LINN-BENTON COMMUNITY COLLEGE
ALBANY, OREGON

ANNUAL FINANCIAL REPORT
Year Ended June 30, 2022

Dr. Lisa Avery, President
P. Sheldon Flom, Vice President, Finance and Operations
Jess Jacobs, Director, Accounting and Budget

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INTRODUCTORY SECTION

November 10, 2022

The Board of Education
Linn-Benton Community College
Albany, Oregon 97321

The Annual Financial Report of Linn-Benton Community College for the fiscal year ended June 30, 2022, is submitted in accordance with Oregon Revised Statutes (ORS) 297.405 to 297.555 and 297.990, known as Municipal Audit Law. This report was prepared by the College's business office. The responsibility for the completeness and fairness of the data presented and all accompanying disclosures rests with the management of Linn-Benton Community College. We believe the report and its data are accurate and complete in all material aspects in disclosing the financial position and results of operations of Linn-Benton Community College as of June 30, 2022, and for the year then ended.

The Annual Financial Report is organized in four sections, as follows:

1. The Introductory Section contains the letter of transmittal with an overview of the college that includes factors affecting the financial condition and required supplementary information, as well as a listing of principal officials.

2. The Financial Section includes Management's Discussion and Analysis, the basic financial statements and accompanying notes as well as the independent auditor's report. A narrative introduction, overview and analysis are included in the Management's Discussion and Analysis in this section.

3. The College is required to have an annual single audit in conformity with the provisions of the Single Audit Act and Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Information related to *Government Auditing Standards* is included in the Disclosures in Accordance With Government Auditing Standards section. Information related to the single audit, including the Schedule of Expenditures of Federal Awards and related auditor's reports, are included in a separate report.

4. The Independent Auditor's Comments Section includes the auditor's comments required by the Minimum Standards for Audits of Oregon Municipal Corporations.

COLLEGE INFORMATION

Linn-Benton Community College is a comprehensive, two-year, public college serving the educational needs of residents in Linn and Benton counties. Established in 1966, the College offers Associates of Science, Associates of Arts, Associates of Applied Science, and Associate of General Studies degrees, vocational certificates and diplomas for high school completion. Additionally, the college partners with business and industry to provide skills upgrading and seminars for employees and has an extensive offering of community education courses. The college's 104-acre main campus is centrally located in the Mid-Willamette Valley, two miles south of Albany (population 57,199) and 11 miles east of Corvallis (population 57,601). The college has three extended learning centers located in the towns of Corvallis, Lebanon (population 19,122) and Sweet Home (Population 9,893). Total population for the two counties is approximately 224,416.

Albany is the county seat of Linn County and is recognized as the "hub of the Willamette Valley" due to its location at the junction of US Highways 99 and 20, and Interstate 5. Albany is 25 miles south of the Oregon state capitol, Salem, and 70 miles south of the state's largest city, Portland.

For the fiscal year 2021-22 the College's unduplicated head count was 12,046 and the number of full-time equivalent students was 3,833, lower compared to prior year. The number of full-time equivalent students was 5,539 in 2018-19, 4,919 in 2019-20, and 4,242 in 2020-21.

College Mission

"To engage in an education that enables all of us to participate in, contribute to, and benefit from the cultural richness and economic vitality of our communities."

Programs

Linn-Benton Community College has four major areas of study:

> *Career and Technical* education trains students who want to qualify to work in specific fields.
>
> *College transfer* courses prepare students who will continue their education at a four-year college or university. Linn-Benton offers a dual enrollment program with Oregon State University allowing students to take classes at either institution, or both, as best fits their needs , and progress towards their chosen degree.
>
> *Extended learning* opportunities are presented through both credit and non-credit courses and workshops.
>
> *Developmental skill-building* classes are offered for people who want to learn basic reading, writing, mathematics, and study skills, finish high school, or learn English as a second language.

Linn-Benton Community College provides comprehensive educational opportunities throughout the District. Classes and training opportunities are offered in Benton County at the Benton Center in Corvallis, and at the Lebanon Center, Sweet Home Center, Advanced Transportation Technology Center, and Health Occupations Center in Linn County. Linn-Benton Community College, in partnership with employers and community groups, offers classes at hundreds of locations throughout the district. In addition, distance education and online classes are offered to increase access to higher education opportunities.

Economy

The economic well-being, industrial structure and occupational mix vary considerably between Linn and Benton counties. Benton County's unemployment rates have consistently been among the lowest in the state (2.9% in June, 2022) while Linn County rates have been near state-wide average (4.0% in June, 2022). Benton County is home to Oregon State University and several high-tech companies including Hewlett-Packard. The per capita income of Benton County residents in 2020 was $48,725 which was $4,466 lower than the state per capita income of $53,191. Linn County's primary industries are agriculture, timber (including lumber, plywood and paper products), rare metals and manufactured homes. The 2020 per capita income of Linn County residents was $44,830 which was $8,361 lower than the state per capita income.

Governing Bodies

The members of the Board of Education of Linn-Benton Community College are duly elected representatives of the people, pursuant to the statutes of Oregon and consistent with the rules of the Oregon Board of Education. They have statutory charge and control of all activities, operations and programs of the College including its property, personnel, and finances. The College is not a component unit of any other entity, nor does it have oversight of any component units. The Board of Education is composed of seven qualified members elected for four year terms. Members are elected from established zones within the two-county district.

Oregon State Board of Education

The Oregon State Board of Education is the agency that provides state-level regulation of Oregon's community college system. The Higher Education Coordinating Commission (HECC) is responsible for advising the Oregon Legislature, the Governor, and the Chief Education Office on higher education policy. The Board establishes state standards for educational programs and facilities and approves courses of study.

College Management

The President, appointed by the local Board of Education, is the Chief Executive Officer of the College and President/Clerk of the Linn-Benton Community College Board. The President, along with the administrative team administers policies set by the Linn-Benton Board of Education and collectively shares in working toward achieving the mission of the College.

Accreditation

Linn-Benton Community College received initial accreditation in 1972. Its accreditation was reaffirmed in 1982, 1992, 2002, and 2008. In 2010, the Commission revised its accreditation process to a seven year process. A full site visit and evaluation took place in the fall of 2016. The results of the report released in January 2017 listed six commendations and three recommendations for improvement none of which are fiscal in nature. Most recently the college received a mid-cycle evaluation in October 2019. The results were positive and no financial concerns were brought forward.

Internal Controls

Linn-Benton Community College management is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the College are protected from loss, theft, or misuse and to ensure adequate accounting information is available for the preparation of the financial statements in conformity with generally accepted accounting principles. The internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that the cost of a control should not exceed the benefits likely to be derived and that the valuation of costs and benefits requires estimates and judgments by management.

Single Audit

As a recipient of state and federal financial assistance, Linn-Benton Community College is responsible for ensuring that an adequate internal control structure is established to ensure compliance with applicable laws and regulations related to those programs. This internal control structure is subject to periodic evaluation by management and outside auditors. As a part of Linn-Benton Community College's single audit, tests are made to determine the adequacy of the internal control structure, including that portion related to federal financial assistance programs, as well as to determine that Linn-Benton Community College has complied with applicable laws and regulations. The results of the College's single audit for the fiscal year ended June 30, 2022 provided no instances of material weaknesses in the internal control structure or significant violations of applicable laws and regulations.

Budgeting Controls

The Linn-Benton Community College Budget Committee is comprised of 14 members: seven appointed voters of the College district and the seven elected Board of Education members, each representing one of seven zones. Appointments to the Budget Committee are made by the Board. Appointed members serve three-year terms. It is the duty of the Budget Committee to analyze and approve the College's proposed operating budget and forward its recommendations to the Board for final consideration. As a part of the budget review and approval process, the Budget Committee holds public meetings at which citizens of the community are invited to give testimony on the budget before it is approved by the Budget Committee. Following approval of the budget by the Budget Committee, the Linn-Benton Board of Education holds a public hearing on the budget. The purpose of this hearing is to provide the citizens of the community an opportunity to give testimony on the budget approved by the Budget Committee before it is adopted by the Linn-Benton Board of Education. The Budget Committee does not act on educational and personnel matters but only on fiscal matters.

Additionally, Linn-Benton Community College maintains budgetary controls to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the Linn-Benton Board of Education. Activities of all funds are included in the annual appropriated budget. The level of budgetary control (that is, the level at which expenditures cannot legally exceed the appropriated amount) is established at the sub-object level; i.e., personal services, materials and services, capital outlay, transfers out, debt service and operating contingency within an individual fund. Transfers of appropriations between existing budget categories can be authorized by resolution of the Linn-Benton Board of Education.

Factors Affecting Financial Condition

Measure 5 and 50 resulted in the College being assigned a permanent tax rate of .5019 per $1000 of assessed value and restricts future annual increases in assessed property values to a cap of no more than three percent. Prior to the two measures, the College received approximately 46 percent of its general fund revenue from local property taxes. Currently the College receives approximately 17 percent from local property taxes. State funding has replaced property taxes as the primary revenue source for the college. The state approved a CCSF funding level of $699 million for the 2021-23 biennium. Future increases in state funding are subject to larger shifts in the state budget and are further impacted by legislation affecting the tax model the state relies upon. The college monitors the condition of the state budget and balances the overall mix of revenue with tuition affordability concerns. Currently, requested increases in the CCSF are being weighed against growing concern over future recessions and the appropriate level of support as community colleges emerge from the covid-affected learning environment.

General Obligation Bonds

In November 2014, a bond issue in the amount of $34.0 million was passed by the voters to fund capital construction and improvements and was sold in February 2015. The principal balance at June 30, 2022, was $23,930,000. Additionally, a bond issue in the amount of $16.0 million was passed by voters in May 2022 and was sold in August 2022. Detailed debt repayment schedules appear in Note 5 of this financial report.

Pension Obligation Bonds

In February 2004, the College issued $29.235 million of Limited Tax Pension Obligation Bonds and transferred the net proceeds to the State of Oregon Public Employees Retirement System to cover a portion of the College's share of the cost sharing plan's unfunded actuarial liability. Principal payments are due annually beginning in June 2008 through June 30, 2028 and interest is payable in December and June of each year with rates ranging from 4.75% to 5.53%.

Full Faith and Credit Obligations/Financing Agreement

In May 2007, the College issued full faith and credit obligations totaling $3.1 million. Principal payments are due annually beginning in the 2007-08 fiscal year and continuing through fiscal year 2026-27. Interest rates range from 4.00% to 5.00%.
In April 2008, the College issued full faith and credit obligations totaling $3.5 million. Principal payments are due annually beginning in the 2008-09 fiscal year and continuing through fiscal year 2027-28 with interest rates ranging from 3.25% to 5.00%.
In February 2017, the College issued a financing agreement with a private bank totaling $4.2 million, the proceeds of which were used to advance refund $1,9 million of Series 2007 Full Faith and Credit Obligations and $2.1 million of Series 2008 Full Faith and Credit Obligations. This constituted all remaining Series 2007 Obligations and all but $165,000 of the remaining Series 2008 Obligations. The remaining Series 2008 Obligations were paid by the College during 2017-18 along with interest of $8,250. The College advance refunded these obligations to reduce its total debt service payments over the life of the Series 2017 Financing Agreement by $247,406.
In 2021, the College issued full faith and credit obligations totaling $7.1 million. Principal payments are due annually beginning in the 2021-22 fiscal year and continuing through fiscal year 2034-35. The interest rate is fixed at 3.00%

Cash Management

The College maintains a cash management program with the aim of maximizing interest earnings while safeguarding capital. Available cash resources are invested and collateralized in accordance with College Board of Education guidelines and applicable Oregon Revised Statutes. The College is restricted by Oregon Revised Statutes as to the types of investments in which it may invest its cash balances. Statutes authorize the College to invest in obligations of the U.S. Treasury, agencies, and instrumentalities; corporate indebtedness; bankers' acceptances; repurchase agreements, and the state treasurer's investment pool.

Additionally, state statutes require that amounts on deposit with financial institutions be secured at a rate of at least 10% of amounts in excess of deposit insurance coverage. College funds are pooled and invested to the fullest extent possible. Interest earnings on pooled cash and investments are allocated to the various funds based on monthly inter-fund balances.

Risk Management

Linn-Benton Community College's workers' compensation report reflects a proactive record of managing claims and a favorable time-loss record. This can be attributed to LBCC’s focus on campus safety awareness and the instigation of an early return to work process.

The College has a Safety Committee, which is an advisory committee for safety education, hazard communication, hazard identification, and risk assessment and reduction. The committee is charged by the college with the purpose of enhancing the safety culture at the college by thinking strategically about college-wide safety and loss prevention issues and to make policy and procedural recommendations regarding safety and health issues.

The College purchases insurance from commercial vendors for workers' compensation, property/casualty and liability coverage.

Independent Audit

State statutes require an annual audit by independent certified public accountants. The Linn-Benton Board of Education selected the accounting firm of Kenneth Kuhns & Co. to conduct the annual audit. In addition to meeting the requirements set forth in Oregon statutes, the audit also was designed to meet the requirements of *Government Auditing Standards* and the Uniform Guidance.

Acknowledgments

We wish to express our appreciation to the entire business office staff for their efforts and contributions to our Annual Financial Report. We also thank the members of the Linn-Benton Board of Education for their support and dedication to the financial operations of the college.

Sincerely,

Dr. Lisa Avery
President

Sheldon Flom, CPA
Vice President,
Finance & Operations

Jess Jacobs
Director,
Accounting & Budget

LINN-BENTON COMMUNITY COLLEGE

June 30, 2022

Board of Education

Official	Address	Office
Kristin Adams	320 12th Ave Sweet Home, OR 97386	Chair
Jeannie Davis	363 Shannon Pl Lebanon, OR 97355	Vice Chair
Sherlyn Dahl	5836 SW Englewood Ave Corvallis, OR 97333	Member
Tony Lapiz	3928 NW Walnut Pl Corvallis, OR 97330	Member
Jim Merryman	4714 Springhill Drive Albany, OR 97321	Member
Dick Running	100 Peach Tree Lane NE Albany, OR 97321	Member
John Sarna	23650 Knowlton Lane Philomath, OR 97370	Member

FINANCIAL SECTION

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INDEPENDENT AUDITOR'S REPORT

November 10, 2022

Board of Education
Linn-Benton Community College
Albany, Oregon

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of Linn-Benton Community College as of and for the year ended June 30, 2022, and Linn-Benton Community College Foundation, its discretely presented component unit, as of and for the year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise Linn-Benton Community College's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Linn-Benton Community College as of June 30, 2022, and the changes in its financial position and its cash flows for the year then ended, and the financial position of Linn-Benton Community College Foundation as of December 31, 2021, and the changes in its net assets 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 auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Linn-Benton Community College 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.

Emphasis of Matter

As discussed in Note 1 to the basic financial statements under the caption "New Accounting Pronouncement," during the 2021-22 fiscal year the College adopted new accounting guidance related to accounting and financial reporting for leases. GASB Statement No. 87 establishes standards for measuring and recognizing lease liabilities and right-to-use lease assets. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Linn-Benton Community College's internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Linn-Benton Community College's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that management's discussion and analysis and the 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.

Other Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Linn-Benton Community College's basic financial statements. The other supplementary information listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the other supplementary information is fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the introductory section but does not include the basic financial statements and our auditor's 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.

Reports on Other Legal and Regulatory Requirements

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 10, 2022 on our consideration of Linn-Benton Community College's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely 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 entity's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Linn-Benton Community College's internal control over financial reporting and compliance.

Other Reporting Required by Oregon State Regulations

In accordance with the Minimum Standards for Audits of Oregon Municipal Corporations, we have also issued our report dated November 10, 2022 on our consideration of Linn-Benton Community College's internal control over financial reporting and on our tests of its 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 solely 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 entity's internal control over financial reporting or on compliance.

Kenneth Kuhns & Co.

Kenneth Kuhns & Co.

MANAGEMENT’S DISCUSSION AND ANALYSIS

MANAGEMENT'S DISCUSSION AND ANALYSIS

This section of Linn-Benton Community College's (the College) Annual Financial Report (AFR) presents an analysis of the financial position and activities of the College for the fiscal year ended June 30, 2022. This report has been prepared by management along with the financial statements and related footnote disclosures and should be read in conjunction with them. Consequently, management assumes full responsibility for the completeness and reliability of all the information presented in this report. This discussion is designed to focus on current activities, resulting changes and current known facts.

Accounting Standards

The financial statements have been prepared in accordance with Governmental Accounting Standards Board Statement No. 35, *Basic Financial Statements – and Management's Discussion and Analysis – For Public Colleges and Universities* which was adopted in November, 1999. The College was required to adopt this standard for the fiscal year ended June 30, 2003. The College implemented Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position* for the fiscal year ended June 30, 2012. The College implemented Statement No. 68, *Accounting and Financial Reporting for Pensions* for the fiscal year ended June 30, 2015. The College implemented Statement No. 87, *Leases* for the fiscal year ended June 30, 2022. The financial statements also include the College's independent Foundation as of December 31, 2021 in accordance with Governmental Accounting Standards Board Statement No. 39, *Determining Whether Certain Organizations Are Component Units*. Under the standard, state and local governments that have qualifying fundraising foundations are required to include, through discrete presentations, the financial activities of those foundations in their financial statements.

Using the Financial Statements

This annual report consists of three parts-management's discussion and analysis (this section), the basic financial statements and supplementary information. The financial statements focus on the College as a whole and are designed to emulate corporate presentation models whereby all of the College's activities are consolidated into one total. The statements are prepared in accordance with the accrual basis of accounting. The entity wide statements are comprised of the following:

- The *Statement of Net Position* presents the College's total assets and deferred outflows and liabilities and deferred inflows, with the difference between the two reported as *net position*. Over time, increases or decreases in the net position are indicators of the improvement or deterioration of the College's financial health when considered along with non-financial facts such as enrollment levels and the condition of the facilities.

- The *Statement of Revenues, Expenses and Changes in Net Position* presents the revenues earned and the expenses incurred during the year. All changes in net position are reported under the accrual basis of accounting, or as soon as the underlying event giving rise to the change occurs regardless of the timing when the cash is received or occurred. Thus, revenues and expenses are reported in this statement for some items that will result in cash flows in future fiscal periods. The utilization of long-lived assets is reflected in the financial statements as depreciation, which amortizes the cost of the capital asset over the expected useful life. Revenues and expenses are reported as either operating or non-operating. The primary sources of operating revenues include tuition, grants and contracts. State appropriations and property taxes are classified as non-operating revenues. Because of the College's dependency on state aid and property tax revenue, this statement presents an operating loss.

- The *Statement of Cash Flows* presents information on cash flows from operating activities, noncapital financing activities, capital financing activities and investing activities. It provides the net increase or decrease in cash between the beginning and end of the fiscal year. This statement assists in evaluating the College's ability to meet financial obligations as they become due.

- The *Notes to the Basic Financial Statements* provide additional information that is essential to a full understanding of the data provided in the entity wide financial statements.

Financial Highlights

The College's financial position at June 30, 2022 shows assets and deferred outflows of $143,327,772, liabilities and deferred inflows of $115,811,962 and net position of $27,515,810, which was an increase from the prior year of $15,587,996. This was primarily due to fluctuations in timing of state support, fluctuations from net pension liability reporting changes through GASB 68, and a large receivable related to Federal COVID relief funds, all of which are described below.

The state aid timing adjustment for the 2021-22 statements is based on a senate bill passed by the Oregon legislature in 2003 delaying the final quarterly payment to community colleges for the last year of every biennium. The result is five quarterly payments received in the first year of the biennium (2021-22) and only three in the last year of the biennium (prior year 2020-21). The delayed payment of state funding has the effect of decreasing current assets in odd numbered years and increasing them in even numbered years.

The net pension liability adjustment, which is based on actuarial assumptions used throughout the Public Employees Retirement System, dramatically impacts expense categories and unrestricted net position. These reporting requirements are designed to create transparency regarding the college's portion of the unfunded liability for the larger system in which it participates. The related adjustments do not have a direct impact on budget based reporting as shown in schedules 1 through 7, however, the financial statement show the substantial impact of the 2021-22 adjustment. Net pension liability declined by over $25 million over prior year. This, along with changes in associated deferred inflows and outflows of resources related to pensions, contributed to a $4.1 million decrease in expenses in 2021-22.

Net assets have also increased due to a large receivable in the amount of $6.9 million. This receivable relates to the Employee Retention Credit program which was a subset of the CARES Act COVID relief money. The College has confirmed eligibility and submitted full documentation for the credits as of June 30, 2022 and expects to receive the funds in the 2022-23 fiscal year.

The College's largest net position reflects the amount invested in capital assets, e.g., land, buildings, and machinery and equipment, less any outstanding related debt used to acquire the assets, plus remaining bond proceeds held for construction.

Analysis of the Statement of Net Position

The Statement of Net Position includes all assets and liabilities of the College using the accrual basis of accounting. Net position is the difference between assets and liabilities, and is one measure of the financial condition of the College.

(in thousands of dollars)	2022	2021
Assets		
Current assets	$31,081	$20,041
Noncurrent assets	97,138	99,285
Total assets	$128,219	$119,326
Deferred Outflows of Resources		
Deferred outflows related to pensions	$15,069	$16,522
Deferred loss on refunding	$40	47
Total deferred outflows of resources	$15,109	$16,569
Liabilities		
Current liabilities	$14,641	$14,793
Long-term debt, non-current portion	46,182	51,859
Pension transition liability	2,205	2,687
Net pension liability	24,244	49,404
Other non-current liabilities	1,055	691
Total liabilities	$88,327	$119,434
Deferred Inflow of Resources		
Deferred inflows related to pensions	$27,485	$4,532
Total deferred inflows of resources	$27,485	$4,532
Net Position		
Net investment in capital assets	$60,997	$60,026
Restricted	1,814	1,812
Unrestricted	(35,295)	(49,909)
Total net position	$27,516	$11,929

Current assets include cash and investments from operations. The College's current assets of $31.1 million are sufficient to cover the College's current liabilities of $14.6 million. This represents a current ratio of 2.13. Receivables consist of taxes, student accounts, interest and various operating receivables. The College's non-current assets are its investment in capital assets of $96.7 million, net of depreciation, plus cash and investments restricted for capital construction of $.3 million and lease assets, net of amortization, of $.1 million.

The College's current liabilities primarily consist of accounts payable, payroll and payroll taxes payable, vacation payable, unearned revenue from tuition and fees, and the current portion of long-term debt. The non-current liabilities consist mainly of pension liabilities of $24.2 million and long-term debt from the issuance of general obligation bonds of $23.9 million and the pension obligation bonds long-term debt of $15.8 million.

The majority of the College's net position is the $61.0 million net investment in capital assets. The College's restricted net position consists of amounts set aside for contracted programs, financial aid, and debt service. The College's unrestricted net position consists of amounts for the continuing operation of the College.

Analysis of the Statement of Revenues, Expenses and Changes in Net Position

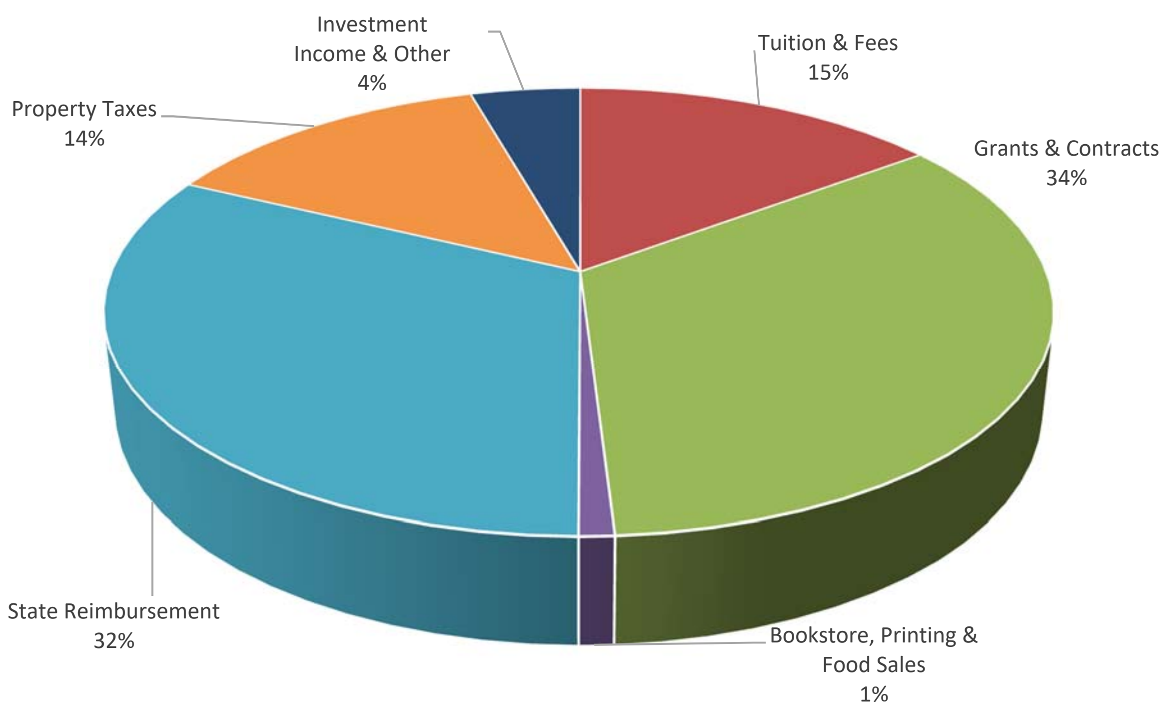
The Statement of Revenues, Expenses and Changes in Net Position presents the operating results of the College as well as the non-operating revenues and expenses. Annual state reimbursements and property taxes, while budgeted for operations, are considered non-operating revenues according to accounting principles generally accepted in the United States of America (GAAP).

Changes in Linn-Benton Community College's Net Position

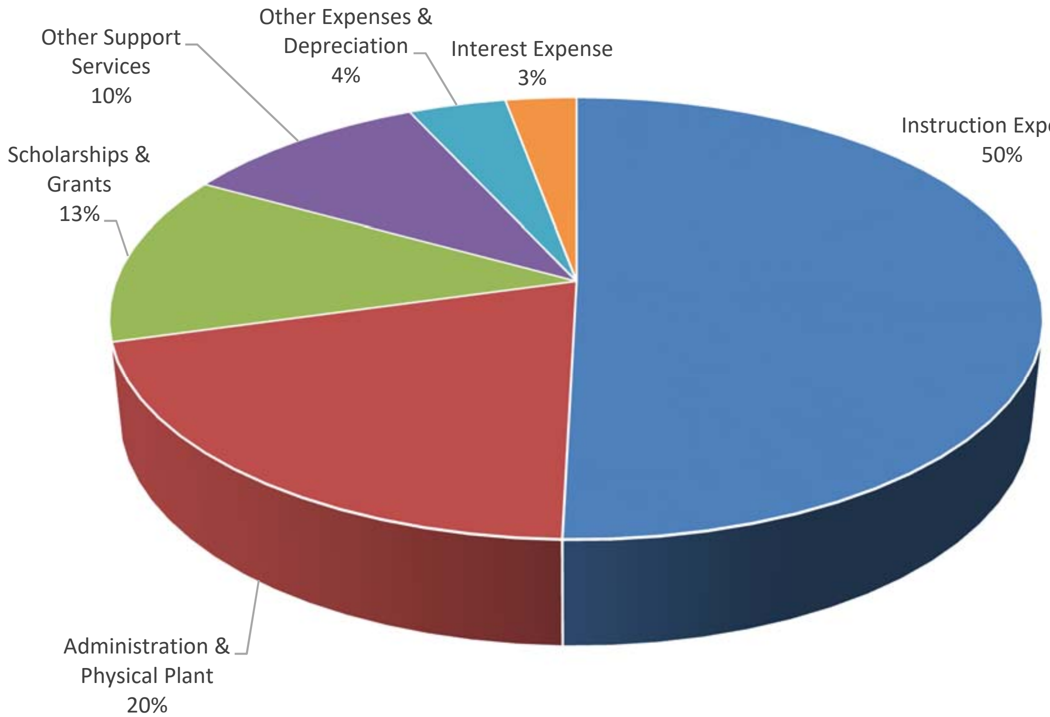
(in thousands of dollars)	2022	Percent of total revenue/expense	2021
Revenues			
Tuition & fees, net	$14,211,239	14.8%	$15,647,887
Student Financial Aid	8,693,336	9.1%	9,371,712
Intergovernmental grants/contracts	24,077,347	25.1%	14,466,605
Campus Store sales	777,114	0.8%	739,406
Food Service sales	104,099	0.1%	1,175
Printing Services sales	92,340	0.1%	40,825
Other operating revenue	4,084,376	4.3%	3,819,311
Total operating revenue	52,039,851	54.3%	44,086,921
State community college support	30,742,062	32.1%	17,473,138
Property taxes	12,885,125	13.4%	12,408,558
Interest Income	153,903	0.2%	195,614
Total non-operating revenue	43,781,090	45.7%	30,077,310
Total revenues	95,820,941	100.0%	74,164,231
Expenses			
Instruction	32,791,408	40.9%	37,258,529
Instructional support	7,661,243	9.5%	7,503,457
College support services	10,969,678	13.7%	11,702,694
Student services	7,866,336	9.8%	8,191,991
Community services	196,100	0.2%	192,400
Scholarships and grants	10,004,410	12.5%	7,074,381
Plant operations	5,252,567	6.5%	5,171,506
Auxiliary	0	0.0%	0
Depreciation and amortization	3,539,858	4.4%	3,945,828
Total operating expenses	78,281,600	97.6%	81,040,786
Interest expense	2,319,329	2.9%	2,387,199
Amortization of debt premiums	(354,984)	-0.4%	(314,234)
Debt Issuance Costs	0	0.0%	108,424
Loss on disposal of capital assets	0	0.0%	2,391
Total non-operating expenses	1,964,345	2.4%	2,183,780
Total expenses	80,245,945	100.0%	83,224,566
Excess/(deficiency) before special items	15,574,996		(9,060,335)
Capital contributions	13,000		71,312
Increase/(decrease) in net position	$ 15,587,996		$ (8,989,023)

Revenues:
The most significant sources of operating revenue for the College are federal, state and local grants and contracts (including student financial aid) and student tuition and fees. Tuition and fees totaled $14,211,239**,** a decrease of 9.2%. Student financial aid decreased at a rate of 7.2% however intergovernmental grants and contracts increased by 66.4% reflecting the addition of numerous grants including the aforementioned Employee Retention Credits. Revenue from Campus Store sales totaled $777,114 which is attributable to decreased enrollment and the increased availability of open educational resources and other purchasing/rental arrangements surrounding affordable textbooks.

The largest non-operating revenue source is from the State of Oregon. Biennially, the state appropriates funding for community colleges. The College received $30,742,062 for FTE reimbursement allocation in this fiscal year. This amount is $13,268,924 more than the College received in fiscal year 2020-21 due to the quarterly payment adjustment. Additional non-operating revenues of $12,885,125 were received from property taxes the College levied, an increase of 3.8%. The following graph shows the allocation of revenues for the College:



Expenses:
Expenses for fiscal year 2021-22 totaled $80,245,945, a decrease of 3.45%. Instructional expenses represent the largest percentage of total at $40,452,651. Grants and scholarships awarded to students totaled $10,004,410 which was an increase of 41.4%. The following graph shows the allocation of expenses for the College:



As mentioned prior, adherence to GASB Statement No. 68, *Accounting and Financial Reporting for Pensions* required a substantial adjustment to net pension liability and related expenses. This accounting adjustment does not reflect budgetary spending by the college. The chart below shows 2022 expenses prior to the pension adjustments and compares to prior year.

(in thousands of dollars)	2022 Expenses prior to pension adjustments	2021 Expenses prior to pension adjustments	Total percentage change
Instruction	$ 35,229	$ 34,109	3.3%
Instructional support	8,108	7,000	15.8%
College support services	11,502	10,985	4.7%
Student services	8,361	7,593	10.1%
Scholarships and grants	10,008	7,069	41.6%
Plant Operations	5,409	4,957	9.1%

<u>Analysis of the Statement of Cash Flows</u>

This statement provides an assessment of the financial health of the College. Its primary purpose is to provide relevant information about the cash receipts and cash payments of the College during a period. The statement of cash flows also helps users assess the ability of the College to meet obligations as they become due and the need for external financing.

	(in thousands of dollars) 2022	2021
Cash provided by (used in):		
Operating activities	$ (32,540)	$ (26,253)
Noncapital financing activities	37,425	23,867
Capital financing activities	(9,219)	1,825
Investing activities	154	195
Net increase(decrease) in cash	(4,180)	(366)
Cash -- Beginning of year	19,493	19,859
Cash -- End of year	$ 15,313	$ 19,493

The major sources of funds included in the operating activities include student tuition and fees, student financial aid, and grants and contracts. Major uses were payments made to employees and suppliers, and for student financial aid and other scholarships.

State reimbursements and property taxes are the primary source of non-capital financing. The current accounting standards require that we reflect these sources of revenue as non-operating even though the College's budget depends on these revenues for operations. Property taxes are assessed to property owners within the College's tax base. The primary financing activities were the purchase of capital assets, property taxes levied for capital debt, and principal and interest on capital long-term debt.

Capital Assets and Debt Administration

Capital Assets

The College's investment in capital assets as of June 30, 2022 amounts to $96,691,315 net of accumulated depreciation. Investment in capital assets includes land, buildings, improvements, machinery and equipment, art and historical treasures, library collections and land improvements. More detailed information about the College's capital assets is included in Note 3 to the financial statements.

Long Term Debt

At the end of fiscal year 2022, the College had total debt outstanding of $79,928,071. Of this amount $23,930,000 represents general obligation bonds, $2,310,249 in premiums on general obligation bonds, $15,825,000 in pension obligation bonds, $1,468,164 in termination benefits, $2,205,222 in pension transition liability, $24,244,178 in net pension liability, $2,385,487 in the financing agreement, $6,500,000 in full faith and credit obligations, $908,122 in premiums on full faith and credit obligations, and $151,649 in leases payable.

State statutes limit the amount of the general obligation debt the College may issue to 1.5% of Real Market Value of properties within the college district. The current legal debt limit is $491,881,009, which is significantly higher than the College's outstanding general obligation debt. The College's outstanding general obligation debt is approximately 4.87% of the legal debt limit. More detailed information about the College's long term debt is included in Note 5 to the financial statements.

Economic Factors and Next Year's Budget

The College closed out the 2021-22 year with an operating deficit in the General Fund. The trend of deficit spending in the General Fund continued with the ongoing decline in enrollment magnified by the pandemic. The 2022-23 year has seen expanded in-person course offerings and a return to somewhat normal campus operations in the first "post-pandemic" year. Enrollment has stabilized early in the year and which have improved projections for the coming budget year. The underlying operating deficit, however, remains a concern and the College is projected cost reductions for the coming biennium. The College will continue to monitor changes in the budget environment and incorporate them into the ongoing financial planning especially those related to enrollment and the state funding level for the coming 2023-25 biennium.

Requests for Information:

This financial report is designed to provide a general overview of Linn-Benton Community College's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to:

Accounting Services
Linn-Benton Community College
6500 SW Pacific Blvd.
Albany, OR 97321

BASIC FINANCIAL STATEMENTS

LINN-BENTON COMMUNITY COLLEGE

Statement of Net Position
June 30, 2022

	College	Foundation (Component Unit) as of 12/31/21
Assets		
Current assets:		
Cash and investments	$ 15,013,483	$ 540,718
Receivables, net:		
Property taxes	385,208	-
Accounts/grants	15,496,952	117,862
Loans	43,979	-
Inventories	140,805	-
Prepaid expenses	475	2,100
Total current assets	31,080,902	660,680
Noncurrent assets:		
Restricted cash and investments	299,681	-
Investments in equity mutual funds	-	9,074,724
Investments in property and equipment	-	3,244,837
Investments held by others	-	341,142
Non-depreciable capital assets	23,338,246	-
Depreciable capital assets, net	73,353,069	-
Lease assets, net	147,149	-
Total noncurrent assets	97,138,145	12,660,703
Total assets	128,219,047	13,321,383
Deferred Outflows of Resources		
Deferred outflows related to pensions	15,068,567	-
Deferred loss on refunding	40,158	-
Total deferred outflows of resources	15,108,725	-
Total assets and deferred outflows of resources	143,327,772	13,321,383

(Continues)

Statement of Net Position
June 30, 2022

	College	Foundation (Component Unit) as of 12/31/21
Liabilities		
Current liabilities:		
Accounts payable	$ 2,786,384	$ 280,255
Payroll payable	3,372,326	-
Vacation payable	1,547,697	-
Accrued interest payable	97,533	-
Due to others	51,928	-
Unearned revenue	543,273	-
Current maturities of long-term obligations	6,242,267	-
Total current liabilities	14,641,408	280,255
Noncurrent liabilities - long-term obligations:		
General obligation bonds payable	23,930,000	-
Premium on general obligation bonds payable	2,310,249	-
Pension bonds payable	15,825,000	-
Full faith and credit obligations payable	6,500,000	-
Premium on full faith and credit obligations payable	908,122	-
Lease payable	151,649	
Financing agreement	2,385,487	-
Termination benefits	1,468,164	-
Net pension liability	24,244,178	-
Pension transition liability	2,205,222	-
Total long-term obligations	79,928,071	-
Less current maturities	(6,242,267)	-
Total noncurrent liabilities - long-term obligations	73,685,804	-
Total liabilities	88,327,212	280,255
Deferred Inflows of Resources		
Deferred inflows related to pensions	27,484,750	-
Net Position		
Net investment in capital assets	60,997,296	-
Restricted for grants and contracts	1,064,643	-
Restricted for financial aid	86,508	-
Restricted for debt service	662,601	-
Restricted permanently for endowment fund investments	-	5,029,979
Restricted temporarily for scholarships and special assistance	-	5,583,128
Total restricted net position	1,813,752	10,613,107
Unrestricted	(35,295,238)	2,428,021
Total net position	$ 27,515,810	$ 13,041,128

The accompanying notes are an integral part of this statement.

LINN-BENTON COMMUNITY COLLEGE

Statement of Revenues, Expenses and Changes in Net Position
Year Ended June 30, 2022

	College	Foundation (Component Unit) year ended 12/31/21
Operating revenues:		
Tuition and fees (net of scholarship discounts and allowances of $5,160,810)	$ 14,211,239	$ -
Student financial aid grants	8,693,336	-
Intergovernmental grants and contracts	24,077,347	-
Auxiliary enterprises:		
Campus store sales	777,114	-
Food service sales	104,099	-
Printing services	92,340	-
Other operating revenue	4,084,376	1,214,058
Total operating revenues	52,039,851	1,214,058
Operating expenses:		
Instruction	32,791,408	-
Instructional support	7,661,243	-
College support services	10,969,678	-
Student services	7,866,336	-
Community services	196,100	-
Scholarships and grants	10,004,410	-
Plant operations	5,252,567	-
Foundation programs	-	1,254,824
Depreciation and amortization	3,539,858	-
Total operating expenses	78,281,600	1,254,824
Operating loss	(26,241,749)	(40,766)
Nonoperating revenues-(expenses)		
State community college support	30,742,062	-
Property taxes	12,885,125	-
Investment income	153,903	1,325,912
Interest expense	(2,319,329)	-
Amortization of premium on bonds and full faith and credit obligations	361,677	-
Amortization of deferred loss on refunding	(6,693)	-
Total nonoperating revenues-(expenses)	41,816,745	1,325,912
Income before contributions	15,574,996	1,285,146
Capital contributions	13,000	-
Change in net position	15,587,996	1,285,146
Net position - beginning of year - as restated	11,927,814	11,755,982
Net position - end of year	$ 27,515,810	$ 13,041,128

The accompanying notes are an integral part of this statement.

LINN-BENTON COMMUNITY COLLEGE

Statement of Cash Flows
Year Ended June 30, 2022

Cash flows from operating activities:	
Tuition and fees	$ 14,840,645
Student financial aid grants	8,926,508
Intergovernmental grants and contracts	14,059,506
Campus store receipts	784,759
Food service receipts	103,829
Printing services receipts	86,424
Other cash receipts	4,003,393
Payments to employees for services	(54,812,331)
Payments to suppliers for goods and services	(10,528,134)
Payments for student scholarships and grants	(10,004,410)
Net cash used in operating activities	(32,539,811)
Cash flows from noncapital financing activities:	
Cash received from State community college support	30,742,062
Cash received from property taxes	9,680,478
Principal paid on pension bonds	(2,015,000)
Interest paid on pension bonds	(982,714)
Net cash provided by noncapital financing activities	37,424,826
Cash flows from capital and related financing activities:	
Acquisition of capital assets	(8,132,847)
Cash received from property taxes levied for capital debt	3,225,353
Principal paid on capital-related long-term debt	(2,910,717)
Interest paid on capital-related long-term debt	(1,331,497)
Principal paid on leases payable	(59,837)
Interest paid on leases payable	(9,929)
Net cash used in capital and related financing activities	(9,219,474)
Cash flows from investing activities:	
Investment income	153,903
Net decrease in cash and cash equivalents	(4,180,556)
Cash and cash equivalents - beginning of year	19,493,720
Cash and cash equivalents - end of year	$ 15,313,164

(Continues)

LINN-BENTON COMMUNITY COLLEGE

Statement of Cash Flows
Year Ended June 30, 2022

Reconciliation of operating loss to net cash used in operating activities:	
Operating loss	$ (26,241,749)
Adjustments to reconcile operating loss to net cash used in operating activities:	
Depreciation and amortization	3,539,858
Decrease-(increase) in:	
Accounts/grants receivable	(8,818,833)
Loans receivable	(25,611)
Inventories	33,391
Deferred outflows related to pensions	1,453,639
Increase-(decrease) in:	
Operating accounts payable	775,447
Payroll payable	(201,934)
Vacation payable	(194,529)
Termination benefits	274,423
Due to others	(55,070)
Unearned revenue	(390,343)
Net pension liability	(25,159,711)
Pension transition liability	(481,446)
Deferred inflows related to pensions	22,952,657
Total adjustments	(6,298,062)
Net cash used in operating activities	$ (32,539,811)
Noncash capital, investing and financing activities:	
Acquisition of capital assets	$ (13,000)
Capital contributions	13,000
Deferred loss on refunding	6,693
Premium on bonds and full faith and credit obligations	(361,677)
Amortization of premium on bonds and full faith and credit obligations	361,677
Amortization of deferred loss on refunding	(6,693)
Total noncash capital, investing and financing activities	$ -

The accompanying notes are an integral part of this statement.

1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

The financial statements of Linn-Benton Community College have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as prescribed by the Governmental Accounting Standards Board (GASB), including GASB Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*, and GASB Statement No. 35, *Basic Financial Statements – and Management's Discussion and Analysis – for Public Colleges and Universities,* as amended by GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position.* The College follows the "business-type activities" reporting requirements of GASB Statements No. 34 and No. 35.

(A) Organization and Operation

Linn-Benton Community College (the College) was formed on December 6, 1966 under ORS Chapter 341. The College is governed by a seven member Board of Education whose members are elected independently.

(B) Description of the Reporting Entity

The financial statements of the College present the College and its component unit, Linn-Benton Community College Foundation. The Foundation is a discretely presented component unit and is reported in a separate column in the basic financial statements.

The Foundation is a legally separate, tax-exempt entity and acts primarily as a fund-raising organization to supplement the resources that are available to the College in support of its programs. The Board of Directors of the Foundation is self-perpetuating. Although the College does not control the timing or amount of receipts from the Foundation, the majority of resources, or income thereon, that the Foundation holds and invests, are restricted to the activities of the College by the donors. Because these restricted resources held by the Foundation can only be used by, or for the benefit of the College, the Foundation is considered a component unit of the College and is discretely presented in the College's financial statements.

The Foundation reports as a not-for-profit organization under Financial Accounting Standards Board (FASB) standards. As a result, certain revenue recognition criteria and presentation features are different from GASB revenue recognition and presentation features. No modifications have been made to the Foundation's financial information in the College's financial reporting entity for these differences.

During the year ended June 30, 2022, the Foundation provided scholarships of $430,137 and other contributions of $206,196 for the benefit of the College. The College provided personnel and administrative contributions to the Foundation totaling $223,350 during the year. Complete financial statements for the Foundation can be obtained at: 6500 Pacific Boulevard SW, Albany, Oregon 97321.

1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Contd)

(C) Basis of Accounting

The basic financial statements are reported using the economic resources measurement focus and accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Property taxes are recognized as revenues in the years in which they are levied. Grants and other similar types of revenue are recognized as soon as all eligibility requirements imposed by the grantor have been met.

Operating revenues and expenses are distinguished from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with the College's ongoing operations. The principal operating revenues of the College are charges to students for tuition and fees, grants and contracts for specific operating activities of the College, and campus store and food service sales. Operating expenses include the cost of faculty, administration and support expenses, campus store and food service operations, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

(D) Use of Estimates

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

(E) Investments

Investments are carried at fair value. The College invests in the Oregon Local Government Investment Pool. This investment is authorized by Oregon Revised Statutes. For purposes of the statement of cash flows, cash, demand deposits, the Oregon Local Government Investment Pool and short-term investments purchased with original maturities of three months or less are considered to be cash and cash equivalents.

The College maintains depository insurance under Federal depository insurance funds and state and financial institution collateral pools for its cash deposits, except the Local Government Investment Pool, which is exempt from statutes requiring such insurance.

1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Contd)

(F) Property Taxes Receivable

Ad valorem property taxes are levied on all taxable property as of July 1. Property taxes become an enforceable lien on that date for real property and for personal property. Collection dates are November 15, February 15 and May 15. Discounts are allowed if amounts due are received by November 15. Taxes unpaid and outstanding on May 16 are considered delinquent. Uncollected taxes, including delinquent amounts, are considered substantially collectible or recoverable through liens; therefore, no allowance for uncollectible taxes has been recorded. Property taxes are recognized as revenues when levied.

(G) Accounts/Grants Receivable and Loans Receivable

Unreimbursed grant expenditures due from grantor agencies are recorded in the financial statements as receivables and revenues. Cash received from grantor agencies in excess of related grant expenditures is recorded as unearned revenue.

Loans receivable consist primarily of tuition and fee installment plan loans made with College funds.

Accounts receivable and loans receivable are shown net of an allowance for uncollectible amounts.

(H) Inventories

Inventories, primarily books and supplies held for resale, are valued at the lower of cost (first-in/first-out method) or market.

(I) Capital Assets

Capital assets include land, buildings and improvements, equipment and vehicles, and library books with an estimated useful life greater than one year. The College's capitalization threshold is $5,000 for all capital assets except library books. Library books are capitalized regardless of cost. Donated capital assets, donated works of art and similar items, and capital assets received in a service concession arrangement are reported at acquisition value. Major outlays for capital assets and improvements are capitalized as projects are constructed. The cost of normal maintenance and repairs that do not add value or functionality to the asset are not capitalized, but are expensed as incurred.

Capital assets are depreciated using the straight line method over the following estimated useful lives:

Assets	Years
Buildings and improvements	30 to 50
Office equipment	10
Computer equipment	5
Vehicles	10
Library books	10

1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Contd)

(J) Deferred Outflows of Resources and Deferred Inflows of Resources

Deferred outflows of resources represent a consumption of net assets that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until then. Deferred inflows of resources represent an acquisition of net assets that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time.

(K) Deferred Loss on Refunding

The deferred loss on refunding is being amortized over the life of the 2017 Financing Agreement.

(L) Compensated Absences

Employees of the College are permitted to accumulate earned but unused vacation and sick pay. Vacation pay is recorded as a liability and an expense when earned. A liability does not exist for unpaid accumulated sick leave since College policy does not allow payment upon separation of service.

(M) Long-Term Debt

Premiums on bonds and full faith and credit obligations are deferred and amortized over the life of the debt using the straight-line method, which approximates the effective interest method.

(N) Pension Plan

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Oregon Public Employees Retirement System (PERS) and additions to/deductions from PERS' 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.

(O) Termination Benefits

The College allows employees who have reached age and service requirements to request early retirement after age 55. The monthly benefit is computed using 1.25% of the employee's final annual compensation. The Board of Education has reserved the right to grant this benefit on a case by case basis. Additionally, for those employees granted the early retirement benefit, the College provides group medical, vision and dental insurance coverage for the employee. Early retirement costs are recognized as a liability and expense when the employees accept the offer.

1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Contd)

(P) Scholarship Discounts and Allowances

Financial aid to students is reported in the basic financial statements under the alternative method as prescribed by the National Association of College and University Business Officers (NACUBO). Certain aid such as loans and funds provided to students as awarded by others is accounted for as a third party payment (credited to the student's account as if they student made the payment). All other aid is reflected in the basic financial statements as operating expenses, or scholarship discounts and allowances, which reduce revenues. The amount reported as operating expense represents the portion of aid that was provided to the student in the form of cash. Scholarship discounts and allowances represent the portion of aid provided to the student in the form of reduced tuition. Under the alternative method, these amounts are computed on a College basis by allocating the cash payments to students, excluding payments for services, on the ratio of total aid to the aid not considered to be third party aid.

(Q) Lease Assets / Leases Payable

Lease assets are assets which the College leases for a term of more than one year. Lease assets and related leases payable are recorded at the inception of the lease at the net present value of the future lease payments at the College's incremental borrowing rate. Lease assets are amortized over the life of the lease.

(R) Net Position

Net position reported in the Statement of Net Position is the difference between the College's total assets and deferred outflows and total liabilities and deferred inflows. Net position is subdivided into three categories: net investment in capital assets, restricted, and unrestricted.

Net investment in capital assets represents capital assets, less accumulated depreciation and outstanding principal and premiums of capital asset related debt, plus deferred loss on refunding of capital asset related debt and cash held for construction.

Restricted net position represents amounts for which constraints were imposed by creditors, grantors, contributors or laws or regulations. The College's policy is to first use restricted resources when an expense is incurred for which both restricted and unrestricted resources are available.

(S) New Accounting Pronouncement

The GASB issued Statement No. 87, *Leases*. The College implemented GASB Statement No. 87 in the year ended June 30, 2022. Additional information can be found in Note 4 – Lease Assets, Note 5 – Long-Term Obligations and Note 10 – Prior Period Adjustment.

2 - CASH AND INVESTMENTS:

Cash and investments are comprised of the following at June 30, 2022:

Cash on hand	$ 44,362
Deposits with financial institutions	473,100
Investments	14,795,702
Total cash and investments	$ 15,313,164

Deposits with Financial Institutions

Deposits with financial institutions are bank demand deposits. The total bank balance, as shown on the banks' records at June 30, 2022, was $2,345,357. Of these deposits, the total covered by federal depository insurance was $250,000.

The Oregon State Treasurer is responsible for monitoring public funds held by bank depositories in excess of FDIC insured amounts, and for assuring that public funds on deposit are collateralized to the extent required by Oregon Revised Statutes (ORS) Chapter 295. ORS Chapter 295 requires depository banks to place and maintain on deposit with a third-party custodian bank securities having a value of 10%, 25%, or 110% of public funds on deposit depending primarily on the capitalization level of the depository bank.

Custodial credit risk for deposits is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The College follows State law with respect to custodial credit risk and has not adopted a separate policy. Deposits in excess of FDIC insured amounts were exposed to custodial credit risk as of June 30, 2022, because these deposits were uncollateralized and/or were collateralized but not held by the third-party custodian bank in the College's name.

Investments

State statutes authorize the College to invest in general obligations of the U.S. Government and its agencies, certain bonded obligations of Oregon municipalities, bank repurchase agreements, bankers' acceptances, commercial paper and the Oregon Local Government Investment Pool, among others. The College has no investment policy that would further limit its investment choices.

At June 30, 2022, the College's investments consisted of:

Investment in Oregon Local Government Investment Pool	$ 14,795,702

2 - CASH AND INVESTMENTS: (Contd)

Investments (Contd)

The Oregon Local Government Investment Pool is an open-ended, no-load diversified portfolio pool. Participants' account balances in the pool are determined by the amount of participants' deposits, adjusted for withdrawals and distributed interest. Interest is calculated and accrued daily on each participant's account based on the ending account balance and a variable interest rate determined periodically by the Oregon Short-Term Fund.

The Oregon Local Government Investment Pool is an external investment pool which is part of the Oregon Short-Term Fund. Investment policies are governed by the Oregon Revised Statues and the Oregon Investment Council (Council). The State Treasurer is the investment officer for the Council. Investments are further governed by portfolio guidelines issued by the Oregon Short-Term Fund Board. The Oregon Short-Term Fund does not receive credit quality ratings from nationally recognized statistical rating organizations.

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The Oregon Short-Term Fund manages this risk by limiting the maturity of the investments held by the fund. Weighted average maturities of investments in the Oregon Short-Term Fund at June 30, 2022 were: 67% mature within 93 days, 13% mature from 94 days to one year, and 20% mature from one to three years.

Restricted Cash and Investments

At June 30, 2022, the College had $299,681 in unspent full faith and credit obligation proceeds. These unspent proceeds are restricted for capital improvements.

Foundation Cash and Investments

The Foundation's cash and investments of $540,718 shown as current assets at December 31, 2021, consist of demand deposits and money market accounts.

The Foundation's investments of $9,074,724 shown as noncurrent assets at December 31, 2021, consist of equity mutual funds. Foundation investments are carried at fair value. Fair value and cost information for investments is as follows:

	Cost	Fair Value
Equity mutual funds	$ 6,610,277	$ 9,074,724

2 - CASH AND INVESTMENTS: (Contd)

Foundation Cash and Investments (Contd)

The Foundation maintains a checking account at a financial institution insured by the Federal Deposit Insurance Corporation (FDIC) up to $250,000 at December 31, 2021. Amounts at that financial institution were fully insured as of December 31, 2021.

The Foundation maintains its investments with the investment firm Edward Jones. The Foundation's investments are diversified in a variety of mutual funds, certificates of deposit and equity securities. However, the Foundation's investments are subject to market fluctuations, which could dramatically affect the carrying value of these assets. The Foundation's investments are insured by the Securities Investors Protection Corporation (SIPC) up to a maximum of $500,000. Investments at Edward Jones are also covered by additional insurance provided to investors through the company.

3 - CAPITAL ASSETS:

Capital assets activity for the year ended June 30, 2022 was as follows:

	Balance July 1, 2021	Increases	Decreases	Balance June 30, 2022
Capital assets not being depreciated:				
Land	$ 9,163,106	$ -	$ -	$ 9,163,106
Construction in process	6,888,365	7,286,775	-	14,175,140
Total capital assets not being depreciated	16,051,471	7,286,775	-	23,338,246
Capital assets being depreciated:				
Buildings and improvements	119,213,578	-	-	119,213,578
Equipment and vehicles	15,441,907	326,288	-	15,768,195
Total capital assets being depreciated	134,655,485	326,288	-	134,981,773
Less accumulated depreciation for:				
Buildings and improvements	48,088,178	2,804,604	-	50,892,782
Equipment and vehicles	10,063,729	672,193	-	10,735,922
Total accumulated depreciation	58,151,907	3,476,797	-	61,628,704
Total capital assets being depreciated, net	76,503,578	(3,150,509)	-	73,353,069
Total capital assets, net	$ 92,555,049	$ 4,136,266	$ -	$ 96,691,315

4 - LEASE ASSETS:

Lease assets activity for the year ended June 30, 2022 was as follows:

	Restated Balance July 1, 2021	Increases	Decreases	Balance June 30, 2022
Copiers/printing equipment	$ 315,304	$ -	$ -	$ 315,304
Less accumulated amortization	(105,094)	(63,061)	-	(168,155)
Total lease assets being amortized, net	210,210	(63,061)	-	147,149

5 - LONG-TERM OBLIGATIONS:

Changes in long-term obligations for the year ended June 30, 2022 are as follows:

	Restated Balance July 1, 2021	Additions	Deletions	Balance June 30, 2022	Due within One Year	Interest Matured and Paid
General obligation bonds payable	$ 26,035,000	$ -	$ 2,105,000	$ 23,930,000	$ 2,240,000	$ 1,057,898
Premium on general obligation bonds payable	2,602,070	-	291,821	2,310,249	291,821	-
Pension bonds payable	17,840,000	-	2,015,000	15,825,000	2,250,000	982,714
Full faith and credit obligations payable	6,905,000	-	405,000	6,500,000	415,000	207,148
Premium on full faith and credit obligations payable	977,978	-	69,856	908,122	69,856	-
Leases payable	211,486	-	59,837	151,649	62,771	9,929
Financing agreement	2,786,204	-	400,717	2,385,487	410,074	66,451
Termination benefits	1,193,741	777,168	502,745	1,468,164	502,745	-
Pension transition liability	2,686,668	-	481,446	2,205,222	-	-
Net pension liability	49,403,889	-	25,159,711	24,244,178	-	-
Total	$ 110,642,036	$ 777,168	$ 31,491,133	$ 79,928,071	$ 6,242,267	$ 2,324,140

Bonds Payable

In November 2014, a bond issue in the amount of $34,000,000 was passed by the voters for the purpose of funding capital construction and improvements. The bonds were sold in February 2015 for $38,450,270. The full faith and credit of the College is pledged for the Series 2015 General Obligation Bonds. Principal payments are due annually through June 2030 and interest is payable in December and June of each year with fixed rates ranging from 2% to 5%. Bonds maturing on or after June 1, 2026 are subject to redemption in whole or in part at 100% of the principal amount plus accrued interest to the redemption date.

In February 2004, the College issued $29,235,000 of Limited Tax Pension Obligation Bonds and transferred the net proceeds to the State of Oregon Public Employees Retirement System to cover a portion of the College's share of the cost sharing plan's unfunded actuarial liability. Funds deposited are being used to pay a portion of the College's annual required contribution. Principal payments are due annually through June 30, 2028 and interest is payable in December and June of each year with fixed rates ranging from 5.44% to 5.53%. Under the terms of the Limited Tax Pension Obligation Bonds, a portion of the College's Community College Support Fund distribution from the State of Oregon is deposited directly with the bond trustee in an amount sufficient to meet scheduled principal and interest payments.

5 - LONG-TERM OBLIGATIONS: (Contd)

Bonds Payable (Contd)

Future bonded debt requirements for the Series 2015 bond issue are as follows:

	Principal	Interest	Total
2022-23	$ 2,240,000	$ 1,016,000	$ 3,256,000
2023-24	2,430,000	926,400	3,356,400
2024-25	2,610,000	829,200	3,439,200
2025-26	2,805,000	753,450	3,558,450
2026-27	3,050,000	614,450	3,664,450
2027-28	3,315,000	461,950	3,776,950
2028-29	3,590,000	296,200	3,886,200
2029-30	3,890,000	116,700	4,006,700
Total	$ 23,930,000	$ 5,014,350	$ 28,944,350

Future bonded debt requirements for the Series 2004 bond issue are as follows:

	Principal	Interest	Total
2022-23	$ 2,250,000	$ 873,098	$ 3,123,098
2023-24	2,505,000	750,697	3,255,697
2024-25	2,785,000	612,171	3,397,171
2025-26	3,080,000	458,160	3,538,160
2026-27	3,400,000	287,836	3,687,836
2027-28	1,805,000	99,817	1,904,817
Total	$ 15,825,000	$ 3,081,779	$ 18,906,779

The following is a schedule combining the 2015 and 2004 bond issues:

	Principal	Interest	Total
2022-23	$ 4,490,000	$ 1,889,098	$ 6,379,098
2023-24	4,935,000	1,677,097	6,612,097
2024-25	5,395,000	1,441,371	6,836,371
2025-26	5,885,000	1,211,610	7,096,610
2026-27	6,450,000	902,286	7,352,286
2027-28	5,120,000	561,767	5,681,767
2028-29	3,590,000	296,200	3,886,200
2029-30	3,890,000	116,700	4,006,700
	$ 39,755,000	$ 8,096,129	$ 47,851,129

5 - LONG-TERM OBLIGATIONS: (Contd)

Full Faith and Credit Obligations Payable

In January 2021, the College issued $7,055,000 in full faith and credit obligations which, along with $1,007,084 in premium, will be used to finance capital construction and improvements. The full faith and credit of the College is pledged for the Series 2021 Full Faith and Credit Obligations. Principal payments are due annually through June 2035 and interest is payable in December and June of each year at a fixed rate of 3%. Obligations maturing on or after June 15, 2032 are subject to redemption in whole or in part at 100% of the principal amount plus accrued interest to the redemption date.

Future debt requirements for the Series 2021 obligations are as follows:

	Principal	Interest	Total
2022-23	$ 415,000	$ 195,000	$ 610,000
2023-24	430,000	182,550	612,550
2024-25	440,000	169,650	609,650
2025-26	455,000	156,450	611,450
2026-27	470,000	142,800	612,800
2027-28	485,000	128,700	613,700
2028-29	495,000	114,150	609,150
2029-30	510,000	99,300	609,300
2030-31	525,000	84,000	609,000
2031-32	545,000	68,250	613,250
2032-33	560,000	51,900	611,900
2033-34	575,000	35,100	610,100
2034-35	595,000	17,850	612,850
	$ 6,500,000	$ 1,445,700	$ 7,945,700

Leases Payable

The College has two lease agreements for copiers and printing equipment, one with annual payments of $49,422 for principal and interest at 4.87% through August 2023 and another with monthly payments of $1,695 for principal and interest at 4.87% through August 2025. Future debt requirements for the leases payable are as follows:

	Principal	Interest	Total
2022-23	$ 62,771	$ 6,995	$ 69,766
2023-24	65,850	3,916	69,766
2024-25	19,658	687	20,345
2025-26	3,370	21	3,391
Total	151,649	11,619	163,268

5 - LONG-TERM OBLIGATIONS: (Contd)

Financing Agreement

In February 2017, the College issued a full faith and credit refunding financing agreement with a private bank totaling $4,172,008, the proceeds of which were used to advance refund $1,880,000 of Series 2007 Full Faith and Credit Obligations and $2,085,000 of Series 2008 Full Faith and Credit Obligations through an in-substance defeasance and to pay issuance costs. This constituted all remaining Series 2007 Obligations and all but $165,000 of the remaining Series 2008 Obligations. The remaining Series 2008 Obligations were paid by the College during 2017-18 along with interest of $8,250. The College advance refunded these obligations to reduce its total debt service payments over the life of the Series 2017 Financing Agreement by $247,406 and to obtain an economic gain (difference between the present values of the debt service payments on the old and new debt) of $218,185. All defeased Series 2007 and Series 2008 Obligations were redeemed on June 1, 2018. The full faith and credit of the College is pledged for the financing agreement. Principal payments on the Series 2017 Financing Agreement are due annually beginning in June 2017 through June 1, 2027 and interest is payable in December and June of each year at a fixed rate of 2.39%. Obligations under the financing agreement maturing on or after June 1, 2020 are subject to redemption in whole or in part at 100% of the principal amount plus accrued interest to the redemption date.

Future requirements for the Series 2017 Financing Agreement are as follows:

	Principal	Interest	Total
2022-23	$ 410,074	$ 56,894	$ 466,968
2023-24	419,054	47,114	466,168
2024-25	427,649	37,119	464,768
2025-26	440,848	26,920	467,768
2026-27	448,562	16,406	464,968
2027-28	239,300	5,707	245,007
Total	$ 2,385,487	$ 190,160	$ 2,575,647

Termination Benefits

The early retirement benefit is reported as a liability on the College's financial statements and is recognized as a voluntary termination benefit as classified under GASB Statement No. 47. The liability reflects the discounted present value of expected future stipend payments and group medical, vision and dental insurance coverage premiums. The discount rate used was 3%, which approximates the College's historical yield on current investments held in the Local Government Investment Pool.

6 - PENSION PLANS:

Plan Description

The College contributes to two pension plans administered by the Oregon Public Employees Retirement System (PERS). The Oregon Public Employees Retirement Fund (OPERF) applies to the College's contribution for qualifying employees who were hired before August 29, 2003, and is a cost-sharing multiple-employer defined benefit pension plan. The Oregon Public Service Retirement Plan (OPSRP) is a hybrid successor plan to the OPERF and consists of two programs: 1) The Pension Program, the defined benefit portion of the plan which applies to qualifying College employees hired on or after August 29, 2003. Benefits are calculated by a formula for members who attain normal retirement age. The formula takes into account final average salary and years of service. 2) The Individual Account Program (IAP), the defined contribution portion of the plan. Effective January 1, 2004, all PERS member contributions began going into the IAP, but effective July 1, 2020 a portion of member contributions were redirected to help fund the defined benefits provided under OPERF Tier One/Tier Two and OPSRP. PERS members retain their existing PERS accounts, but the IAP portion of any future member contributions are deposited into the member's IAP, not the member's PERS account.

Both PERS plans provide retirement and disability benefits, postemployment healthcare benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. PERS is administered under Oregon Revised Statute Chapter 238, which establishes the Public Employees Retirement Board as the governing body of PERS. PERS issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained at: https://www.oregon.gov/pers/Pages/Financials/Actuarial-Financial-Information.aspx.

Benefits provided

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

Pension Benefits

The PERS retirement allowance is payable monthly for life. It may be selected from 13 retirement benefit options. These options include survivorship benefits and lump-sum refunds. The basic benefit is based on years of service and final average salary. A percentage (1.67 percent for general service employees) is multiplied by the number of years of service and the final average salary. Benefits may also be calculated under either a formula plus annuity (for members who were contributing before August 21, 1981) or a money match computation if a greater benefit 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. General service employees may retire after reaching age 55. Tier One general service employee benefits are reduced if retirement occurs prior to age 58 with fewer than 30 years of service. Tier Two members are eligible for full benefits at age 60. The ORS Chapter 238 Defined Benefit Pension Plan is closed to new members hired on or after August 29, 2003.

6 - PENSION PLANS: (Contd)

Death Benefits

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

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

Disability Benefits

A member with 10 or more years of creditable service who becomes disabled from other than duty-connected causes may receive a non-duty disability benefit. A disability resulting from a job-incurred injury or illness qualifies a member for disability benefits regardless of the length of PERS-covered service. Upon qualifying for either a non-duty or duty disability, service time is computed to age 58 when determining the monthly benefit.

Benefit Changes After Retirement

Members may choose to continue participation in a variable equities investment account after retiring and may experience annual benefit fluctuations due to changes in the market value of equity investments.

Under ORS 238.360 monthly benefits are adjusted annually through cost-of-living changes (COLA). The COLA is capped at 2.0 percent.

B. OPSRP Pension Program (OPSRP DB)

Pension Benefits

The Pension Program (ORS Chapter 238A) provides benefits to members hired on or after August 29, 2003. This portion of OPSRP provides a life pension funded by employer contributions. Benefits are calculated with the following formula for members who attain normal retirement age:

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.

6 - PENSION PLANS: (Contd)

Pension Benefits (Contd)

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

Death Benefits

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

Disability Benefits

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

Benefit Changes After Retirement

Under ORS 238A.210 monthly benefits are adjusted annually through cost-of-living changes (COLA). The COLA is capped at 2.0 percent.

C. OPSRP Individual Account Program (OPSRP IAP)

Pension Benefits

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 Individual Account Program (IAP) may receive the amounts in his or her employee account, rollover account, and vested employer account as a lump-sum payment or in equal installments over a 5-, 10-, 15-, 20-year period or an anticipated life span option. Each distribution option has a $200 minimum distribution limit.

6 - PENSION PLANS: (Contd)

Death Benefits

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

Recordkeeping

PERS contracts with VOYA Financial to maintain IAP participant records.

Contributions

PERS funding policy provides for monthly employer contributions at actuarially determined rates. These contributions, expressed as a percentage of covered payroll, are intended to accumulate sufficient assets to pay benefits when due. This funding policy applies to the PERS Defined Benefit Plan and the Other Postemployment Benefit Plans. Employer contribution rates during the period were based on the December 31, 2019 actuarial valuation. The rates based on a percentage of payroll, first became effective July 1, 2021. Employer contributions for the year ended June 30, 2022 were $4,123,041, excluding amounts to fund employer specific liabilities. The rates in effect for the fiscal year ended June 30, 2022 were 16.80 percent for Tier One/Tier Two General Service Members and 13.16 percent for OPSRP Pension Program General Service Members, net of 10.59 percent of side account rate relief. An additional 6 percent contribution is required for the OPSRP Individual Account Program, of which a portion is used to help fund the defined benefits provided under OPERF Tier One/Tier Two and OPSRP.

Pension Liabilities, Pension Expenses, and Deferred Outflows of Resources and Deferred Inflows of Resources related to Pensions

At June 30, 2022, the College reported a liability of $24,244,178 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2021 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2019 rolled forward to June 30, 2021. The College's proportion of the net pension liability was based on a projection of the College's long-term share of contributions to the pension plan relative to the projected contributions of all participating entities actuarially determined. PERS has established side accounts for employers that made lump sum payments to the plan in excess of their actuarially required contributions. Since different contribution rates are assessed to employers based on the value of the side accounts, the side account values were reflected separately in the proportionate share calculation. On June 30, 2021, the College's proportion was 0.24819428%.

6 - PENSION PLANS: (Contd)

Pension Liabilities, Pension Expenses, and Deferred Outflows of Resources and Deferred Inflows of Resources related to Pensions (Contd)

For the year ended June 30, 2022, the College recognized pension expense of approximately $3.4 million. At June 30, 2022, the College reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 2,780,125	$ -
Changes in assumptions	7,434,834	78,164
Net difference between projected and actual earnings on investments	-	21,986,766
Changes in proportionate share	730,567	1,206,224
Changes in proportion and differences between employer contributions and proportionate share of contributions	-	4,213,596
College's contributions subsequent to the measurement date	4,123,041	-
Deferred outflows/inflows at June 30, 2022	$ 15,068,567	$ 27,484,750

Contributions subsequent to the measurement date of $4,123,041 reported as deferred outflows of resources will be recognized as a reduction of the net pension liability in the year ended June 30, 2023. Other deferred outflows of resources totaling $10,945,526 less deferred inflows of resources of $27,484,750 related to pensions will be recognized in pension expense as follows:

Year Ending June 30,	Amount
2023	$ (3,327,675)
2024	(3,376,165)
2025	(4,221,872)
2026	(6,049,326)
2027	435,814
Total	$ (16,539,224)

6 - PENSION PLANS: (Contd)

Actuarial assumptions

The employer contribution rates effective July 1, 2021, through June 30, 2023, were set using the entry age normal actuarial cost method. For the Tier One/Tier Two component of the PERS Defined Benefit Plan, this method produced an employer contribution rate consisting of (1) an amount for normal cost (the estimated amount necessary to finance benefits earned by the employees during the current service year), (2) an amount for the amortization of unfunded actuarial accrued liabilities, which are being amortized over a fixed period with new unfunded actuarial accrued liabilities being amortized over 20 years. However, Senate Bill 1049, signed into law in June 2019, requires a one-time re-amortization of Tier One/Tier Two unfunded actuarial accrued liability over a 22 year period in the December 31, 2019 actuarial valuation. For the OPSRP Pension Program component of the PERS Defined Benefit Plan, this method produced an employer contribution rate consisting of (a) an amount for normal cost (the estimated amount necessary to finance benefits earned by the employees during the current service year), (b) an amount for the amortization of unfunded actuarial accrued liabilities, which are being amortized over a fixed period with new unfunded actuarial accrued liabilities being amortized over 16 years.

The total pension liability in the December 31, 2019 actuarial valuation was determined using the following actuarial assumptions:

Valuation Date	December 31, 2019 rolled forward to June 30, 2021
Experience Study Report	2018, published July 24, 2019
Actuarial Cost Method	Entry Age Normal
Amortization Method	Amortized as a level percentage of payroll as layered amortization bases over a closed period; Tier One/Tier Two UAL is amortized over 20 years and OPSRP pension UAL is amortized over 16 years. However, Senate Bill 1049, signed into law in June 2019, requires a one-time re-amortization of Tier One/Tier Two UAL over a closed 22 year period in the December 31, 2019 actuarial valuation.
Asset Valuation Method	Fair value of assets
Actuarial Assumptions:	
Inflation Rate	2.40 percent
Investment Rate of Return	6.90 percent
Discount Rate	6.90 percent
Projected Salary Increases	3.40 percent overall payroll growth
Cost of Living Adjustments (COLA)	Blend of 2.00% COLA and graded COLA (1.25%/0.15%) in accordance with *Moro* decision; blend based on service.
Mortality	Healthy retirees and beneficiaries: Pub-2010 Healthy Retiree, sex distinct, generational with Unisex, Social Security Data Scale, with job category adjustments and set-backs as described in the valuation. Active members: Pub-2010 Employee, sex distinct, generational with Unisex, Social Security Data Scale, with job category adjustments and set-backs as described in the valuation. Disabled retirees: Pub-2010 Disabled Retiree, sex distinct, generational with Unisex, Social Security Data Scale, with job category adjustments and set-backs as described in the valuation.

6 - PENSION PLANS: (Contd)

Actuarial assumptions (Contd)

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

Long-term expected rate of return

To develop an analytical basis for the selection of the long-term expected rate of return assumption, 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	Compounded Annual Return (Geometric)
Global Equity	30.62%	5.85%
Private Equity	25.50%	7.71%
Core Fixed Income	23.75%	2.73%
Real Estate	12.25%	5.66%
Master Limited Partnerships	0.75%	5.71%
Infrastructure	1.50%	6.26%
Commodities	0.63%	3.10%
Hedge Fund of Funds - Multistrategy	1.25%	5.11%
Hedge Fund Equity - Hedge	0.63%	5.31%
Hedge Fund - Macro	5.62%	5.06%
U.S. Cash	-2.50%	1.76%
Total	100.00%	
Assumed Inflation - Mean		2.40%

6 - PENSION PLANS: (Contd)

Discount rate

The discount rate used to measure the total pension liability was 6.90 percent for the Defined Benefit Pension Plan. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and those of the contributing employers are made at the contractually required rates, as actuarially determined. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on 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 College's proportionate share of the net pension liability to changes in the discount rate

The following presents the College's proportionate share of the net pension liability calculated using the discount rate of 6.90%, as well as what the College's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.90%) or 1-percentage-point higher (7.90%) than the current rate:

	1% Decrease (5.90%)	Discount Rate (6.90%)	1% Increase (7.90%)
College's proportionate share of the net pension liability	$ 52,867,978	$ 24,244,178	$ 296,458

Changes of plan provisions

Senate Bill 1049, signed into law in June 2019, introduced a limit on the amount of annual salary included for the calculation of benefits. Beginning in 2020, annual salary in excess of $195,000 (as indexed for inflation in future years) will be excluded when determining member benefits. Additionally, effective July 1, 2020, a portion of the 6% of salary member contribution to the Individual Account Program will be redirected to Employee Pension Stability Accounts, which will help fund the defined benefits provided under Tier One/Tier Two and OPSRP. For Tier One/Tier Two members, the prospectively redirected amount will be 2.50% of salary, and for OPSRP members the amount will be 0.75% of salary. The redirection will only apply to members earning $2,500 per month or more (indexed for inflation).

6 - PENSION PLANS: (Contd)

Changes in actuarial assumptions

Senate Bill 1049, signed into law in June 2019, requires a one-time re-amortization of Tier One/Tier Two unfunded actuarial accrued liability over a closed 22 year period in the December 31, 2019 actuarial valuation.

In July 2021, the PERS Board selected a lower long-term expected rate of investment return assumption of 6.90% to be used in the December 31, 2020 and December 31, 2021 actuarial valuations. At the same time, the PERS Board reduced the inflation and payroll growth assumptions to 2.40% and 3.40%, respectively. The PERS Board has also chosen to reflect these updated economic assumptions in the roll-forward of the December 31, 2019 actuarial valuation amounts for the June 30, 2021 measurement date.

Pension plan fiduciary net position

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

Transition Liability

The College reports a separate liability to the plan with a balance of $2,205,222 at June 30, 2022. The liability represents the College’s allocated share of the pre-SLGRP pooled liability. The College is being assessed an employer contribution rate of 1.52 percent of covered payroll for payment of this transition liability.

7 - RISK MANAGEMENT:

The College is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The College is a member of the Oregon School Boards Association PACE Program and pays an annual premium to PACE for its general and automobile liability and automobile physical damage coverage. Under the membership agreement with PACE, the insurance pool is to be self-sustaining through member premiums and will reinsure through commercial companies for claims in excess of certain limits.

The College carries commercial insurance for other risks of loss including property damage, boiler and machinery, workers' compensation, public official bond and employee dishonesty coverage. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three years.

8 - CONTINGENCIES:

Grants receivable and grant receipts are subject to adjustment by grantor agencies, principally the Federal Government. Any disallowed claims, including claims already collected, could become a liability to the College.

9 - BUDGET:

The College budgets all College funds required to be budgeted in accordance with the Oregon Local Budget Law on a Non GAAP budgetary basis. The College follows these procedures in establishing its budget:

1. In the spring of each year, the President of the College submits a proposed budget to the budget committee which consists of the Board of Education and an equal number of concerned citizens of the community. Estimated receipts and expenditures are budgeted by fund, department and major category.
2. The budget committee conducts public hearings for the purpose of obtaining taxpayer comments.
3. The budget committee proposes a budget to the Board of Education. The estimated expenditures for each fund may not be increased by more than 10 percent by the Board, and ad valorem taxes for all funds may not exceed the amount shown in the budget document unless the Board republishes the budget and holds additional public hearings.
4. The Board legally adopts the budget before July 1 through a Board resolution. The resolution authorizing appropriations for each fund sets the level by which expenditures cannot legally exceed appropriations. The level of control established by the resolution for each fund is at the sub-object level (i.e., Personal Services, Materials and Services, Capital Outlay, Debt Service, and Operating Contingency). Appropriations lapse at year end.
5. The Board may change the budget throughout the year by appropriation transfers between levels of control and supplemental budgets as authorized by Oregon Revised Statutes. During the fiscal year ended June 30, 2022, the Board approved transfer resolutions and appropriated grant funds as allowed by state law.
6. Encumbrances represent commitments related to unperformed contracts for goods or services. All encumbrances lapse at the end of each fiscal year. Any outstanding purchase orders at June 30 are re-encumbered in the subsequent year.

During 2021-22, the College overexpended the capital outlay appropriation in the Special Projects Fund by $316,257 and the materials and services appropriation in the Capital Projects Fund by $21,407.

10 - PRIOR PERIOD ADJUSTMENT:

Based on the implementation of GASB Statement No. 87, the College had prior period adjustments as follows:

	Lease Assets, net	Leases Payable	Net Position
July 1, 2021 - as originally reported	$ -	$ -	$ 11,929,090
Restatement for GASB Statement No. 87	210,210	211,486	(1,276)
July 1, 2021 - as restated	$ 210,210	$ 211,486	$ 11,927,814

11 - SUBSEQUENT EVENT:

In May of 2022 a General Obligation bond for the College was placed on the ballot and passed by the voters of Linn and Benton counties. The bond was proposed at $16 million to be used for facilities upgrades, a new Agricultural Center, and improvement to childcare facilities and access. The Agricultural Center was approved for $8 million in matching funds provided by the State of Oregon. Proceeds from the actual sale of the bonds were received in August 2022.

REQUIRED SUPPLEMENTARY INFORMATION

LINN-BENTON COMMUNITY COLLEGE

Schedule of the Proportionate Share of the Net Pension Liability
Oregon Public Employees Retirement System Pension Plan
For the last nine fiscal years

Fiscal Year Ended June 30	(a) College's proportion of the net pension liability (asset)	(b) College's proportionate share of the net pension liability (asset)	(c) College's covered payroll	(b/c) College's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	Plan fiduciary net position as a percentage of the total pension liability
2022	0.2482%	$ 24,244,178	$ 29,594,017	81.92%	87.57%
2021	0.2539%	49,403,889	28,836,402	171.32%	75.79%
2020	0.2543%	37,132,862	28,646,312	129.63%	80.23%
2019	0.2466%	28,453,976	27,933,588	101.86%	82.07%
2018	0.2431%	23,451,821	26,580,474	88.23%	83.12%
2017	0.2498%	29,694,933	25,574,924	116.11%	80.53%
2016	0.2602%	6,811,500	24,818,945	27.44%	91.88%
2015	0.2902%	(16,109,823)	24,162,714	-66.67%	103.60%
2014	0.2902%	5,843,993	24,162,714	24.19%	91.97%

The amounts presented for each fiscal year were actuarially determined as of December 31 and rolled forward to the measurement date which is a date one year earlier than the fiscal year-end date above.

This schedule is presented to illustrate the requirements to show information for ten years. However, until a full ten-year trend has been compiled, information is presented only for the years for which the required supplementary information is available.

LINN-BENTON COMMUNITY COLLEGE

Schedule of Contributions
Oregon Public Employees Retirement System Pension Plan
For the last nine fiscal years

Fiscal Year Ended June 30	(a) Statutorily required contribution	(b) Contributions in relation to the statutorily required contribution	(a-b) Contribution deficiency (excess)	(c) College's covered payroll	(b/c) Contributions as a percent of covered payroll
2022	$ 4,123,041	$ 4,123,041	$ -	$ 30,651,826	13.45%
2021	3,478,584	3,478,584	-	29,594,017	11.75%
2020	3,404,097	3,404,097	-	28,836,402	11.80%
2019	2,341,747	2,341,747	-	28,646,312	8.17%
2018	2,279,127	2,279,127	-	27,933,588	8.16%
2017	1,598,024	1,598,024	-	26,580,474	6.01%
2016	1,649,128	1,649,128	-	25,574,924	6.45%
2015	1,605,997	1,605,997	-	24,818,945	6.47%
2014	1,622,115	1,622,115	-	24,162,714	6.71%

The amounts presented for each fiscal year were actuarially determined as of December 31 and rolled forward to the measurement date which is a date one year earlier than the fiscal year-end date above. However, the contributions above represent contributions made during the respective fiscal year indicated above.

This schedule is presented to illustrate the requirements to show information for ten years. However, until a full ten-year trend has been compiled, information is presented only for the years for which the required supplementary information is available.

Changes in Plan Provisions

Key changes in plan provisions effective for the June 30, 2015 measurement date are described in the Oregon Public Employees Retirement System's GASB 68 Disclosure Information which was published on September 18, 2013 and can be found at:
https://www.oregon.gov/pers/EMP/Documents/GASB/2014/GASB-Disclosure-Information.pdf
and in a letter from the plan's actuary dated May 23, 2016 which can be found at:
https://www.oregon.gov/pers/EMP/Documents/GASB/2015/Letter-From-Actuary-5-23-16.pdf

Key changes in plan provisions effective for the June 30, 2020 measurement date are as follows:
Senate Bill 1049, signed into law in June 2019, introduced a limit on the amount of annual salary included for the calculation of benefits. Beginning in 2020, annual salary in excess of $195,000 (as indexed for inflation in future years) will be excluded when determining member benefits. Additionally, effective, July 1, 2020, a portion of the 6% of salary member contribution to the Individual Account Program will be redirected to Employee Pension Stability Accounts, which will help fund the defined benefits provided under Tier One/Tier Two and OPSRP. For Tier One/Tier Two members, the prospectively redirected amount will be 2.50% of salary, and for OPSRP members the amount will be 0.75% of salary. The redirection will only apply to members earning $2,500 per month or more (indexed for inflation).

Changes in assumptions

Key changes in assumptions for the December 31, 2012 and 2013 valuations are described in the Oregon Public Employees Retirement System's 2012 Experience Study (Updated) which was published on September 18, 2013 and can be found at:
https://www.oregon.gov/PERS/Documents/Financials/Actuarial/2013/Experience-Study-Updated.pdf

Key changes in assumptions for the December 31, 2014 and 2015 valuations are described in the Oregon Public Employees Retirement System's 2014 Experience Study which was published on September 23, 2015 and can be found at:
https://www.oregon.gov/PERS/Documents/Financials/Actuarial/2015/Experience-Study.pdf

Key changes in assumptions for the December 31, 2016 and 2017 valuations are the reduction of the discount rate and the assumed investment rate of return from 7.5% to 7.2%.

Key changes in assumptions for the December 31, 2019 valuation are as follows:

Senate Bill 1049, signed into law in June 2019, requires a one-time re-amortization of Tier One/Tier Two unfunded actuarial accrued liability over a closed 22 year period in the December 31, 2019 actuarial valuation.

In July 2021, the PERS Board selected a lower long-term expected rate of investment return assumption of 6.90% to be used in the December 31, 2020 and December 31, 2021 actuarial valuations. At the same time, the PERS Board reduced the inflation and payroll growth assumptions to 2.40% and 3.40%, respectively. The PERS Board has also chosen to reflect these updated economic assumptions in the roll-forward of the December 31, 2019 actuarial valuation amounts for the June 30, 2021 measurement date.

OTHER SUPPLEMENTARY INFORMATION

OTHER SUPPLEMENTARY INFORMATION
Description of Budgeted College Funds

Other supplementary information consists of schedules required by the Minimum Standards for Audits of Oregon Municipal Corporations, prescribed by the Oregon Secretary of State. Statements of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual are presented on a Non GAAP budgetary basis for each College fund required to be budgeted in accordance with the Oregon Local Budget Law.

Budgeted College funds are as follows:

General Fund - Accounts for all resources traditionally associated with operating the College which are not required legally or by sound financial management to be accounted for in another fund.

Special Projects Fund - Accounts for projects funded from federal, state, and local grant funds.

Auxiliary Fund - Accounts for projects funded by restricted revenues generated from state grant funds, contracted training, special divisional projects, student activities and proceeds from the sale of excess property.

Financial Aid Fund - Accounts for federal, state, and local student loan and grant programs associated with student financial aid.

Capital Projects Fund - Accounts for activities relating to major construction projects including acquisition of real property, construction of new facilities and major renovations of existing facilities. Resources are primarily provided from the issuance of debt.

Debt Service Fund - Accounts for the funds collected to pay the debt service requirements on bonds and full faith and credit obligations.

ASLBCC, Clubs and Workforce Agency Fund - Accounts for the activities of the student government, clubs and workforce programs.

LINN-BENTON COMMUNITY COLLEGE

Schedule of Revenues, Expenditures and Changes in
Fund Balance - Budget and Actual
GENERAL FUND
Year Ended June 30, 2022

	Budgeted Amounts		Actual	Variance With Final Budget Positive
	Original	Final	Amounts	(Negative)
Revenues:				
Property taxes	$ 9,780,643	$ 9,780,643	$ 9,790,311	$ 9,668
Tuition and fees	20,549,609	20,549,609	17,022,721	(3,526,888)
Other local	212,000	212,000	242,502	30,502
Intergovernmental - state and federal	24,945,751	24,945,751	26,543,154	1,597,403
Interest	236,418	236,418	106,317	(130,101)
Other	75,000	75,000	103,221	28,221
Total revenues	55,799,421	55,799,421	53,808,226	(1,991,195)
Expenditures:				
Personal services	47,512,999	49,008,138	46,791,990	2,216,148
Materials and services	6,774,704	6,774,704	6,556,952	217,752
Capital outlay	64,905	64,905	40,043	24,862
Operating contingency	10,704,400	8,379,261	-	8,379,261
Total expenditures	65,057,008	64,227,008	53,388,985	10,838,023
Revenues over-(under) expenditures	(9,257,587)	(8,427,587)	419,241	8,846,828
Other financing sources-(uses):				
Transfers in	150,000	150,000	150,000	-
Transfers out	(2,191,316)	(3,021,316)	(3,014,591)	6,725
Total other financing sources-(uses)	(2,041,316)	(2,871,316)	(2,864,591)	6,725
Revenues and other sources over-(under) expenditures and other uses	(11,298,903)	(11,298,903)	(2,445,350)	8,853,553
Fund balance - July 1, 2021	11,298,903	11,298,903	10,347,428	(951,475)
Fund balance - June 30, 2022	$ -	$ -	$ 7,902,078	$ 7,902,078

LINN-BENTON COMMUNITY COLLEGE

Schedule of Revenues, Expenditures and Changes in
Fund Balance - Budget and Actual
SPECIAL PROJECTS FUND
Year Ended June 30, 2022

	Budgeted Amounts		Actual	Variance With Final Budget Positive
	Original	Final	Amounts	(Negative)
Revenues:				
Tuition and fees	$ 196,000	$ 196,000	$ 150,035	$ (45,965)
Other local	3,201,094	3,201,094	1,279,757	(1,921,337)
Intergovernmental - state and federal	17,042,076	18,400,767	16,140,437	(2,260,330)
Other	-	-	3,116	3,116
Total revenues	20,439,170	21,797,861	17,573,345	(4,224,516)
Expenditures:				
Personal services	5,934,226	6,320,057	4,885,936	1,434,121
Materials and services	15,081,153	16,054,013	11,886,981	4,167,032
Capital outlay	506,496	506,496	822,753	(316,257)
Contingency	133,895	133,895	-	133,895
Total expenditures	21,655,770	23,014,461	17,595,670	5,418,791
Revenues over-(under) expenditures	(1,216,600)	(1,216,600)	(22,325)	1,194,275
Fund balance - July 1, 2021	1,216,600	1,216,600	1,086,968	(129,632)
Fund balance - June 30, 2022	$ -	$ -	$ 1,064,643	$ 1,064,643

LINN-BENTON COMMUNITY COLLEGE

Schedule of Revenues, Expenditures and Changes in
Fund Balance - Budget and Actual
AUXILIARY FUND
Year Ended June 30, 2022

	Budgeted Amounts Original	Budgeted Amounts Final	Actual Amounts	Variance With Final Budget Positive (Negative)
Revenues:				
Tuition and fees	$ 4,241,236	$ 4,241,236	$ 2,199,293	$ (2,041,943)
Other local	2,150,683	2,150,683	1,556,566	(594,117)
Intergovernmental - state and federal	120,792	120,792	603,595	482,803
Student activities and sales	5,236,525	5,236,525	2,081,699	(3,154,826)
Other	42,400	42,400	57,183	14,783
Total revenues	11,791,636	11,791,636	6,498,336	(5,293,300)
Expenditures:				
Personal services	4,715,491	4,729,182	2,931,484	1,797,698
Materials and services	8,152,909	8,152,909	3,050,683	5,102,226
Capital outlay	697,794	697,794	56,209	641,585
Operating contingency	297,641	283,950	-	283,950
Total expenditures	13,863,835	13,863,835	6,038,376	7,825,459
Revenues over-(under) expenditures	(2,072,199)	(2,072,199)	459,960	2,532,159
Other financing sources-(uses):				
Transfers out	(208,985)	(208,985)	(183,604)	25,381
Revenues and other sources over-(under) expenditures and other uses	(2,281,184)	(2,281,184)	276,356	2,557,540
Fund balance - July 1, 2021	2,281,184	2,281,184	3,941,956	1,660,772
Fund balance - June 30, 2022	$ -	$ -	$ 4,218,312	$ 4,218,312

LINN-BENTON COMMUNITY COLLEGE

Schedule of Revenues, Expenditures and Changes in
Fund Balance - Budget and Actual
FINANCIAL AID FUND
Year Ended June 30, 2022

	Budgeted Amounts Original	Budgeted Amounts Final	Actual Amounts	Variance With Final Budget Positive (Negative)
Revenues:				
Intergovernmental - state	$ 8,506,000	$ 8,506,000	$ 3,051,079	$ (5,454,921)
Intergovernmental - federal	11,541,312	11,541,312	5,212,120	(6,329,192)
Scholarships	205,000	205,000	430,137	225,137
Other	1,373,500	1,373,500	855,253	(518,247)
Total revenues	21,625,812	21,625,812	9,548,589	(12,077,223)
Expenditures:				
Personal services	341,557	341,557	45,580	295,977
Materials and services	21,549,488	21,549,488	9,558,718	11,990,770
Total expenditures	21,891,045	21,891,045	9,604,298	12,286,747
Revenues over-(under) expenditures	(265,233)	(265,233)	(55,709)	209,524
Other financing sources-(uses):				
Transfers in	227,733	227,733	10,629	(217,104)
Transfers out	(15,000)	(15,000)	-	15,000
Total other financing sources-(uses)	212,733	212,733	10,629	(202,104)
Revenues and other sources over-(under) expenditures and other uses	(52,500)	(52,500)	(45,080)	7,420
Fund balance - July 1, 2021	52,500	52,500	131,588	79,088
Fund balance - June 30, 2022	$ -	$ -	$ 86,508	$ 86,508

LINN-BENTON COMMUNITY COLLEGE

Schedule of Revenues, Expenditures and Changes in
Fund Balance - Budget and Actual
CAPITAL PROJECTS FUND
Year Ended June 30, 2022

	Budgeted Amounts		Actual	Variance With Final Budget Positive
	Original	Final	Amounts	(Negative)
Revenues:				
Intergovernmental - state and federal	$ -	$ -	$ 7,663,002	$ 7,663,002
Other:				
Interest	50,500	50,500	27,967	(22,533)
Miscellaneous	2,000	2,000	166,984	164,984
Total revenues	52,500	52,500	7,857,953	7,805,453
Expenditures:				
Materials and services	1,718,750	1,718,750	1,740,157	(21,407)
Capital outlay	13,597,450	13,597,450	6,431,856	7,165,594
Total expenditures	15,316,200	15,316,200	8,172,013	7,144,187
Revenues over-(under) expenditures	(15,263,700)	(15,263,700)	(314,060)	14,949,640
Other financing sources-(uses):				
Transfers in	966,645	1,796,645	1,958,250	161,605
Transfers out	(8,395)	(8,395)	-	8,395
Total other financing sources-(uses)	958,250	1,788,250	1,958,250	170,000
Revenues and other sources over-(under) expenditures and other uses	(14,305,450)	(13,475,450)	1,644,190	15,119,640
Fund balance - July 1, 2021	14,305,450	14,305,450	7,576,169	(6,729,281)
Fund balance - June 30, 2022	$ -	$ 830,000	$ 9,220,359	$ 8,390,359

LINN-BENTON COMMUNITY COLLEGE

Schedule of Revenues, Expenditures and Changes in
Fund Balance - Budget and Actual
DEBT SERVICE FUND
Year Ended June 30, 2022

	Budgeted Amounts		Actual	Variance With Final Budget Positive
	Original	Final	Amounts	(Negative)
Revenues:				
Property taxes	$ 3,133,100	$ 3,133,100	$ 3,254,756	$ 121,656
Other:				
Miscellaneous	2,987,713	2,987,713	2,909,041	(78,672)
Interest	40,000	40,000	19,619	(20,381)
Total revenues	6,160,813	6,160,813	6,183,416	22,603
Expenditures:				
Debt service:				
Principal	4,925,717	4,925,717	4,925,717	-
Interest	2,314,414	2,314,414	2,314,211	203
Total expenditures	7,240,131	7,240,131	7,239,928	203
Revenues over-(under) expenditures	(1,079,318)	(1,079,318)	(1,056,512)	22,806
Other financing sources-(uses):				
Transfers in	1,079,318	1,079,318	1,079,316	(2)
Revenues and other sources over-(under) expenditures and other uses	-	-	22,804	22,804
Fund balance - July 1, 2021	-	-	542,795	542,795
Fund balance - June 30, 2022	$ -	$ -	$ 565,599	$ 565,599

LINN-BENTON COMMUNITY COLLEGE

Schedule of Revenues, Expenditures and Changes in
Due to Others - Budget and Actual
ASLBCC, CLUBS AND WORKFORCE AGENCY FUND
Year Ended June 30, 2022

	Budgeted Amounts		Actual	Variance With Final Budget Positive
	Original	Final	Amounts	(Negative)
Revenues:				
Fees	$ 166,669	$ 166,669	$ 132,820	$ (33,849)
Club sources	28,911	28,911	5,510	(23,401)
Other	-	-	13,392	13,392
Total revenues	195,580	195,580	151,722	(43,858)
Expenditures:				
Personal services	23,775	23,775	15,139	8,636
Materials and services	340,435	340,435	150,479	189,956
Contingency	38,201	38,201	-	38,201
Total expenditures	402,411	402,411	165,618	236,793
Revenues over-(under) expenditures	(206,831)	(206,831)	(13,896)	192,935
Other financing sources-(uses):				
Transfers in	150,236	150,236		
Transfers out	(150,236)	(150,236)	-	150,236
Total other financing sources-(uses)	-	-	-	150,236
Revenues and other sources over-(under) expenditures and other uses	(206,831)	(206,831)	(13,896)	343,171
Due to others - July 1, 2021	206,831	206,831	176,761	(30,070)
Due to others - June 30, 2022	$ -	$ -	$ 162,865	$ 162,865

INDEPENDENT AUDITOR'S COMMENTS REQUIRED BY OREGON STATE REGULATIONS

KENNETH KUHNS & CO.
CERTIFIED PUBLIC ACCOUNTANTS
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INDEPENDENT AUDITOR'S COMMENTS REQUIRED BY OREGON STATE REGULATIONS

November 10, 2022

Board of Education
Linn-Benton Community College
Albany, Oregon

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Linn-Benton Community College as of and for the year ended June 30, 2022, and have issued our report thereon dated November 10, 2022.

Internal Control Over Financial Reporting

Our report on Linn-Benton Community College's internal control over financial reporting is presented elsewhere in this Annual Financial Report.

Compliance

As part of obtaining reasonable assurance about whether Linn-Benton Community College's financial statements are free from material misstatement, we performed tests of it's compliance with certain provisions of laws, regulations, contracts and grant agreements, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules 162-010-0000 through 162-010-0320 of the Minimum Standards for Audits of Oregon Municipal Corporations, 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.

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

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

In connection with our testing nothing came to our attention that caused us to believe Linn-Benton Community College was not in substantial compliance with certain provisions of laws, regulations, contracts and grant agreements, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules 162-010-0000 through 162-010-0320 of the Minimum Standards for Audits of Oregon Municipal Corporations, except as described in the following paragraph.

As discussed in Note 9 to the financial statements, the College overexpended certain appropriations during the year. ORS 294.456(6) provides that no greater amount be expended than appropriated except as specifically provided by law.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. Accordingly, this communication is not suitable for any other purpose.

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

Kenneth Kuhns & Co

Kenneth Kuhns & Co.

DISCLOSURES IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

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

November 10, 2022

Board of Education
Linn-Benton Community College
Albany, Oregon

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Linn-Benton Community College as of and for the year ended June 30, 2022, and have issued our report thereon dated November 10, 2022.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Linn-Benton Community College's 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 opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Linn-Benton Community College's internal control. Accordingly, we do not express an opinion on the effectiveness of Linn-Benton Community College's internal control.

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

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

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Linn-Benton Community College's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the 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 entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Kenneth Kuhns & Co.

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