2022

RESTRICTED REVENUE FUND

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE TO FINAL BUDGET POSITIVE (NEGATIVE)
REVENUES:				
From Local Sources:				
Services to other Local Education Agencies	$ 263,248	$ 263,248	$ 221,048	$ (42,200)
Other Miscellaneous	5,300,000	5,300,000	5,035,752	(264,248)
Total from Local Sources	5,563,248	5,563,248	5,256,800	(306,448)
From Intermediate Sources:				
Restricted Revenue	87,700	87,700	56,076	(31,624)
From State Sources:				
Restricted Revenue	14,722,002	14,722,002	11,021,504	(3,700,498)
From Federal Sources				
Restricted Revenue Paid through State	6,629,319	6,629,319	5,483,922	(1,145,397)
Total Revenues	$ 27,002,269	$ 27,002,269	$ 21,818,302	$ (5,183,967)

Continued on pages 52 and 52A

LINN BENTON LINCOLN EDUCATION SERVICE DISTRICT
ALBANY, OREGON

SCHEDULE OF EXPENDITURES BY OBJECT
BUDGETARY BASIS
For the Year Ended June 30, 2022

RESTRICTED REVENUE FUND

	ORIGINAL BUDGET	FINAL BUDGET		SALARIES	EMPLOYEE BENEFITS
INSTRUCTION:					
1220 Special Program for Disabled Students	$	$		$ 736,354	$ 419,672
1260 Early Intervention				3,617,815	2,195,525
1280 Alternate Education				1,002,241	593,780
Total Instruction	11,549,779	11,549,779	(1)	5,356,410	3,208,977
SUPPORT SERVICES:					
2110 Attendance and Social Work Services				108,040	65,765
2120 Guidance Services				90,742	51,057
2130 Health Services				95,404	57,801
2150 Speech Pathology & Audiology Services				69,016	40,878
2160 Other Student Treatment Services				387,733	223,694
2210 Instructional Services				527,477	310,434
2240 Instructional Staff Development				11,182	6,952
2300 Support Services - General Administration				25,797	10,945
2410 Office of the Principal				114,870	64,147
2540 Operation and Maintenance				54,940	34,340
2640 Staff Services				133,000	49,343
2660 Technology Services				-	-
2700 Supplemental Retirement Program				-	18,119
Total Support Services	8,660,314	8,660,314	(1)	1,618,201	933,475
6110 Contingency	258,910	258,910	(1)	-	-
Total Expenditures	$ 20,469,003	$ 20,469,003		$ 6,974,611	$ 4,142,452
Excess of Revenues over, (under) Expenditures	6,533,266	6,533,266			
Other Financing Sources, (uses):					
5100 Lease Proceeds	-	-			
5200 Transfers In	400,000	400,000			
5200 Transfers Out	(601,417)	(601,417)	(1)		
5300 Apportionment of Funds by ESD	(9,473,135)	(9,473,135)	(1)		
Total Other Funding Sources (uses)	(9,674,552)	(9,674,552)			
Net Change in Fund Balance	(3,141,286)	(3,141,286)			
Beginning Fund Balance	3,826,093	3,826,093			
Ending Fund Balance	$ 684,807	$ 684,807			

(1) Appropriation Level

PURCHASED SERVICES	SUPPLIES & MATERIALS	CAPITAL OUTLAY	OTHER	TOTAL	VARIANCE TO FINAL BUDGET POSITIVE (NEGATIVE)
$ 84,290	$ 5,763	$ 13,645	103,846	$ 1,363,570	$
644,634	186,615	33,758	599,905	7,278,252	
221,112	30,096	-	166,558	2,013,787	
950,036	222,474	47,403	870,309	10,655,609	894,170
8,465	667	-	10,813	193,750	
48,061	552	-	57,554	247,966	
2,561,582	544	-	13,955	2,729,286	
1,125	146	-	7,828	118,993	
34,627	1,732	-	59,335	707,121	
123,879	20,899	-	49,444	1,032,133	
214	-	-	1,652	20,000	
438,424	83	-	40,678	515,927	
7,109	265	-	18,083	204,474	
207,871	16,424	11,128	26,296	350,999	
-	6,869	-	-	189,212	
-	10,264	-	809	11,073	
-	-	-	-	18,119	
3,431,357	58,445	11,128	286,447	6,339,053	2,321,261
-	-	-	-	-	258,910
$ 4,381,393	$ 280,919	$ 58,531	$ 1,156,756	$ 16,994,662	$ 3,474,341
				4,823,640	(1,709,626)
				11,128	11,128
				250,000	(150,000)
				(600,000)	1,417
				(7,390,410)	2,082,725
				(7,729,282)	1,945,270
				(2,905,642)	235,644
				3,978,354	152,261
				$ 1,072,712	$ 387,905

LINN BENTON LINCOLN EDUCATION SERVICE DISTRICT
ALBANY, OREGON

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
For the Year Ended June 30, 2022

SPECIAL SERVICE FUND

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE TO FINAL BUDGET POSITIVE (NEGATIVE)
REVENUES:				
From Local Sources:				
Contributions	$ 31,500	$ 31,500	$ 26,260	$ (5,240)
Services to other Funds within District	834,159	834,159	820,214	(13,945)
Recovery Prior Years' Expenditures	-	-	-	-
Services to other Local Education Agencies	3,498,213	3,498,213	3,175,555	(322,658)
Medicaid Revenue	6,000	6,000	-	(6,000)
Other Miscellaneous	358,440	358,440	243,668	(114,772)
Total from Local Sources	4,728,312	4,728,312	4,265,697	(462,615)
From Federal Sources:				
Restricted Revenue	30,000	30,000	39,197	9,197
Total Revenues	$ 4,758,312	$ 4,758,312	$ 4,304,894	$ (453,418)

Continued on pages 54 and 54A

LINN BENTON LINCOLN EDUCATION SERVICE DISTRICT
ALBANY, OREGON

SCHEDULE OF EXPENDITURES BY OBJECT
BUDGETARY BASIS
For the Year Ended June 30, 2022

SPECIAL SERVICE FUND

	ORIGINAL BUDGET	FINAL BUDGET		SALARIES	EMPLOYEE BENEFITS
INSTRUCTION:					
1260 Early Intervention	$	$		$ 257	$ 97
Total Instruction Services	388,500	388,500	(1)	257	97
SUPPORT SERVICES:					
2110 Attendance and Social Work Services				738,526	450,645
2120 Guidance Services				79,747	42,651
2130 Nurse Services				-	-
2140 Psychological				381,407	211,599
2150 Speech Pathology Services				128,949	56,691
2160 Other Student Treatment Services				223,626	122,963
2190 Student Support Services				28,159	23,452
2210 Instructional Services				76,237	44,269
2220 Multimedia Services				-	-
2320 Executive Administratioı				212,511	110,018
2520 Business Services				332,262	193,286
2570 Purchasing				-	-
2610 Central Support Services				-	-
2640 Staff Services				-	-
2660 Technology Services				857,226	472,478
Total Support Services	12,855,110	12,855,110	(1)	3,058,650	1,728,052
6110 Contingency	3,257,687	3,257,687	(1)	-	-
Total Expenditures	$ 16,501,297	$ 16,501,297		$ 3,058,907	$ 1,728,149
Excess of Revenues over, (under) Expenditures	(11,742,985)	(11,742,985)			
Other Financing Sources, (uses):					
5200 Transfers In	5,985,835	5,985,835			
5200 Transfers Out	(80,000)	(80,000)	(1)		
Total Other Funding Sources, (uses)	5,905,835	5,905,835			
Net Change in Fund Balance	(5,837,150)	(5,837,150)			
Beginning Fund Balance	5,837,150	5,837,150			
Ending Fund Balance	$ -	$ -			

(1) Appropriation Level

PURCHASED SERVICES	SUPPLIES & MATERIALS	CAPITAL OUTLAY	OTHER	TOTAL	VARIANCE BUDGET POSITIVE (NEGATIVE)
$ 32,419	$ -	$ -	$ 1,835	$ 34,608	$
32,419	-	-	1,835	34,608	353,892
57,737	3,150	-	65,023	1,315,081	
1,605	-	-	6,944	130,947	
-	-	-	4	4	
10,427	3,245	-	33,974	640,652	
251,970	865	-	24,555	463,030	
54,586	823	-	21,871	423,869	
-	-	-	1,014	52,625	
11,990	5,564	-	7,612	145,672	
-	193,955	-	10,862	204,817	
1,026,606	88,112	-	15,508	1,452,755	
21,790	81,843	-	35,773	664,954	
13,525	-	-	757	14,282	
-	3,629	-	-	3,629	
-	873	-	-	873	
223,631	1,212,549	-	115,126	2,881,010	
1,673,867	1,594,608	-	339,023	8,394,200	4,460,910
-	-	-	-	-	3,257,687
$ 1,706,286	$ 1,594,608	$ -	$ 340,858	$ 8,428,808	$ 8,072,489
				(4,123,914)	7,619,071
				5,185,374	(800,461)
				(61,150)	18,850
				5,124,224	(781,611)
				1,000,310	6,837,460
				6,975,384	1,138,234
				$ 7,975,694	$ 7,975,694

LINN BENTON LINCOLN EDUCATION SERVICE DISTRICT
ALBANY, OREGON

SUPPLEMENTARY INFORMATION

LINN BENTON LINCOLN EDUCATION SERVICE DISTRICT
ALBANY, OREGON

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
For the Year Ended June 30, 2022

DEBT SERVICE

	ORIGINAL BUDGET	FINAL BUDGET		ACTUAL	VARIANCE TO FINAL BUDGET POSITIVE (NEGATIVE)
EXPENDITURES:					
Debt Service	650,000	650,000	(1)	474,750	175,250
Contingency	350,000	350,000	(1)	-	350,000
Total Expenditures	1,000,000	1,000,000		474,750	525,250
Excess, (Deficit) of Revenues Over/Under Expenditures	(1,000,000)	(1,000,000)		(474,750)	525,250
Other Financing Sources, (uses)					
5200 Transfers In	1,000,000	1,000,000		1,000,000	-
Total other Financing Sources	1,000,000	1,000,000		1,000,000	-
Net Change in Fund Balance	-	-		525,250	525,250
Beginning Fund Balance	-	-		-	-
Ending Fund Balance	$ -	$ -		$ 525,250	$ 525,250

(1) Appropriation Level

LINN BENTON LINCOLN EDUCATION SERVICE DISTRICT
ALBANY, OREGON

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
For the Year Ended June 30, 2022

CAPITAL PROJECTS

REVENUES:	ORIGINAL BUDGET	FINAL BUDGET		ACTUAL	VARIANCE TO FINAL BUDGET POSITIVE (NEGATIVE)
Local Source Revenues	$ 34,100	$ 34,100		$ 38,801	$ 4,701
Total Revenues	34,100	34,100		38,801	4,701
EXPENDITURES:					
Total Building Acquisition and Construction	8,430,709	8,430,709	(1)	994,394	7,436,315
Contingency	950,000	950,000	(1)	-	950,000
Total Expenditures	9,380,709	9,380,709		994,394	8,386,315
Excess, (Deficit) of Revenues Over/Under Expenditures	(9,346,609)	(9,346,609)		(955,593)	8,391,016
Other Financing Sources, (uses)					
5200 Transfers In	1,200,000	1,200,000		1,200,000	-
Total other Financing Sources	1,200,000	1,200,000		1,200,000	-
Net Change in Fund Balance	(8,146,609)	(8,146,609)		244,407	8,391,016
Beginning Fund Balance	8,146,609	8,146,609		8,776,284	629,675
Ending Fund Balance	$ -	$ -		$ 9,020,691	$ 9,020,691

(1) Appropriation Level

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

Independent Auditors' Report Required by Oregon State Regulations

We have audited the basic financial statements of the Linn Benton Lincoln Education Service District as of and for the year ended June 30, 2022, and have issued our report thereon dated November 21, 2022. 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 Linn Benton Lincoln Education Service District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, including the provisions of Oregon Revised Statues as specified in Oregon Administrative Rules 162-10-000 through 162-10-320 of the Minimum Standards for Audits of Oregon Municipal Corporations, noncompliance with which could have a direct and material effect on the determination of financial statements amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion.

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

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

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

OAR 162-10-0230 Internal Control

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

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

Kenneth Allen, CPA
PAULY, ROGERS AND CO., P.C.

LINN BENTON LINCOLN EDUCATION SERVICE DISTRICT
ALBANY, OREGON

AUDITORS' REPORT REQUIRED BY OREGON STATE REGULATIONS

LINN BENTON LINCOLN EDUCATION SERVICE DISTRICT
ALBANY, OREGON

GRANT COMPLIANCE REVIEW

LINN BENTON LINCOLN EDUCATION SERVICE DISTRICT
ALBANY, OREGON
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year ended June 30, 2022

Program Title	Pass Through Organization	Federal Assistance Listing Number	Pass Through Entity Number	Period Covered	Expenditures	Passed Through to Subreciepients
U.S. Department of Education						
Title I State Agency Program						
for Neglected and Delinquent Children and Youth	ODE	84.013	15619	07/01/2021-06/30/2023	$ 142,800	$ -
Total Title I State Agency Program for Neglected and Delinquent Children and Youth					142,800	-
Special Education Cluster						
Special Education Grants to States						
Special Education Grants to States-EI/ECSE	ODE	84.027	11113-A7	07/01/2017-06/30/2023	584,208	240,292
Special Education Grants to States-LTCT	ODE	84.027	NA	07/01/2021-06/30/2022	37,800	-
Special Education Grants to States - Regional Program	ODE	84.027	11044-A4	07/01/2017-06/30/2023	1,435,015	376,339
Special Education Grants to States - Regional Program	ODE	84.027		07/01/2021-06/30/2022	318,808	42,061
Special Education Grants to States-EI/ECSE	ODE	84.027	11113-A7	07/01/2021-09/30/2022	119,666	53,743
Special Education Grants to States - Regional Program	ODE	84.027	11044-A4	07/01/2017-06/30/2023	362,721	55,555
Total Special Education Grants to States					2,858,218	767,990
Special Education Grants to States						
Special Education Preschool Grants - EI/ECSE	ODE	84.173	11113-A7	07/01/2021-09/30/2022	78,188	27,832
Special Education Preschool Grants - Regional Program	ODE	84.173	11044-A4	07/01/2021-09/30/2022	8,488	2,047
Special Education Preschool Grants -EI/ECSE	ODE	84.173	11113-A7	07/01/2017-06/30/2023	147,062	60,882
Special Education Preschool Grants - Regional Program	ODE	84.173	11044-A4	07/01/2017-06/30/2023	14,593	3,702
Special Education Preschool Grants - PBIS	ODE	84.173	13805	09/01/2021-08/31/2022	10,000	-
Special Education Preschool Grants - CPS	ODE	84.173	13802	09/01/2021-09/01/2022	10,000	-
Total of Special Education Preschool Grants					268,331	94,463
Total Special Education Cluster					3,126,549	862,453
Rehabilitation Services/Voc Rehab Grants to States - TNF	ODE	84.126	10201-A8	07/01/2021-06/30/2023	167,445	-
Total of Rehabilitaton Services/Vocational Rehabilitaiton Grants to States					167,445	-
Special Education Grants for Infants and Families	ODE	84.181	11113-A7	07/01/2017-06/30/2023	169,803	72,252
Special Education Grants for Infants and Families	ODE	84.181	11113-A7	07/01/2021-09/30/2022	73,364	31,492
Total of Infants & Toddlers with Disabilites Grant					243,167	103,744
Elementary and Secondary School Emergency Relief Fund	ODE	84.425	14474	03/13/2020-09/30/2023	20,486	-
Total Elementary and Secondary School Emergency Relief Fund					20,486	-
Comprehensive Centers	Direct	84.283	NA	07/01/2021-06/30/2022	383,476	-
Total Comprehensive Centers					383,476	-
Total U.S. Department of Education					4,083,923	966,197
US Department of the Treasury						
Coronavirus State and Local Fiscal Recovery Funds (covid)	OAS	21.027	NA	07/01/2021-06/30/2022	1,400,000	1,400,000
Total Coronavirus State and Local Fiscal Recovery Funds					1,400,000	1,400,000
Total U.S. Department of the Treasury					1,400,000	1,400,000
Total Grants Expended and Passed Through to Subrecipients					5,483,923	$966,197
Federal Grant Expenditures Above					5,483,923	
TOTAL FEDERAL FINANCIAL ASSISTANCE					$5,483,923	

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

November 21, 2022

To the Board of Directors
Linn Benton Lincoln Education Service District

Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With *Government Auditing Standards*

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, the financial statements of the governmental activities and each major fund of Linn Benton Lincoln Education Service 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, and have issued our report thereon dated November 21, 2022.

Report on Internal Control Over Financial Reporting

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

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

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

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

Report on Compliance and Other Matters

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

Purpose of this Report

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

Ken Allen

Kenneth Allen, CPA
PAULY, ROGERS AND CO., P.C.

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

November 21, 2022

To the Board of Directors
Linn Benton Lincoln Education Service District

Independent Auditors' Report on Compliance with Requirements Applicable to Each Major Program and on Internal Control over Compliance Required by the Uniform Guidance

Report on Compliance for Each Major Federal Program

Opinion on Each Major Program

We have audited Linn Benton Lincoln Education Service District's compliance with the types of compliance requirements identified as subject to audit in the OMB Compliance Supplement that could have a direct and material effect on each of the major federal programs for the year ended June 30, 2022. The major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, Linn Benton Lincoln Education Service District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2022.

Basis for Opinion on Each Major Federal Program

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

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

Responsibilities of Management for Compliance

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

Auditors' Responsibilities for the Audit of Compliance

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

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

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

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

Report on Internal Control over Compliance

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

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

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

Government Auditing Standards requires the auditor to perform limited procedures on the entity's response to the internal control over compliance findings identified in our audit described in the accompanying schedule of findings and questioned costs. The response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on it.

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

Kenneth Allen, CPA
PAULY, ROGERS AND CO., P.C.

This Page Intentionally Left Blank

LINN-BENTON-LINCOLN EDUCATION SERVICE DISTRICT

SCHEDULE OF PRIOR AND CURRENT YEAR AUDIT FINDINGS AND QUESTIONED COSTS RELATIVE TO FEDERAL AWARDS AND NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For the Year Ended June 30, 2022

SECTION I – SUMMARY OF AUDITORS' RESULTS

FINANCIAL STATEMENTS

Type of auditors' report issued — Unmodified

Internal control over financial reporting:

Material weakness(es) identified? ☐ yes ☒ no

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

Noncompliance material to financial statements noted? ☐ yes ☒ no

Any GAGAS audit findings disclosed that are required to be reported in accordance with the Uniform Guidance? ☐ yes ☒ no

FEDERAL AWARDS

Internal control over major programs:

Material weakness(es) identified? ☐ yes ☒ no

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

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

Any audit findings disclosed that are required to be reported in accordance with the Uniform Guidance? ☐ yes ☒ no

IDENTIFICATION OF MAJOR PROGRAMS

ASSISTANCE LISTING NUMBER	NAME OF FEDERAL PROGRAM CLUSTER
84.027, 84.173	Special Education Cluster (IDEA)
21.027	Coronavirus State and Local Fiscal Recovery Funds

Dollar threshold used to distinguish between type A and type B programs: $750,000
Auditee qualified as low-risk auditee? Yes

SECTION II – FINANCIAL STATEMENT FINDINGS

None

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONS COSTS:

None

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

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

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

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

A. Energy bills for heating - all funds:

		Objects 325 and 326
Function 2540	$	93,981
Function 2550	$	-

B. Replacement of equipment - General Fund:
Include all General Fund expenditures in Object 542, except for the following exclusions:
Exclude these functions:

					Amount
1113, 1122 & 1132	Co-curricular activities	4150	Construction	$	-
1140	Pre-kindergarten	2550	Pupil transportation		
1300	Continuing education	3100	Food service		
1400	Summer school	3300	Community services		

LBL