

**LINN BENTON LINCOLN EDUCATION
SERVICE DISTRICT
ALBANY, OREGON**

FINANCIAL REPORT

FOR THE YEAR ENDED JUNE 30, 2025



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

LINN BENTON LINCOLN EDUCATION SERVICE DISTRICT
ALBANY, OREGON

FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2025

LINN BENTON LINCOLN EDUCATION SERVICE DISTRICT

Albany, Oregon

PRINCIPAL OFFICIALS

BOARD OF DIRECTORS

TERM EXPIRES

Zone 1:	Bill Hays	June 30, 2029
Zone 2:	Lori Greenfield	June 30, 2029
Zone 3:	Michael Thomson	June 30, 2025
Zone 4:	Denise Hughes-Tafen	June 30, 2029
Zone 5:	Amy Vetor, Chair	June 30, 2027
Zone 6:	Miriam Cummins, Vice Chair	June 30, 2027
Zone 7:	Eddie Symington	June 30, 2027

ADMINISTRATION

Jason Hay, Superintendent
Nancy Griffith, Assistant Superintendent
Rocco Luiere, Executive Financial Officer (Registered Agent)
Tim Jones, Executive Information & Technology Officer

The Board members receive mail at the following address:

LBL ESD
905 4th Avenue Southeast
Albany, Oregon 97321

LINN BENTON LINCOLN EDUCATION SERVICE DISTRICT
ALBANY, OREGON

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LINN BENTON LINCOLN EDUCATION SERVICE DISTRICT
ALBANY, OREGON

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LINN BENTON LINCOLN EDUCATION SERVICE DISTRICT
ALBANY, OREGON

INDEPENDENT AUDITORS' REPORT



PAULY, ROGERS, AND CO., P.C.
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(503) 620-2632
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March 17, 2026

INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Linn Benton Lincoln Education Service District
Albany, Oregon

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying basic financial statements of the governmental activities, and each major fund of Linn Benton Lincoln Education Service District (the District), as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the basic financial statements as listed in the table of contents.

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of Linn Benton Lincoln Education Service District as of June 30, 2025, 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.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

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

The budgetary comparison information presented as required supplementary information, is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. 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 information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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 reports dated March 17, 2026, on our consideration of the internal control over financial reporting and on our tests of compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of the reports are to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the internal control over financial reporting or on compliance. The reports are an integral part of an audit performed in accordance with *Government Auditing Standards* in considering internal control over financial reporting and compliance.

In accordance with Minimum Standards for Audits of Oregon Municipal Corporations, we have issued our report dated March 17, 2026, on our consideration of compliance with certain provisions of laws and regulations, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules. The purpose of that report is to describe the scope of our testing of compliance and the results of that testing and not to provide an opinion on compliance.



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

LINN BENTON LINCOLN EDUCATION SERVICE DISTRICT
ALBANY, OREGON

MANAGEMENTS DISCUSSION AND ANALYSIS

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, 2025. 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, 2025, the District's assets and deferred outflows exceeded its liabilities by \$13.5 million (net position).
- The District's total net position decreased by \$2.1 million for the fiscal year.
- The District has \$19.6 million (net of depreciation) 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.

GOVERNMENT-WIDE FINANCIAL STATEMENTS (Cont'd)

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

	<u>2025</u>	<u>2024</u>	<u>Difference</u>
Assets and Deferred Outflows			
Current Assets	\$ 30,275,606	\$ 27,177,387	\$ 3,098,219
Deferred Outflows	14,648,502	11,280,424	3,368,078
Capital Assets (net)	19,693,741	22,132,373	(2,438,632)
Total Assets and Deferred Outflows	<u>64,617,849</u>	<u>60,590,184</u>	<u>4,027,665</u>
Liabilities and Deferred Inflows			
Current Liabilities	11,336,439	7,860,283	(3,476,156)
Long Term Liabilities	36,774,807	36,772,392	(2,415)
Deferred Inflows	2,962,783	267,661	(2,695,122)
Total Liabilities and Deferred Inflows	<u>51,074,029</u>	<u>44,900,336</u>	<u>(6,173,693)</u>
Net Position			
Net Investment in Capital Assets	15,291,552	15,084,257	207,295
Restricted	537,907	2,589,726	(2,051,819)
Unrestricted	(2,285,639)	(1,984,135)	(301,504)
Total Net Position	<u>\$ 13,543,820</u>	<u>\$ 15,689,848</u>	<u>\$ (2,146,028)</u>

The District's net position decreased by \$2,146,028 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 2024-2025, compared to the prior fiscal year, are as follows:

Condensed Statement of Activities

	<u>2025</u>	<u>2024</u>	<u>Difference</u>
Revenues			
Charges for services	\$ 3,486,155	\$ 2,995,079	\$ 491,076
Operating grants and contrib	27,542,897	25,213,492	2,329,405
General Revenues			
Property taxes	9,798,585	9,567,076	231,509
State Revenue Sharing	11,199,380	10,524,778	674,602
Interest and Investment Earn	837,874	814,266	23,608
Miscellaneous	1,014,103	611,320	402,783
Intermediate Sources	309,888	90,714	219,174
Medicaid	7,828,075	9,159,837	(1,331,762)
Total Revenues	<u>62,016,957</u>	<u>58,976,562</u>	<u>3,040,395</u>
Expenses			
Instruction	15,745,922	13,739,540	(2,006,382)
Support Services	36,306,242	34,494,426	(1,811,816)
Other Uses	11,137,979	9,833,184	(1,304,795)
Total Expenditures	<u>63,190,143</u>	<u>58,067,150</u>	<u>(5,122,993)</u>
Change in Net Position	(1,173,186)	909,412	(2,082,598)
Beginning Net Position	15,689,848	14,772,847	917,001
Prior Period Adjustment	(972,842)	7,589	(980,431)
Ending Net Position	<u>\$ 13,543,820</u>	<u>\$ 15,689,848</u>	<u>(2,146,028)</u>

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, 2025, total fund balance of the governmental funds was \$20,085,166. 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. Balances within the funds are further divided to provide for specific programs and functions. The general fund is established primarily to receive State School Fund and Property Tax distributions and provide "Resolution Services" for component school districts and general operations.

Summary of ending fund balances for the major governmental funds for 2024 and 2025 are as follows:

Ending Fund Balance

	<u>2025</u>	<u>2024</u>	<u>Change</u>
General Fund	\$ 9,724,103	\$ 8,829,932	\$ 894,171
Debt Service Fund	1	-	1
Capital Projects Fund	2,051,743	2,294,767	(243,024)
Restricted Revenue Fund	2,410,691	3,167,025	(756,334)
Special Service Fund	5,898,628	5,294,648	603,980
	<u>\$ 20,085,166</u>	<u>\$ 19,586,372</u>	<u>\$ 498,794</u>

The general fund balance increased by \$894,171. Of the general fund ending fund balance, \$3,420,405 is reserved for future resolution expenditures. 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, 2025 the District had \$19,693,741 invested in broad range of capital assets, including land, building, and equipment.

ECONOMIC FACTORS AND THE 2025-2026 BUDGET

The budget for 2025–26 includes total appropriations of \$85,209,700. The increase in the budget is primarily attributable to changes in available funding across the General Fund and Special Revenue Fund, including updated estimates for State School Fund revenue, property taxes, and grant funding. While revenues have increased modestly, the ESD continues to experience cost pressures associated with rising demand for services, particularly in special education, as well as increases in employee compensation and benefits.

Employee compensation remains the largest component of expenditures, and the budget incorporates cost-of-living adjustments, step increases, and benefit cost changes. Staffing levels have been adjusted to align with available resources while maintaining core service delivery.

Educational systems continue to face increasing service expectations alongside rising costs and constrained funding. Demand for special education services and technology support continues to grow, while state and federal funding sources have not kept pace with these pressures. The ESD continues to refine its operating model to respond to these conditions, and in the absence of changes in funding levels or service requirements, continued innovation in service delivery will be essential to maintaining long-term financial stability.

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, 2025

	<u>GOVERNMENTAL</u>
ASSETS:	
Cash and Cash Equivalents	\$ 14,537,579
Receivables	15,244,426
Prepaid Expenses	2,255
Net OPEB Asset - RHIA	491,346
Capital Assets, Not Being Depreciated	177,840
Capital Assets, Net of Depreciation	17,975,302
Lease Right- to- Use Asset, Net of Amortization	545,630
Subscription Asset, Net of Amortization	994,969
	49,969,347
Total Assets	
 DEFERRED OUTFLOWS OF RESOURCES:	
OPEB Related Deferrals (Health Insurance)	89,303
OPEB Related Deferrals (RHIA)	91,351
Pension Related Deferrals (PERS)	14,467,848
	14,648,502
Total Deferred Outflows of Resources	
	64,617,849
 LIABILITIES:	
Current Liabilities:	
Accounts Payable	5,665,215
Accrued Payroll, Taxes, and Employee Withholdings	3,668,264
Accrued Compensated Absences	1,151,224
Interest Payable	12,674
Lease Liability, Current	28,566
Subscription Liability, Current	490,496
Long-Term Obligations Due Within One Year	320,000
Non-Current Liabilities:	
Net Pension Liability - PERS	30,558,260
Long-Term Obligations Due in More than One Year	4,820,000
Lease Liability, Long Term	36,554
Subscription Liability, Long Term	142,214
Bond Premium	616,102
OPEB Liability - Health Insurance	601,677
	48,111,246
Total Liabilities	
 DEFERRED INFLOWS OF RESOURCES:	
Unavailable Grant Revenue	475
OPEB Related Deferrals (Health Insurance)	159,876
OPEB Related Deferrals (RHIA)	36,771
Pension Related Deferrals (PERS)	2,765,661
	2,962,783
Total Deferred Inflows of Resources	
	51,074,029
 NET POSITION:	
Net Investment in Capital Assets	15,291,552
Restricted for:	
Grants & Contracts	46,561
OPEB RHIA Asset	491,346
Unrestricted	(2,285,639)
	13,543,820
Total Net Position	
	\$ 13,543,820

See accompanying notes to basic financial statements.

**LINN BENTON LINCOLN EDUCATION SERVICE DISTRICT
ALBANY, OREGON**

**STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2025**

FUNCTIONS	EXPENDITURES	PROGRAM REVENUES		NET (EXPENSE) REVENUE AND CHANGES IN NET POSITION
		CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	
Governmental Activities:				
Instruction	\$ 15,745,922	\$ 1,054,571	\$ 8,331,802	\$ (6,359,549)
Support Services	36,306,242	2,431,584	19,211,095	(14,663,563)
Other Uses	8,894,923	-	-	(8,894,923)
Gain/Loss on Disposal of Assets	2,243,056	-	-	(2,243,056)
Total Governmental Activities	<u>63,190,143</u>	<u>3,486,155</u>	<u>27,542,897</u>	<u>(32,161,091)</u>
Total Government	<u>\$ 63,190,143</u>	<u>\$ 3,486,155</u>	<u>\$ 27,542,897</u>	<u>(32,161,091)</u>
General Revenues				
				9,798,585
				11,199,380
				837,874
				1,014,103
				309,888
				<u>7,828,075</u>
			Total General Revenues	<u>30,987,905</u>
			Changes in Net Position	(1,173,186)
			Net Position - Beginning (As Restated)	<u>14,717,006</u>
			Net Position - Ending	<u>\$ 13,543,820</u>

See accompanying notes to basic financial statements.

LINN BENTON LINCOLN EDUCATION SERVICE DISTRICT
ALBANY, OREGON
GOVERNMENTAL FUNDS
BALANCE SHEET
June 30, 2025

	General Fund	Restricted Revenue Fund	Debt Service Fund	Capital Projects Fund	Special Service Fund	Total
ASSETS:						
Cash and Cash Equivalents	\$ 6,840,302	\$ -	\$ 1	\$ 2,253,979	\$ 5,443,297	\$ 14,537,579
Receivables:						
Property Taxes	365,140	-	-	-	-	365,140
Accounts	6,797	13,437,951	-	-	1,434,538	14,879,286
Due from Other Funds	6,796,229	-	-	-	-	6,796,229
Prepays	2,255	-	-	-	-	2,255
Total Assets	\$ 14,010,723	\$ 13,437,951	\$ 1	\$ 2,253,979	\$ 6,877,835	\$ 36,580,489
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE:						
Liabilities:						
Accounts Payable	\$ 252,741	\$ 4,231,031	\$ -	\$ 202,236	\$ 979,207	\$ 5,665,215
Accrued Payroll and Payroll Taxes	3,668,264	-	-	-	-	3,668,264
Due to Other Funds	-	6,796,229	-	-	-	6,796,229
Total Liabilities	3,921,005	11,027,260	-	202,236	979,207	16,129,708
Deferred Inflows of Resources:						
Unavailable Revenue-Property Taxes	365,140	-	-	-	-	365,140
Unavailable Revenue-Deferred Grant Revenue	475	-	-	-	-	475
Total Deferred Inflows of Resources	365,615	-	-	-	-	365,615
Fund Balance:						
Nonspendable						
Prepays	2,255	-	-	-	-	2,255
Restricted for:						
Grants & Contracts	-	46,561	-	-	-	46,561
Bond Funded Capital Projects	-	-	-	189,019	-	189,019
Future Health Insurance Premiums	1,870,458	-	-	-	-	1,870,458
Committed						
Employee Pension	1,123,549	-	-	-	-	1,123,549
Technology Equipment	-	1,725,670	-	-	-	1,725,670
Vehicle Replacements	-	286,851	-	-	-	286,851
Component District Investment	-	-	-	-	5,088,729	5,088,729
Assigned						
Debt Service	-	-	1	-	-	1
Component District Collaboration	3,420,405	351,609	-	-	-	3,772,014
Capital Projects and Improvements	-	-	-	1,862,724	-	1,862,724
Future Unemployment Costs	-	-	-	-	809,899	809,899
Unassigned	3,307,436	-	-	-	-	3,307,436
Total Fund Balance	9,724,103	2,410,691	1	2,051,743	5,898,628	20,085,166
Total Liabilities, Deferred Inflows of Resources, and Fund Balance	\$ 14,010,723	\$ 13,437,951	\$ 1	\$ 2,253,979	\$ 6,877,835	\$ 36,580,489

See accompanying notes to basic financial statements.

LINN BENTON LINCOLN EDUCATION SERVICE DISTRICT
ALBANY, OREGON
RECONCILIATION OF THE GOVERNMENTAL FUNDS
BALANCE SHEET TO THE STATEMENT OF NET POSITION
June 30, 2025

Total Fund Balances - Governmental Funds	\$	20,085,166
<p>The net PERS pension asset (liability) is the difference between the total pension liability and the assets set aside to pay benefits earned to past and current employees and beneficiaries.</p>		
		(30,558,260)
<p>The proportionate share of the OPEB Retiree Health Insurance Account (RHIA) OPEB asset is not reported as an asset in the District's governmental activities.</p>		
		491,346
<p>Deferred inflows and outflows of resources related to the pension plan include differences between expected and actual experience, changes of assumptions, differences between projects and actual earning, and contributions subsequent to the measurement date.</p>		
Deferred Outflows (PERS)	\$ 14,467,848	
Deferred Inflows (PERS)	(2,765,661)	
Deferred Outflows (OPEB RHIA)	91,351	
Deferred Inflows (OPEB RHIA)	(36,771)	
Deferred Outflows (OPEB Health)	89,303	
Deferred Inflows (OPEB Health)	<u>(159,876)</u>	11,686,194
<p>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.</p>		
Net Capital Assets		18,153,142
<p>The unamortized portion of prepaid pension cost, bond premiums and bond issuance costs is not available to pay for current period expenditures, and therefore is not reported in the governmental funds.</p>		
Bonds Premium		(616,102)
<p>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.</p>		
<p>Long-Term Liabilities</p>		
OPEB Liability - Health Insurance	(601,677)	
Accrued Compensated Absences	(1,151,224)	
Interest Payable	(12,674)	
General Obligation Bonds Payable	(5,140,000)	
Lease Liability	(65,120)	
SBITA Liability	<u>(632,710)</u>	(7,603,405)
<p>Property tax revenue in the Statement of Activities differs from the amount reported in the governmental funds. In the governmental funds, which are on the modified accrual basis, the District recognizes unavailable revenue for all property taxes levied but not received; however, in the Statement of Activities, there is no unavailable revenue and the full property tax receivable is accrued.</p>		
Unearned Revenue Related to Property Taxes - General Fund		365,140
<p>Right-to-use assets are not financial resources and therefore are not reported in the governmental funds.</p>		
Lease Right to Use Asset	545,630	
Subscription Right to Use Asset	<u>994,969</u>	<u>1,540,599</u>
Net Position	\$	<u><u>13,543,820</u></u>

See accompanying notes to basic financial statements.

LINN BENTON LINCOLN EDUCATION SERVICE DISTRICT
ALBANY, OREGON
GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
For the Year Ended June 30, 2025

	General Fund	Restricted Revenue Fund	Debt Service Fund	Capital Projects Fund	Special Service Fund	Total
Revenues:						
Taxes	\$ 9,761,806	\$ -	\$ -	\$ -	\$ -	\$ 9,761,806
State and Local Sources	67,055	18,246,085	-	-	4,051,407	22,364,547
Earnings from Investments	837,874	-	-	-	-	837,874
Miscellaneous	298,726	39,976	-	42,436	833,330	1,214,468
Intermediate Sources	520	309,368	-	-	-	309,888
State Revenue Sharing	11,199,380	-	-	-	-	11,199,380
Charges for Services	2,742,519	-	-	-	743,636	3,486,155
Medicaid	-	7,828,075	-	-	-	7,828,075
Federal Sources	1,520	5,105,290	-	-	71,540	5,178,350
Total Revenues	24,909,400	31,528,794	-	42,436	5,699,913	62,180,543
Expenditures:						
Current:						
Instruction	218,319	15,320,981	-	-	6,262	15,545,562
Support Services	17,540,750	8,272,296	-	-	10,031,213	35,844,259
Building Acquisition Construction & Improvement	-	-	-	17,017	-	17,017
Capital Outlay	153,291	648,945	-	268,443	11,983	1,082,662
Debt Service	-	-	473,499	-	-	473,499
Total Expenditures	17,912,360	24,242,222	473,499	285,460	10,049,458	52,962,999
Revenues Over (Under) Expenditures	6,997,040	7,286,572	(473,499)	(243,024)	(4,349,545)	9,217,544
Other Financing Sources (Uses):						
Transfer In	-	3,788	473,500	-	4,953,525	5,430,813
Transfer Out	(4,802,870)	(627,943)	-	-	-	(5,430,813)
Transits	(1,299,999)	(7,418,751)	-	-	-	(8,718,750)
Total Other Financing Sources (Uses)	(6,102,869)	(8,042,906)	473,500	-	4,953,525	(8,718,750)
Net Change in Fund Balances	894,171	(756,334)	1	(243,024)	603,980	498,794
Fund Balances, Beginning of Year	8,829,932	3,167,025	-	2,294,767	5,294,648	19,586,372
Fund Balances, End of Year	<u>\$ 9,724,103</u>	<u>\$ 2,410,691</u>	<u>\$ 1</u>	<u>\$ 2,051,743</u>	<u>\$ 5,898,628</u>	<u>\$ 20,085,166</u>

See accompanying notes to basic financial statements.

LINN BENTON LINCOLN EDUCATION SERVICE DISTRICT
ALBANY, OREGON
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, 2025

Total Net Changes in Fund Balances - Governmental Funds	\$	498,794
<p>The PERS pension income (expense) represents the changes in net pension asset (liability) from year to year due to changes in total pension liability and the fair value of pension plan net position available to pay pension benefits.</p>		
		(82,955)
<p>OPEB - RHIA income (expense) represents the net change in total OPEB liability from year to year related to the medical benefit OPEB and is not included in the governmental funds.</p>		
		56,980
<p>Capital Outlays are reported in governmental funds as expenditures. However, in the Statement of Activities, the cost of those assets is capitalized and allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation exceeds capital outlay.</p>		
Capital Asset Additions	\$	991,873
New Subscription Right- to- Use Asset		790,218
Depreciation Expense		(1,146,372)
Gain/(Loss) on Disposal		(2,134,018)
		(1,498,299)
<p>Long-term debt proceeds are reported as other financing sources in governmental funds. In the Statement of Net Position, however, issuing long-term debt increases liabilities. Similarly, repayment of principal is an expenditure in the governmental funds but reduces the liability in the Statement of Net Position. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the Statement of Activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.</p>		
Bond Premium Amortization		44,007
New Subscription Liability		(790,218)
Change in Accrued Compensated Absences		44,892
Debt Principal Repaid		310,000
		(391,319)
<p>In the Statement of Activities interest expense is accrued on long-term debt, whereas in the governmental funds it is recorded as an interest expense when due.</p>		
		(12,674)
<p>Property taxes that do not meet the measurable and available criteria are not recognized as revenue in the current year in the governmental funds. In the Statement of Activities property taxes are recognized as revenue when levied.</p>		
Change in Unearned Revenue - General Fund		36,779
<p>Post retirement obligations are recognized as an expenditure in the governmental funds when they are paid. In the Statement of Activities post retirement obligations are recognized as an expenditure when earned.</p>		
OPEB Health Insurance Income (Expense)		(19,144)
<p>Payment on Lease and Subscription Liabilities decreases liabilities in the Statement of Net Position.</p>		
Payment on Lease Liability		55,919
Payment on Subscription Liability		1,123,066
		1,178,985
<p>Expenditure for Right-to-use Assets reduces the Prepaid Expenses in the Statement of Net Position and Amortization Expense increases the expenses on the Statement of Activities.</p>		
Gain/(Loss) on Disposal - Subscription Assets		(109,038)
Amortization Expense - Lease Assets		(116,460)
Amortization Expense - Subscription Assets		(714,835)
		(940,333)
Change in Net Position of Governmental Activities	\$	(1,173,186)

See accompanying notes to basic financial statements.

LINN BENTON LINCOLN EDUCATION SERVICE DISTRICT
ALBANY, OREGON

NOTES TO THE BASIC FINANCIAL STATEMENTS

LINN BENTON LINCOLN EDUCATION SERVICE DISTRICT
ALBANY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

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 Government-Wide financial statements.

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.

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.

LINN BENTON LINCOLN EDUCATION SERVICE DISTRICT
ALBANY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

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.

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.

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.

LINN BENTON LINCOLN EDUCATION SERVICE DISTRICT
ALBANY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 bond proceeds.

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.

SUPPLY INVENTORY

Supplies inventory is valued at cost using first-in, first-out (FIFO) method. Accounting for supplies inventory is based on the consumption method in the government-wide financial statements. Under the consumption method, all inventory items are charged to expenditures of user departments at the time of withdrawal from inventory. Donated commodities consumed during the year are reported as revenues and expenditures. The amount of unused supply inventories and donated commodities at the date of these statements is considered immaterial by management for reporting purposes.

LINN BENTON LINCOLN EDUCATION SERVICE DISTRICT
ALBANY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

PREPAID ITEMS

Payments to vendors may reflect costs applicable to future accounting periods and are recorded as prepaid items in the government-wide and fund financial statements.

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

LEASE ASSETS

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

LEASE LIABILITIES

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

SUBSCRIPTION ASSETS

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

LINN BENTON LINCOLN EDUCATION SERVICE DISTRICT
ALBANY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

SUBSCRIPTION LIABILITIES

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

ACCRUED COMPENSATED ABSENCES

The District recognizes a liability for compensated absences for leave time that (1) has been earned for services previously rendered by employees, (2) accumulates and is allowed to be carried over to subsequent years, and (3) is more likely than not to be used as time off or settled (for example paid in cash to the employee or payment to an employee flex spending account) during or upon separation from employment. Based on the criteria listed, two types of leave qualifies for liability recognition for compensated absences – vacation leave and sick leave. The liability for compensated absences is reported as incurred in the government-wide financial statements. A liability for compensated absences is recorded in the governmental funds only if the liability has matured because of employee resignations or retirements. The liability for compensated absences includes salary-related benefits, where applicable.

VACATION LEAVE

The District's policy permits employees to accumulate earned but unused vacation benefits, which are eligible for payment at the employee's current pay rate upon separation from employment. Vacation leave may be carried over from year to year up to a maximum of 160 hours. Effective July 1, 2025, the maximum accumulated vacation leave balance increased to 200 hours.

SICK LEAVE

The District's policy permits employees to accumulate earned but unused sick leave. All sick leave lapses when employees leave the employ of the District and, upon separation from service, no monetary obligation exists. However, a liability for estimated value of sick leave that will be used by employees as time off is included in the liability for compensated absences.

LINN BENTON LINCOLN EDUCATION SERVICE DISTRICT
ALBANY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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. 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

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

LINN BENTON LINCOLN EDUCATION SERVICE DISTRICT
ALBANY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

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.

ESTIMATES

The preparation of basic 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 basic financial statements and reported amounts of revenues, expenditures and expenses during the reporting period. Actual results could differ from those estimates.

RECEIVABLES

Grant and other accounts receivables consist of amounts due from school districts for services provided, grants, and reimbursements. Management believes that the amount of any uncollectible accounts included in receivables is immaterial; therefore, no provision for uncollectible accounts has been made.

Transactions between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "interfund receivables/payables" (I.E., the current portion of interfund loans) or "advances to/from other funds" (I.E., the noncurrent portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds".

LINN BENTON LINCOLN EDUCATION SERVICE DISTRICT
ALBANY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

DEFERRED OUTFLOW/INFLOW OF RESOURCES

In addition to assets, the basic financial statements will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to future periods and so will not be recognized as an outflow of resources (expense/expenditure) until then. At June 30, 2025, there were deferred outflows representing PERS pension related deferrals, and OPEB related deferrals for Health Insurance and RHIA reported in the Statement of Net Position.

In addition to liabilities, the basic financial statements will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to future periods and so will not be recognized as an inflow of resources (revenue) until that time. The District has two types of items which qualify for reporting in this category. The first, unavailable revenue from property taxes and grants, are reported in the governmental funds balance sheet. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. At June 30, 2025, there were also deferred inflows representing deferred grants, PERS pension related deferrals, and OPEB related deferrals for Health Insurance and RHIA, reported in the Statement of Net Position.

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.

The District also offers its employees a tax-sheltered annuity program established pursuant to Section 401(a), 403(b), and 457 of the Internal Revenue Code (the Code). The District does not make ongoing employer contributions to the plan. See Note 14.

UNEARNED REVENUE

Unearned revenue is reported on the Statement of Net Position when resources are received before the District has a legal claim to them, as when grant monies are received prior to incurring qualifying expenditures.

On the fund financial statements, unearned revenue arises when resources do not satisfy both the measurable and available criteria for recognition in the current year, such as property taxes received more than 60 days after year-end. In subsequent periods, when both recognition criteria are met, the revenue is recognized.

LINN BENTON LINCOLN EDUCATION SERVICE DISTRICT
ALBANY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

LINN BENTON LINCOLN EDUCATION SERVICE DISTRICT
ALBANY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

BUDGETARY INFORMATION

Legally required budgets are adopted for all funds on the modified accrual basis. The resolution authorizing appropriations sets the level by which expenditures cannot legally exceed appropriations. This resolution establishes appropriations at the functional level within each fund. A detailed budget is also prepared, containing more specific detailed information than the above mentioned expenditure appropriation categories. Unexpected additional resources may be added to the budget through the use of a supplemental budget. A supplemental budget requires hearings before the public, publications in newspapers, and approval by the Budget Committee and the Board of Directors.

Original budgets may be modified by the preparation of supplemental budgets. There were no supplemental budgets authorized by the Board of Directors during the year. Budgets may also be modified by appropriation transfers between the levels of control. Management may make transfers of appropriations within a function. Transfers of appropriations between functions require the approval of the Board of Directors. One appropriation transfer was authorized by the Board of Directors during the year. Expenditures of the various funds were within authorized appropriations

3. BUDGET/GAAP REPORTING DIFFERENCES

While the government-wide statements report the financial position, results of operations, and changes in fund balance/net position on the accrual basis of accounting principles generally accepted in the United States of America (GAAP), the 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 modified accrual basis to provide a meaningful comparison of actual results with the budget. The primary differences between the budgetary basis and GAAP basis are described in Note 1.

LINN BENTON LINCOLN EDUCATION SERVICE DISTRICT
ALBANY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

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, 2025. 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, 2025, the fair value of the position in the LGIP is **100.49%** 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, 2025 (recorded at fair value) consisted of:

<u>Deposits with Financial Institutions:</u>	
Demand Deposits	\$ 3,593,027
State Treasurer's Investment Pool	10,944,552
Total Deposits with Financial Institutions	\$ 14,537,579

The District had the following investments and maturities:

Investment Type:	Fair Value	Investment Maturities (in Months)		
		Less than 3	3-18	18-59
State Treasurer's Investment Pool	\$ 10,944,552	\$ -	\$ -	\$ -
Total	\$ 10,944,552	\$ -	\$ -	\$ -

LINN BENTON LINCOLN EDUCATION SERVICE DISTRICT
ALBANY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

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, 2025, the District had \$3,968,052 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. No provision for bad debts has been made as management believes all amounts are collectible.

LINN BENTON LINCOLN EDUCATION SERVICE DISTRICT
ALBANY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

6. CAPITAL ASSETS

The changes in capital assets for the fiscal year ended June 30, 2025, are as follows:

	Balance July 1, 2024	Additions	Deletions	Balance June 30, 2025
Governmental Activities:				
Capital Assets Not Being Depreciated:				
Land and Land Improvements	\$ 177,840	\$ -	\$ -	\$ 177,840
Total Assets Not Being Depreciated	177,840	-	-	177,840
Capital Assets Being Depreciated:				
Buildings and Improvements	17,181,683	522,498	-	17,704,181
Equipment & Vehicles	4,904,144	469,375	(38,601)	5,334,918
Intangibles	15,013,673	-	(14,408,366)	605,307
Lease Assets	990,556	-	(104,544)	886,012
Subscription Assets	1,735,072	790,218	(633,020)	1,892,270
Total Capital Assets Being Depreciated	39,825,128	1,782,091	(15,184,531)	26,422,688
Accumulated Depreciation:				
Buildings and Improvements	(1,268,641)	(573,123)	-	(1,841,764)
Equipment	(2,693,962)	(573,249)	19,703	(3,247,508)
Intangibles	(12,873,078)	-	12,293,246	(579,832)
Lease Amortization	(328,466)	(116,460)	104,544	(340,382)
Subscription Amortization	(706,448)	(714,835)	523,982	(897,301)
Total Accumulated Depreciation	(17,870,595)	(1,977,667)	12,941,475	(6,906,787)
Total Depreciable Assets, net	21,954,533			19,515,901
Total Capital Assets, Net	\$ 22,132,373			\$ 19,693,741

Deletions of capital assets during fiscal year 2024–2025 primarily relate to the disposal of a van and several intangible assets. These disposals resulted in a loss on disposal of capital assets of \$2,243,056, which is reported in the statement of activities.

Depreciation and amortization expense for the year ended June 30, 2025, was allocated to the functions as follows:

Instruction	\$ 598,250
Support Services	1,379,417
Total	\$ 1,977,667

LINN BENTON LINCOLN EDUCATION SERVICE DISTRICT
ALBANY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

7. LONG-TERM OBLIGATIONS:

General Obligation Bonds Payable

At June 30, 2025, 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 long-term obligations for 2024-2025 were as follows:

Issue Date	Interest Rates	Principal			Outstanding Ending Balance	Due within One Year
		Outstanding Beginning Balance	Increases	Decreases		
Bonds Payable:						
May 11, 2021	3.00%	\$ 5,450,000	\$ -	\$ 310,000	\$ 5,140,000	\$ 320,000
Subtotal		5,450,000	-	310,000	5,140,000	320,000
Bond Premium		660,109	-	44,007	616,102	
Compensated Absences*		1,196,116	-	44,892	1,151,224	1,151,224
Total		<u>\$ 7,306,225</u>	<u>\$ -</u>	<u>\$ 398,899</u>	<u>\$ 6,907,326</u>	<u>\$ 1,471,224</u>

* - The change in compensated absences above is a net change for the year.

Future maturities of Bonds Payable were as follows:

Fiscal Year Ending	Principal	Interest	Total Requirements
		Full Faith and Credit Bonds	
2026	\$ 320,000	\$ 154,200	\$ 474,200
2027	330,000	144,600	474,600
2028	340,000	134,700	474,700
2029	350,000	124,500	474,500
2030	360,000	114,000	474,000
2031-2035	1,960,000	401,850	2,361,850
2036-2039	1,480,000	98,850	1,578,850
Total Debt and Interest	<u>\$ 5,140,000</u>	<u>\$ 1,172,700</u>	<u>\$ 6,312,700</u>

LINN BENTON LINCOLN EDUCATION SERVICE DISTRICT
ALBANY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

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 (ACFR) which can be found at:

<https://www.oregon.gov/pers/Documents/Financials/ACFR/2024-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.
 - 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.

LINN BENTON LINCOLN EDUCATION SERVICE DISTRICT
ALBANY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

8. DEFINED BENEFIT PENSION PLAN (Continued)

b. **OPSRP Pension Program (OPSRP DB).** The ORS Chapter 238A Defined Benefit Pension Program provides benefits to members hired on or after August 29, 2003.

i. **Pension Benefits.** This portion of OPSRP provides a life pension funded by employer contributions. Benefits are calculated with the following formula for members who attain normal retirement age:

Police and fire: 1.8 percent is multiplied by the number of years of service and the final average salary. Normal retirement age for police and fire members is age 60 or age 53 with 25 years of retirement credit. To be classified as a police and fire member, the individual must have been employed continuously as a police and fire member for at least five years immediately preceding retirement. Under House Bill (HB) 2283, passed during the 2023 legislative session and effective January 1, 2024, if a member has established retirement eligibility under the police and fire classification, they retain that eligibility even if they perform service thereafter as other than police and fire. Under HB 4045, passed during the 2024 legislative session and effective January 1, 2025, normal retirement age for police and fire members will be lowered to age 55 or age 53 with 25 years of retirement credit.

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. Disability benefits continue until the member is no longer disabled or otherwise no longer qualifies for benefits, reaches normal retirement age, or dies.

iv. **Benefit Changes After Retirement.** Under ORS 238.360, monthly benefits are adjusted annually through cost-of-living changes (COLA), starting with the monthly benefits received or entitled to be received on August 1. The COLA is capped at 2.0 percent.

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, 2021 actuarial valuation, which became effective July 1, 2023. 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, 2025 were \$5,206,789, excluding amounts to fund employer specific liabilities. In addition, approximately \$1,173,651 in employee contributions were paid or picked up by the District in 2024-2025.

LINN BENTON LINCOLN EDUCATION SERVICE DISTRICT
ALBANY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

8. DEFINED BENEFIT PENSION PLAN (Continued)

Pension Asset or Liability – At June 30, 2025, the District reported a net pension liability of \$30,558,260 for its proportionate share of the net pension liability. The pension liability was measured as of June 30, 2024, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation dated December 31, 2022. The District’s proportion of the net pension liability was based on a projection of the District’s long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. As of the measurement dates of June 30, 2024, and 2023, the District’s proportion was .137 percent and .147 percent, respectively. Pension expense for the year ended June 30, 2025, was \$82,955.

The rates in effect for the year ended June 30, 2025, were:

- (1) Tier 1/Tier 2 – 27.87%
- (2) OPSRP general services – 25.03%

	Deferred Outflow of Resources	Deferred Inflow of Resources
Difference between expected and actual experience	\$ 1,810,294	\$ 72,933
Changes in assumptions	3,072,337	3,936
Net difference between projected and actual earnings on pension plan investments	1,941,304	-
Net changes in proportionate share	489,783	1,899,160
Differences between District contributions and proportionate share of contributions	1,947,341	789,632
Subtotal - Amortized Deferrals (below)	9,261,059	2,765,661
District contributions subsequent to measuring date	5,206,789	-
Deferred outflow (inflow) of resources	<u>\$ 14,467,848</u>	<u>\$ 2,765,661</u>

The amount of contributions subsequent to the measurement date will be included as a reduction of the net pension liability in the fiscal year ended June 30, 2026.

Subtotal amounts related to pension as deferred outflows of resources \$9,261,059, and deferred inflows of resources, (\$2,765,661), net to \$6,495,398 and will be recognized in pension expense as follows:

Year ending June 30,	Amount
2026	\$ 74,615
2027	3,434,430
2028	1,852,285
2029	964,010
2030	170,058
Thereafter	-
Total	<u>\$ 6,495,398</u>

All assumptions, methods and plan provisions used in these calculations are described in the Oregon PERS system-wide GASB 68 reporting summary dated January 31, 2025. Oregon PERS produces an independently audited ACFR which can be found at:

<https://www.oregon.gov/pers/Documents/Financials/ACFR/2024-ACFR.pdf>

LINN BENTON LINCOLN EDUCATION SERVICE DISTRICT
ALBANY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

8. DEFINED BENEFIT PENSION PLAN (Continued)

Actuarial Valuations – The employer contribution rates effective July 1, 2023, through June 30, 2025, were set using the entry age normal actuarial cost method. For the Tier One/Tier Two component of the PERS Defined Benefit Plan, this method produced an employer contribution rate consisting of (1) an amount for normal cost (estimated amount necessary to finance benefits earned by employees during the current service year), (2) an amount for the amortization unfunded actuarial accrued liabilities, which are being amortized over a fixed period with new unfunded actuarial liabilities being amortized over 20 years.

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

Actuarial Methods and Assumptions:

Valuation date	December 31, 2022
Measurement Date	June 30, 2024
Experience Study Report	2022, Published July 24, 2023
Actuarial cost method	Entry Age Normal
Inflation rate	2.40 percent
Investment rate of return	6.90 percent
Discount rate	6.90 percent
Projected salary increase	3.40 percent
Cost of Living Adjustment	Blend of 2% COLA and graded COLA (1.25%/0.15%) in accordance with <i>Moro</i> decision; blend based on service
Mortality	<p><u>Healthy retirees and beneficiaries:</u> Pub-2010 Healthy Retiree, sex distinct, generational with Unisex, Social Security Data Scale, with job category adjustments and set-backs as described in the valuation.</p> <p><u>Active members:</u> Pub-2010 Employee, sex distinct, generational with Unisex, Social Security Data Scale, with job category adjustments and set-backs as described in the valuation.</p> <p><u>Disabled retirees:</u> Pub-2010 Disabled Retiree, sex distinct, generational with Unisex, Social Security Data Scale, with job category adjustments and set-backs as described in the valuation.</p>

Actuarial valuations of an ongoing plan involve estimates of value of reported amounts and assumptions about the probability of events far into the future. Actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. Experience studies are performed as of December 31 of even numbered years. The method and assumptions shown are based on the 2022 Experience Study, which is reviewed for the four-year period ending December 31, 2022.

LINN BENTON LINCOLN EDUCATION SERVICE DISTRICT
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NOTES TO BASIC FINANCIAL STATEMENTS

8. DEFINED BENEFIT PENSION PLAN (Continued)

Assumed Asset Allocation:

Asset Class/Strategy	Low Range	High Range	OIC Target
Debt Securities	20.0%	30.0%	25.0%
Public Equity	22.5%	32.5%	27.5%
Real Estate	9.0%	16.5%	12.5%
Private Equity	17.5%	27.5%	20.0%
Real Assets	2.5%	10.0%	7.5%
Diversifying Strategies	2.5%	10.0%	7.5%
Opportunity Portfolio	0.0%	5.0%	0.0%
Total			100.0%

(Source: June 30, 2024 PERS ACFR; p. 116)

Long-Term Expected Rate of Return:

To develop an analytical basis for the selection of the long-term expected rate of return assumption, in January 2023 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	27.50%	7.07%
Private Equity	25.50%	8.83%
Core Fixed Income	25.00%	4.50%
Real Estate	12.25%	5.83%
Master Limited Partnerships	0.75%	6.02%
Infrastructure	1.50%	6.51%
Hedge Fund of Funds - Multistrategy	1.25%	6.27%
Hedge Fund Equity - Hedge	0.63%	6.48%
Hedge Fund - Macro	5.62%	4.83%
<i>Assumed Inflation - Mean</i>		2.35%

(Source: June 30, 2024 PERS ACFR; p. 88)

LINN BENTON LINCOLN EDUCATION SERVICE DISTRICT
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NOTES TO BASIC FINANCIAL STATEMENTS

8. DEFINED BENEFIT PENSION PLAN (Continued)

Discount Rate – The discount rate used to measure the total pension liability as of the measurement dates of June 30, 2024 and 2023 was 6.90 percent, for both years, for the Defined Benefit Pension Plan. The projection of cash flows used to determine the discount rate assumed that contributions from the plan members and those of the contributing employers are made at the contractually required rates, as actuarially determined. Based on those assumptions, the pension plan’s fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments for the Defined Benefit Pension Plan was applied to all periods of projected benefit payments to determine the total pension liability.

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

	1% Decrease (5.90%)	Discount Rate (6.90%)	1% Increase (7.90%)
District's proportionate share of the net pension liability	\$ 48,204,414	\$ 30,558,260	\$ 15,778,744

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, 2024, Measurement Date that meet this requirement and thus would require a brief description under the GASB standard.

OPSRP Individual Account Program (OPSRP IAP)

Plan Description:

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

LINN BENTON LINCOLN EDUCATION SERVICE DISTRICT
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NOTES TO BASIC FINANCIAL STATEMENTS

8. DEFINED BENEFIT PENSION PLAN (Continued)

OPSRP Individual Account Program (OPSRP IAP) (Continued)

Pension Benefits:

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

Death Benefits:

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

Contributions:

Employees of the District pay six (6) percent of their covered payroll. Effective July 1, 2020, currently employed Tier 1/Tier 2 and OPSRP members earning \$2,500 or more per month (increased to \$3,333 per month in 2022) will have a portion of their 6 percent monthly IAP contributions redirected to an Employee Pension Stability Account. The Employee Pension Stability Account will be used to pay part of the member's future benefit. Of the 6 percent monthly IAP contribution, Tier 1/Tier 2 will have 2.5 percent redirected to the Employee Pension Stability Account and OPSRP will have 0.75 percent redirected to the Employee Pension Stability Account, with the remaining going to the member's existing IAP account. Members may voluntarily choose to make additional after-tax contributions into their IAP account to make a full 6 percent contribution to the IAP. The District did not make any optional contributions to member IAP accounts for the year ended June 30, 2025.

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>

LINN BENTON LINCOLN EDUCATION SERVICE DISTRICT
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NOTES TO BASIC FINANCIAL STATEMENTS

9. OTHER POST EMPLOYMENT BENEFIT PLAN – (RHIA)

Plan Description:

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

Funding Policy:

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

Participating employers are contractually required to contribute to RHIA at a rate assessed each year by OPERS, and the District currently contributes 0.00% of annual covered OPERF payroll and 0.00% of OPSRP payroll under a contractual requirement in effect until June 30, 2025. 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 year ended June 30, 2025, were \$263.

At June 30, 2025, the District reported a net OPEB asset of \$491,346 for its proportionate share of the net OPEB asset. The OPEB asset was measured as of June 30, 2024, and the total OPEB asset used to calculate the net OPEB asset was determined by an actuarial valuation as of December 31, 2022. Consistent with GASB Statement No. 75, paragraph 59(a), the District's proportion of the net OPEB asset is determined by comparing the employer's actual, legally required contributions made during the fiscal year to the Plan with the total actual contributions made in the fiscal year of all employers. As of the measurement dates of June 30, 2024, and 2023, the District's proportion was .122 percent and .163 percent, respectively. OPEB income for the year ended June 30, 2025, was \$56,980.

LINN BENTON LINCOLN EDUCATION SERVICE DISTRICT
ALBANY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

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

Components of OPEB Expense/(Income):

Components of OPEB Expense/(Income)

Employer's proportionate share of collective system OPEB Expense/(Income)	\$ (58,416)
Net amortization of employer-specific deferred amounts from:	
- Changes in proportionate share (per paragraph 64 of GASB 75)	1,966
- Differences between employer contributions and employer's proportionate share of system contributions (per paragraph 65 of GASB 75)	-
Employer's Total OPEB Expense/(Income)	<u>\$ (56,450)</u>

Components of Deferred Outflows/Inflows of Resources:

	Deferred Outflow of Resources	Deferred Inflow of Resources
Difference between expected and actual experience	\$ -	\$ 9,610
Changes in assumptions	-	6,215
Net difference between projected and actual earnings on pension plan investments	13,873	-
Net changes in proportionate share	77,215	20,946
Differences between District contributions and proportionate share of contributions	-	-
Subtotal - Amortized Deferrals (below)	91,088	36,771
District contributions subsequent to measuring date	263	-
Deferred outflow (inflow) of resources	\$ 91,351	\$ 36,771

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, 2026.

Subtotal amounts related to OPEB as deferred outflows of resources, \$91,088, and deferred inflows of resources, (\$36,771), net to \$54,317 and will be recognized in OPEB income as follows:

Year ending June 30,	Amount
2026	\$ 21,397
2027	23,813
2028	7,505
2029	1,602
2030	-
Thereafter	-
Total	\$ 54,317

All assumptions, methods and plan provisions used in these calculations are described in the Oregon PERS system-wide GASB 75 reporting summary dated January 31, 2025. Oregon PERS produces an independently audited ACFR which can be found at:

<https://www.oregon.gov/pers/Documents/Financials/ACFR/2024-ACFR.pdf>

LINN BENTON LINCOLN EDUCATION SERVICE DISTRICT
ALBANY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

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

Actuarial Methods and Assumptions:

Valuation Date	December 31, 2022
Measurement Date	June 30, 2024
Experience Study Report	2022, Published July 20, 2023
Actuarial cost method	Entry Age Normal
Inflation rate	2.40 percent
Investment rate of return	6.90 percent
Discount rate	6.90 percent
Projected salary increase	3.40 percent
Retiree healthcare participation	Healthy retirees: 27.5%; Disabled retirees: 15%
Mortality	<p><u>Healthy retirees and beneficiaries:</u> Pub-2010 Healthy Retiree, sex distinct, generational with Unisex, Social Security Data Scale, with job category adjustments and set-backs as described in the valuation.</p> <p><u>Active members:</u> Pub-2010 Employee, sex distinct, generational with Unisex, Social Security Data Scale, with job category adjustments and set-backs as described in the valuation.</p> <p><u>Disabled retirees:</u> Pub-2010 Disabled Retiree, sex distinct, generational with Unisex, Social Security Data Scale, with job category adjustments and set-backs as described in the valuation.</p>

Actuarial valuations of an ongoing plan involve estimates of value of reported amounts and assumptions about the probability of events far into the future. Actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. Experience studies are performed as of December 31 of even numbered years. The method and assumptions shown are based on the 2022 Experience Study, which is reviewed for the four-year period ending December 31, 2022.

Discount Rate:

The discount rate used to measure the total OPEB asset as of the measurement date of June 30, 2024, and 2023, was 6.90 percent, for both years. The projection of cash flows used to determine the discount rate assumed that contributions from contributing employers are made at the contractually required rates, as actuarially determined.

Based on those assumptions, the RHIA plan’s fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on OPEB plan investments for the RHIA plan was applied to all periods of projected benefit payments to determine the total OPEB asset.

LINN BENTON LINCOLN EDUCATION SERVICE DISTRICT
ALBANY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

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

Long-Term Expected Rate of Return:

To develop an analytical basis for the selection of the long-term expected rate of return assumption, in January 2023 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	27.50%	7.07%
Private Equity	25.50%	8.83%
Core Fixed Income	25.00%	4.50%
Real Estate	12.25%	5.83%
Master Limited Partnerships	0.75%	6.02%
Infrastructure	1.50%	6.51%
Hedge Fund of Funds - Multistrategy	1.25%	6.27%
Hedge Fund Equity - Hedge	0.63%	6.48%
Hedge Fund - Macro	5.62%	4.83%
<i>Assumed Inflation - Mean</i>		2.35%

(Source: June 30, 2024 PERS ACFR; p. 88)

Sensitivity of the District’s proportionate share of the net OPEB asset to changes in the discount rate – The following presents the District’s proportionate share of the net OPEB asset calculated using the discount rate of 6.90 percent, as well as what the District’s proportionate share of the net 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 <u>(5.90%)</u>	Discount Rate <u>(6.90%)</u>	1% Increase <u>(7.90%)</u>
District's proportionate share of the net OPEB asset	\$ 454,837	\$ 491,346	\$ 522,781

Changes Subsequent to the Measurement Date

There are no changes subsequent to the June 30, 2024, Measurement Date that meet this requirement and thus would require a brief description under the GASB standard.

LINN BENTON LINCOLN EDUCATION SERVICE DISTRICT
ALBANY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

10. OTHER POST EMPLOYMENT BENEFIT PLAN – (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, 2024, and the measurement date was June 30, 2025.

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, 2024, 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.

LINN BENTON LINCOLN EDUCATION SERVICE DISTRICT
ALBANY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

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

Valuation Date	July 1, 2024
Measurement Date	June 30, 2025
Actuarial Cost Method	Entry Age Normal, level percent of salary.
Investment Return Assumption (Interest Discount)	5.25% per year, based on all years discounted at municipal bond rate (based on Bond Buyer 20-Bond General Obligation Index as of June 30, 2025).
Medical Premium annual Trend Rate	4.00% increase on June 30, 2025 with an increase to 4.50% in 2025-2026, an increase to 5.00% in 2026-2027; then 5.50% in 2027-2028, 6.00% in 2028-2029, 5.80% in 2029-2030, 5.60% in 20230-2031, 5.40% in 2031-2032, decreasing by 0.1% each year until 4.50% in 2038 and thereafter.
Dental and Vision trend rate	Assumed no implicit subsidy due to dental or vision costs.
Inflation rate	2.5% for all future years
Annual salary rate increases	3.5% for all future years
As of the June 30, 2025 measurement date, the medical trend assumption includes impact of Further Consolidated Appropriations Act, 2020, which became law on December 20, 2019. This law repeals the Cadillac Tax completely and removes the Health Insurer Fee permanently beginning in 2021.	

At July 1, 2024, the following employees were covered by the benefit terms:

Active Employees	249
Eligible Retirees	<u>10</u>
Total Participants	<u><u>259</u></u>

Changes in the Net OPEB Liability

Total OPEB Liability at June 30, 2024	\$ 546,617
Changes for the year:	
Service cost	63,801
Interest	23,180
Change in benefit terms	-
Differences between expected and actual experience	72,615
Changes of assumptions or other input	(42,693)
Benefit payments	<u>(61,843)</u>
Total OPEB Liability at June 30, 2025	<u><u>\$ 601,677</u></u>

LINN BENTON LINCOLN EDUCATION SERVICE DISTRICT
ALBANY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

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

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 5.25%, 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 (4.25%) or one percentage point higher (6.25%) than the current rate, a similar sensitivity analysis is presented for the changes in the healthcare trend assumption:

	1% Decrease <u>(4.25%)</u>	Current Discount Rate <u>(5.25%)</u>	1% Increase <u>(6.25%)</u>
Total OPEB Liability on June 30, 2025	\$ 635,497	\$ 601,677	\$ 569,868

	1% Decrease	Current Health Care Trend Rates	1% Increase
Total OPEB Liability on June 30, 2025	\$ 546,914	\$ 601,677	\$ 665,919

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.

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$ 82,288	\$ 45,304
Changes of assumptions or other inputs	<u>7,015</u>	<u>114,572</u>
Total	<u>\$ 89,303</u>	<u>\$ 159,876</u>

Subtotal amounts related to OPEB Health insurance as deferred outflows of resources, \$89,303 and deferred inflows of resources (\$159,876) net to (\$70,573) which will be recognized in OPEB income as follows:

Year ended June 30,	Amount
2026	\$ (25,371)
2027	(25,376)
2028	(6,229)
2029	(6,229)
2030	(6,224)
All subsequent Years	<u>(1,144)</u>
	<u>\$ (70,573)</u>

LINN BENTON LINCOLN EDUCATION SERVICE DISTRICT
ALBANY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

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

Deferred Compensation Plan

A deferred compensation plan is available to employees wherein they may execute an individual agreement with the District’s 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.

Tax Sheltered Annuity

The District offers its employees a tax-sheltered annuity plan established in accordance with Sections 401(a), 403(b), and 457 of the Internal Revenue Code. Eligible employees may elect to participate through voluntary salary reduction contributions, subject to the limits established by the Code.

Certain administrative employees may elect to receive fringe benefits in the form of employer contributions to a retirement savings plan in lieu of other compensation. For the fiscal year ended June 30, 2025, the District made employer contributions totaling \$131,134 to these plans. As of June 30, 2025, approximately 15 employees were participating.

The plans are administered by independent plan administrators. The District’s involvement is limited to remitting employee salary reduction contributions and employer contributions to the plan administrators. Plan assets are held by the plan administrators for the exclusive benefit of plan participants and beneficiaries and are not considered assets or liabilities of the District.

The District does not maintain custody of plan assets and does not have administrative or direct financial involvement with the plans. Accordingly, the plans are not considered fiduciary activities of the District under GASB Statement No. 84 and are not reported in the accompanying financial statements.

11. INTERFUND BALANCES

Interfund transactions are used to finance operations between the funds. Amounts are comprised of the following at June 30, 2025:

	Transfers Out	Transfers In
General Fund	\$ 4,802,870	\$ -
Restricted Revenue Fund	627,943	3,788
Debt Service Funds	-	473,500
Special Service Fund	-	4,953,525
Total	\$ 5,430,813	\$ 5,430,813

LINN BENTON LINCOLN EDUCATION SERVICE DISTRICT
ALBANY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

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, 2025 are as follows:

Fund Balances:	General Fund	Restricted Revenue Fund	Debt Service Fund	Capital Projects Fund	Special Service Fund	Total
<u>Nonspendable:</u>						
Prepaid Expense	\$ 2,255	\$ -	\$ -	\$ -	\$ -	\$ 2,255
<u>Restricted:</u>						
Grants and Contracts	-	46,561	-	-	-	46,561
Bond Funded Capital Projects	-	-	-	189,019	-	189,019
Future Health Insurance Premiums	1,870,458	-	-	-	-	1,870,458
	1,870,458	46,561	-	189,019	-	2,106,038
<u>Committed:</u>						
Employee Pension	1,123,549	-	-	-	-	1,123,549
Technology Equipment	-	1,725,670	-	-	-	1,725,670
Vehicle Replacements	-	286,851	-	-	-	286,851
Component District Investment	-	-	-	-	5,088,729	5,088,729
	1,123,549	2,012,521	-	-	5,088,729	8,224,799
<u>Assigned:</u>						
Debt Service	-	-	1	-	-	1
Component District Collaboration	3,420,405	351,609	-	-	-	3,772,014
Capital Projects and Improvements	-	-	-	1,862,724	-	1,862,724
Future Unemployment Costs	-	-	-	-	809,899	809,899
	3,420,405	351,609	1	1,862,724	809,899	6,444,638
<u>Unassigned</u>						
	3,307,436	-	-	-	-	3,307,436
Total Fund Balances	\$9,724,103	\$ 2,410,691	\$ 1	\$2,051,743	\$ 5,898,628	\$20,085,166

LINN BENTON LINCOLN EDUCATION SERVICE DISTRICT
ALBANY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

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, 2025 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

As of June 30, 2025, the District had tax abatements through the following programs:

Nonprofit corporation low-income housing (ORS 307.541)

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.

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.

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.

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.

LINN BENTON LINCOLN EDUCATION SERVICE DISTRICT
ALBANY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

15. TAX ABATEMENTS (Continued)

For the fiscal year ended June 30, 2025, the District had abated property taxes totaling \$104,232 under these programs.

	<u>Tax Abatement Program</u>	<u>Taxes Abated during the Fiscal Year</u>
ORS 307.541	Nonprofit low income	\$ 1,314
ORS 307.515 – 307.523	Housing Authority Property	32,552
ORS 285C.170	Construction in process	21,368
ORS 285C.175	Enterprise zones	48,998
	Total	<u>\$ 104,232</u>

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.

LINN BENTON LINCOLN EDUCATION SERVICE DISTRICT
ALBANY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

17. LEASE LIABILITY

The basic financial statements follow 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.

The District had 10 active leases at June 30 2025. The leases have payments that range from \$386 to \$26,400 and interest rates that range from 0.5140% to 4.2000%. As of June 30, 2025, the total combined value of the lease liability is \$65,120, the total combined value of the short-term lease liability is \$28,566. The combined value of the right to use asset, as of June 30, 2025, of \$886,012 with accumulated amortization of \$340,382 is included within the Lease Class activities table found below.

Changes in Lease Liability					
	Balance at July 1, 2024	Additions	Reductions	Balance at June 30, 2025	Due within a Year
Equipment	\$ 69,963	\$ -	\$ 23,809	\$ 46,154	\$ 22,520
Building	51,076	-	32,110	18,966	6,046
Total	\$ 121,039	\$ -	\$ 55,919	\$ 65,120	\$ 28,566

Principal and Interest Requirements to Maturity			
Fiscal Year Ending June 30,	Governmental Activities		Total
	Principal Payments	Interest Payments	Payments
2026	\$ 28,566	\$ 751	\$ 29,317
2027	28,128	334	28,462
2028	8,426	52	8,478
Total	\$ 65,120	\$ 1,137	\$ 66,257

LINN BENTON LINCOLN EDUCATION SERVICE DISTRICT
ALBANY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

18. LEASE RIGHT TO USE ASSET

Lease right to use assets are for the leases in Note 17.

Changes in Lease Right-to-Use Asset				
	Balance at July 1, 2024	Additions	Reductions	Balance at June 30, 2025
Equipment	\$119,366	\$ -	\$ -	\$ 119,366
Building	871,190	-	(104,544)	766,646
	990,556	-	(104,544)	886,012
Accumulated Amortization				
Equipment	(51,138)	(24,018)	-	(75,156)
Building	(277,328)	(92,442)	104,544	(265,226)
Total Lease Assets, Net	\$ 662,090	\$ (116,460)	\$ -	\$ 545,630

LINN BENTON LINCOLN EDUCATION SERVICE DISTRICT
ALBANY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

19. SUBSCRIPTION BASED INFORMATION TECHNOLOGY ARRANGEMENT (SBITA) LIABILITY

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

The District had 26 active subscriptions at June 30, 2025. The subscriptions have payments that range from \$0 to \$373,373 and interest rates of 4.1200%. As of June 30, 2025, the total combined value of the subscription liability is \$632,710, and the total combined value of the short-term subscription liability is \$490,496. The combined value of the right to use asset, as of June 30, 2025, of \$1,892,270 with accumulated amortization of \$897,301 is included within the Subscription Class activities table found below.

The changes in subscription liability and subscription assets for the fiscal year ended June 30, 2025, are as follows:

Changes in Subscription Liability					
	Balance at July 1, 2024	Additions	Reductions	Balance at June 30, 2025	Due within a Year
Software	\$ 965,558	\$ 790,218	\$ 1,123,066	\$ 632,710	\$ 490,496
Total	\$ 965,558	\$ 790,218	\$ 1,123,066	\$ 632,710	\$ 490,496

Principal and Interest Requirements to Maturity			
Fiscal Year Ending June 30,	Governmental Activities		
	Software		Total
	Principal Payments	Interest Payments	Payments
2026	\$ 490,496	\$ 26,068	\$ 516,564
2027	117,646	5,859	123,505
2028	7,275	1,012	8,287
2029	7,575	713	8,288
2030	7,887	400	8,287
2031 - 2035	1,831	232	2,063
Total	\$ 632,710	\$ 34,284	\$ 666,994

LINN BENTON LINCOLN EDUCATION SERVICE DISTRICT
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NOTES TO BASIC FINANCIAL STATEMENTS

20. SUBSCRIPTION BASED INFORMATION TECHNOLOGY ARRANGEMENT (SBITA) ASSET

Subscription assets are for the SBITAs in Note 19.

Changes in Subscription Right-to-Use Asset				
	Balance at July 1, 2024	Additions	Reductions	Balance at June 30, 2025
Software	\$ 1,735,072	\$ 790,218	\$ (633,020)	\$ 1,892,270
Accumulated Amortization Software	(706,448)	(714,835)	523,982	(897,301)
Total Software Assets, Net	\$ 1,028,624	\$ 75,383	\$ (109,038)	\$ 994,969

21. INTERFUND RECEIVABLES/PAYABLES

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

Due From Other Funds:		Due to Other Funds:	
General Fund	\$ 6,796,229	General Fund	\$ -
Restricted Revenue Fund	-	Restricted Revenue Fund	6,796,229
Total	\$ 6,796,229	Total	\$ 6,796,229

22. ADJUSTMENT OF BEGINNING BALANCES

During the current year, the District implemented GASB Statement No. 101, Compensated Absences. In addition to the value of unused vacation time owed to employees upon separation of employment, the District now recognizes an estimated amount of sick leave earned as of year-end that will be used by employees as time off in future years as part of the liability for compensated absences. The effects of the change in accounting principle are summarized below in the “Restatement – GASB 101 implementation” column in the table below.

	6/30/2024 Net Position As Previously Reported	Restatement - GASB 101 Implementation	6/30/2024 Net Position As Restated
Government-Wide			
Governmental Activities	\$ 15,689,848	\$ (972,842)	\$ 14,717,006

LINN BENTON LINCOLN EDUCATION SERVICE DISTRICT
ALBANY, OREGON

REQUIRED SUPPLEMENTARY INFORMATION

LINN BENTON LINCOLN EDUCATION SERVICE DISTRICT
ALBANY, OREGON

REQUIRED SUPPLEMENTARY INFORMATION
June 30, 2025

PERS

SCHEDULE OF THE PROPORTIONATE SHARE OF THE NET PENSION LIABILITY

Year Ended June 30,	(a) Employer's proportion of the net pension liability (NPL)	(b) Employer's proportionate share of the net pension liability (NPL)	(c) Employer's covered payroll	(b/c) NPL as a percentage of covered payroll	Plan fiduciary net position as a percentage of the total pension liability
2025	0.14 %	\$ 30,558,260	\$ 19,128,458	159.8 %	79.3 %
2024	0.15	27,665,177	18,113,751	152.7	81.7
2023	0.14	21,822,840	16,128,670	135.3	84.5
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

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

SCHEDULE OF CONTRIBUTIONS

Year	Statutorily required contribution	Contributions in relation to the statutorily required contribution	Contribution deficiency (excess)	Employer's covered payroll	Contributions as a percent of covered payroll
2025	\$ 5,206,789	\$ 5,206,789	\$ -	\$ 20,714,394	25.1 %
2024	4,957,141	4,957,141	-	19,128,458	25.9
2023	4,428,331	4,428,331	-	18,113,751	24.4
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	20.4

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

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

LINN BENTON LINCOLN EDUCATION SERVICE DISTRICT
ALBANY, OREGON

REQUIRED SUPPLEMENTARY INFORMATION
June 30, 2025

OPEB - RHIA

SCHEDULE OF THE PROPORTIONATE SHARE OF THE NET OPEB ASSET FOR RHIA

Year Ended June 30,	(a) Employer's proportion of the net OPEB asset (NOA)	(b) Employer's proportionate share of the net OPEB asset (NOA)	(c) Employer's covered payroll	(b/c) NOA as a percentage of covered payroll	Plan fiduciary net position as a percentage of the total OPEB liability
2025	0.12 %	\$ 491,346	\$ 19,128,458	2.6 %	220.6 %
2024	0.16	597,882	18,113,851	3.3	201.6
2023	0.11	395,855	16,128,670	2.5	194.6
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	0.19	131,580	12,754,012	1.0	150.1

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

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

SCHEDULE OF CONTRIBUTIONS FOR RHIA

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
2025	\$ 263	\$ 263	\$ -	\$ 20,714,394	0.00 %
2024	476	476	-	19,128,458	0.00
2023	3,218	3,218	-	18,113,851	0.02
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 actuarially determined at 12/31 and rolled forward to the measurement date of 6/30 for each year presented.

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

LINN BENTON LINCOLN EDUCATION SERVICE DISTRICT
ALBANY, OREGON

SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY AND RELATED RATIOS
OTHER POST-EMPLOYMENT BENEFITS
June 30, 2025

PLAN II (HEALTH INSURANCE):
SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY AND RELATED RATIOS

Year Ended June 30,	Total OPEB Liability - Beginning	Service Cost	Interest	Changes of Benefit Terms	Changes of Assumptions	Benefit Payments	Experience (Gain/Loss)	Total OPEB Liability - End of Year	Estimated Covered Payroll	Total OPEB Liability as a % of Covered Payroll
2025	\$ 546,617	\$ 63,801	\$ 23,180	\$ -	\$ 72,615	\$ (61,843)	\$ (42,693)	\$ 601,677	\$ 19,128,458	3.15%
2024	503,385	60,512	20,587	-	-	(29,847)	(8,020)	546,617	18,691,611	2.92%
2023	533,427	61,547	13,003	-	30,485	(34,108)	(100,969)	503,385	18,059,528	2.79%
2022	498,502	59,754	12,145	-	-	(36,974)	-	533,427	14,800,549	3.60%
2021	589,492	54,847	21,631	-	21,051	(52,611)	(135,908)	498,502	14,300,047	3.49%
2020	577,307	52,992	20,979	-	-	(61,786)	-	589,492	15,505,028	3.80%
2019	474,540	23,891	16,873	-	121,885	(54,254)	(5,628)	577,307	14,089,899	4.10%
2018	498,000	23,423	16,690	-	-	(63,573)	-	474,540	11,007,772	4.3%

The above table presents the most recent actuarial valuations for the District's OPEB.

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
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Year Ended June 30, 2025

	Original Budget	Final Budget	Actual	Variance to Final Budget
Revenues:				
Property Taxes	\$ 9,943,470	\$ 9,943,470	\$ 9,761,806	\$ (181,664)
Other Local Sources	-	-	298,726	298,726
Charges for Services	2,842,764	2,842,764	2,742,519	(100,245)
Gain (Loss) on Investments	500,000	500,000	837,874	337,874
Intermediate Sources	-	-	520	520
State Sources	10,833,743	10,833,743	11,266,435	432,692
Federal Sources	-	-	1,520	1,520
Total Revenues	24,119,977	24,119,977	24,909,400	789,423
Expenditures:				
Instruction	277,963	302,963 (1)	218,319	84,644
Support Services	19,276,422	18,751,422 (1)	17,694,041	1,057,381
Debt Service	-	500,000 (1)	-	500,000
Contingency	3,729,232	3,729,232 (1)	-	3,729,232
Total Expenditures	23,283,617	23,283,617	17,912,360	5,371,257
Revenues Over (Under) Expenditures	836,360	836,360	6,997,040	6,160,680
Other Financing Sources (Uses):				
Transfer Out	(4,893,565)	(4,893,565) (1)	(4,802,870)	90,695
Transits	(1,310,000)	(1,310,000) (1)	(1,299,999)	10,001
Total Other Financing Sources	(6,203,565)	(6,203,565)	(6,102,869)	100,696
Net Change in Fund Balance	(5,367,205)	(5,367,205)	894,171	6,261,376
Fund Balance, Beginning of Year	7,146,097	7,146,097	8,829,932	1,683,835
Fund Balance, End of Year	<u>\$ 1,778,892</u>	<u>\$ 1,778,892</u>	<u>\$ 9,724,103</u>	<u>\$ 7,945,211</u>

(1) Appropriation Level

LINN BENTON LINCOLN EDUCATION SERVICE DISTRICT
ALBANY, OREGON
RESTRICTED REVENUE FUNDS
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Year Ended June 30, 2025

	Original Budget	Final Budget	Actual	Variance to Final Budget
Revenues:				
Local Sources				
Services to other Local Education Agencies	\$ -	\$ -	\$ 1,476	\$ 1,476
Medicaid	5,000,000	5,000,000	7,828,075	2,828,075
Miscellaneous	-	-	38,500	38,500
Intermediate Sources	128,798	128,798	309,368	180,570
State Sources	18,503,332	18,503,332	18,246,085	(257,247)
Federal Sources	5,249,687	11,999,687	5,105,290	(6,894,397)
Total Revenues	28,881,817	35,631,817	31,528,794	(4,103,023)
Expenditures:				
Instruction	15,206,963	16,456,963 (1)	15,935,853	521,110
Support Services	9,544,890	12,294,890 (1)	8,306,369	3,988,521
Total Expenditures	24,751,853	28,751,853	24,242,222	4,509,631
Revenues Over (Under) Expenditures	4,129,964	6,879,964	7,286,572	406,608
Other Financing Sources (Uses):				
Transfer In	-	-	3,788	3,788
Transfer Out	(1,000,000)	(1,000,000) (1)	(627,943)	372,057
Transits	(6,142,485)	(8,892,485) (1)	(7,418,751)	1,473,734
Total Other Financing Sources	(7,142,485)	(9,892,485)	(8,042,906)	1,849,579
Net Change in Fund Balance	(3,012,521)	(3,012,521)	(756,334)	2,256,187
Fund Balance, Beginning of Year	3,012,521	3,012,521	3,167,025	154,504
Fund Balance, End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,410,691</u>	<u>\$ 2,410,691</u>

(1) Appropriation Level

LINN BENTON LINCOLN EDUCATION SERVICE DISTRICT
ALBANY, OREGON

SUPPLEMENTARY INFORMATION

LINN BENTON LINCOLN EDUCATION SERVICE DISTRICT
ALBANY, OREGON
DEBT SERVICE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Year Ended June 30, 2025

	Original Budget	Final Budget	Actual	Variance to Final Budget
Expenditures:				
Debt Service	473,500	473,500	(1) 473,499	1
Total Expenditures	<u>473,500</u>	<u>473,500</u>	<u>473,499</u>	<u>1</u>
Revenues over (under) expenditures	(473,500)	(473,500)	(473,499)	1
Other Financing Sources (Uses):				
Transfer In	473,500	473,500	473,500	-
Total Other Financing Sources (Uses)	<u>473,500</u>	<u>473,500</u>	<u>473,500</u>	<u>-</u>
Net Change in Fund Balance	-	-	1	1
Fund Balance, Beginning of Year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance, End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1</u>	<u>\$ 1</u>

(1) Appropriation Level

LINN BENTON LINCOLN EDUCATION SERVICE DISTRICT
ALBANY, OREGON
CAPITAL PROJECTS FUND
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Year Ended June 30, 2025

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance to Final Budget</u>
Revenues:				
Local sources:	\$ -	\$ -	\$ 42,436	\$ 42,436
Total Revenues	<u>-</u>	<u>-</u>	<u>42,436</u>	<u>42,436</u>
Expenditures:				
Support Services	-	10,000 (1)	-	10,000
Facilities Acquisition and Construction	<u>1,500,000</u>	<u>1,490,000 (1)</u>	<u>285,460</u>	<u>1,204,540</u>
Total Expenditures	<u>1,500,000</u>	<u>1,500,000</u>	<u>285,460</u>	<u>1,214,540</u>
Net Change in Fund Balance	(1,500,000)	(1,500,000)	(243,024)	1,256,976
Fund Balance, Beginning of Year	<u>2,500,000</u>	<u>2,500,000</u>	<u>2,294,767</u>	<u>(205,233)</u>
Fund Balance, End of Year	<u><u>\$ 1,000,000</u></u>	<u><u>\$ 1,000,000</u></u>	<u><u>\$ 2,051,743</u></u>	<u><u>\$ 1,051,743</u></u>

(1) Appropriation Level

LINN BENTON LINCOLN EDUCATION SERVICE DISTRICT
ALBANY, OREGON
SPECIAL SERVICE FUNDS
SCHEDULE OF REVENUES, EXPENSES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
For the Year Ended June 30, 2025

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance to Final Budget</u>
Revenues:				
From Local Sources:				
Contributions	\$ 45,000	\$ 45,000	\$ -	\$ (45,000)
Services to other Funds within District	1,075,270	1,075,270	743,636	(331,634)
Recovery Prior Years' Expenditures	-	-	8,833	8,833
Revenue From Non-Constituent Districts	2,623,968	2,623,968	2,724,828	100,860
Services to other Local Education Agencies	2,567,729	2,567,729	1,326,579	(1,241,150)
Other Miscellaneous	127,000	127,000	824,497	697,497
State Sources	42,275	42,275	-	(42,275)
Federal Sources	35,000	35,000	71,540	36,540
Total Revenues	6,516,242	6,516,242	5,699,913	(810,594)
Expenses:				
Instruction	252,981	252,981 (1)	6,262	246,719
Support Services	13,998,447	13,998,447 (1)	10,043,196	3,955,251
Contingency	252,164	252,164 (1)	-	252,164
Total Expenses	14,503,592	14,503,592	10,049,458	4,454,134
Revenue over (under) Expenditures	(7,987,350)	(7,987,350)	(4,349,545)	3,637,805
Other financing sources (uses):				
Transfers In	5,420,065	5,420,065	4,953,525	(466,540)
Total other financing sources (uses)	5,420,065	5,420,065	4,953,525	(466,540)
Net Change in Fund Balance	(2,567,285)	(2,567,285)	603,980	3,171,265
Fund Balance, Beginning of Year	4,237,285	4,237,285	5,294,648	1,057,363
Fund Balance, End of Year	<u>\$ 1,670,000</u>	<u>\$ 1,670,000</u>	<u>\$ 5,898,628</u>	<u>\$ 4,228,628</u>

(1) Appropriation Level

LINN BENTON LINCOLN EDUCATION SERVICE DISTRICT
ALBANY, OREGON

OTHER INFORMATION

LINN BENTON LINCOLN EDUCATION SERVICE DISTRICT
ALBANY, OREGON
SUPPLEMENTAL INFORMATION FORM 581-3211C
For the Year Ended June 30, 2025

A. Energy bills for heating - all funds:				<u>Objects 325 and 326 and 327*</u>
	Function 2540	\$		90,251
	Function 2550			-
B. Replacement of equipment - General Fund:				
Include all General Fund expenditures in Object 542, except for the following exclusions				<u>Amount</u>
Exclude these functions:				
1113, 1122 & 1132	Co-curricular activities	2550	Pupil transportation	\$ -
1140	Pre-kindergarten	3100	Food service	
1300	Continuing education	3300	Community services	
1400	Summer school	4150	Construction	

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

LINN BENTON LINCOLN EDUCATION SERVICE DISTRICT
ALBANY, OREGON

AUDITORS' REPORT REQUIRED BY OREGON STATE REGULATIONS



PAULY, ROGERS, AND CO., P.C.
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March 17, 2026

Independent Auditors' Report Required by Oregon State Regulations

We have audited the basic financial statements of the Linn Benton Lincoln Education Service District (the District) as of and for the year ended June 30, 2025, and have issued our report thereon dated March 17, 2026. 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 District's basic financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules 162-10-000 through 162-10-320 of the Minimum Standards for Audits of Oregon Municipal Corporations, noncompliance with which could have a direct and material effect on the determination of 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 basic financial statements, but not for the purpose of expressing an opinion on the effectiveness of the internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the internal 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.

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

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

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, 2025

Federal Grantor	Program Title	Pass Through Organization	Assistance Listing Number	Pass Through Entity Number	Period Covered	Expenditures	Passed Through to Subrecipients
U.S. Department of Education							
	LTCT--Farm Home School	ODE	84.013	35383	07/01/2023-06/30/2025	\$ 144,727	\$ -
	Total Title I State Agency Program for Neglected and Delinquent Children and Youth					<u>144,727</u>	<u>-</u>
	Special Education Cluster:						
	Special Education Grants to States-EI/ECSE	ODE	84.027	11113-A11	07/01/2017-06/30/2025	2,333,975	979,360
	Special Education Grants to States-LTCT	ODE	84.027	35383	07/01/2021-06/30/2025	18,309	-
	Special Education Grants to States - Regional Program	ODE	84.027	11044-A6	07/01/2017-06/30/2025	1,689,366	65,266
	Subtotal IDEA PART B 611					<u>4,041,650</u>	<u>1,044,626</u>
	Special Education to States - EI/ECSE	ODE	84.173	11113-A11	07/01/2021-09/30/2025	219,038	14,741
	Special Education Grants to States - Regional Program	ODE	84.173	11044-A9	07/01/2021-09/30/2025	24,737	-
	Total of IDEA PART B 619					<u>243,775</u>	<u>14,741</u>
	Total Special Education Cluster					<u>4,285,425</u>	<u>1,059,367</u>
	EI-ECSE	ODE	84.181	11113-A11	07/01/2017-06/30/2025	307,629	20,101
	Total of Infants & Toddlers with Disabilities Grant IDEA PART C					<u>307,629</u>	<u>20,101</u>
	Education Job Funds Grant - YTP	ODE	84.410	160727	07/01/2021-09/30/2024	3,750	-
	Total Education Job Funds Grant					<u>3,750</u>	<u>-</u>
	ARP Elem&Secondary Sch Emerg Relief Fund - ESSER III	ODE	84.425	24117	03/13/2021 - 09/30/2024	23,548	-
	Governors Emergency ED Relief Fund	ODE	84.425	24237	09/30/2024 - 10/14/2024	63,832	-
	Total ESSER					<u>87,380</u>	<u>-</u>
	R16 CC Grant	Southeast Regional Resource Center	84.283	N/A	10/01/2019-09/30-2024	276,381	-
	Total R16 Comprehensive Centers Grant					<u>276,381</u>	<u>-</u>
	Total U.S. Department of Education					<u>5,105,292</u>	<u>1,079,468</u>
U.S. Environmental Protection Agency (EPA)							
	Lead Testing	ODE	66.444	N/A	07/01/2020 - 10/31/2025	1,520	-
	Total Lead Testing in School and Child Care Program Drinking Water					<u>1,520</u>	<u>-</u>
	Total U.S. Environmental Protection Agency (EPA)					<u>1,520</u>	<u>-</u>
U.S. Department of Human Services							
	Medicaid	DHS	93.778	N/A	07/01/2024 - 06/30/2025	71,540	-
	Total Medicaid					<u>71,540</u>	<u>-</u>
	U.S. Department of Human Services					<u>71,540</u>	<u>-</u>
	Total Grants Expended and Passed Through to Subrecipients					<u>\$ 5,178,352</u>	<u>\$ 1,079,468</u>
	TOTAL FEDERAL FINANCIAL ASSISTANCE					<u>\$ 5,178,352</u>	
					Reconciliation to Federal Revenue Recognized:		
					Total Federal Awards Expended	\$ 5,178,352	
					Accruals/Deferrals	(2)	
					Total Federal Revenue Recognized	<u>\$ 5,178,350</u>	



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March 17, 2026

To the Board of Directors
Linn Benton Lincoln Education Service District
Albany, Oregon

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the basic financial statements of the governmental activities and each major fund of Linn Benton Lincoln Education Service District as of and for the year ended June 30, 2025, and the related notes to the basic financial statements, which collectively comprise the basic financial statements, and have issued our report thereon dated March 17, 2026.

Report on Internal Control over Financial Reporting

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

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

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

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

Report on Compliance and Other Matters

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

Purpose of this Report

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

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

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



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March 17, 2026

To the Board of Directors
Linn Benton Lincoln Education Service District
Albany, Oregon

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

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Linn Benton Lincoln Education Service District (the District)'s compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on each of the major federal programs for the year ended June 30, 2025. The major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, the District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2025.

Basis for Opinion on Each Major Federal Program

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

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

Responsibilities of Management for Compliance

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

Auditors' Responsibilities for the Audit of Compliance

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

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

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

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

Report on Internal Control over Compliance

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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

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

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



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

LINN-BENTON-LINCOLN EDUCATION SERVICE DISTRICT
ALBANY, OREGON

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the Year Ended June 30, 2025

SECTION I – SUMMARY OF AUDITORS’ RESULTS

FINANCIAL STATEMENTS

Type of auditors’ report issued

Unmodified

Internal control over financial reporting:

Material weakness(es) identified?

yes no

Significant deficiency(s) identified that are not considered to be material weaknesses?

yes none reported

Noncompliance material to financial statements noted?

yes no

Any GAGAS audit findings disclosed that are required to be reported in accordance with section 515(d)(2) of the Uniform Guidance?

yes no

FEDERAL AWARDS

Internal control over major programs:

Material weakness(es) identified?

yes no

Significant deficiency(s) identified that are not considered to be material weaknesses?

yes none reported

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

Unmodified

Any audit findings disclosed that are required to be reported in accordance with section 200.516(a) of the Uniform Guidance?

yes no

LINN-BENTON-LINCOLN EDUCATION SERVICE DISTRICT
ALBANY, OREGON

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the Year Ended June 30, 2025

IDENTIFICATION OF MAJOR PROGRAMS

AL NUMBER

84.027, 84.173

NAME OF FEDERAL PROGRAM CLUSTER

Special Education (IDEA) Cluster

Dollar threshold used to distinguish between type A and type B programs:

\$750,000

Auditee qualified as low-risk auditee?

yes no

SECTION II – FINANCIAL STATEMENT FINDINGS

None

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

None

SECTION IV – SCHEDULE OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS

None

LINN-BENTON-LINCOLN EDUCATION SERVICE DISTRICT
ALBANY, OREGON

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the Year Ended June 30, 2025

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

1. BASIS OF PRESENTATION

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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