# LINN-BENTON COMMUNITY COLLEGE
# ALBANY, OREGON

# ANNUAL FINANCIAL REPORT
## Year Ended June 30, 2024

**KENNETH KUHNS & CO.**
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# LINN-BENTON COMMUNITY COLLEGE
# ALBANY, OREGON

# ANNUAL FINANCIAL REPORT
## Year Ended June 30, 2024

**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 15, 2024

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, 2024, 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, 2024, 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, a listing of principal officials, and the organization chart.

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 the single audit, and *Government Auditing Standards,* including the Schedule of Expenditures of Federal Awards and various independent auditors' reports, are included in the Governmental Auditing Standards and Uniform Guidance Section.

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 57,997) and 11 miles east of Corvallis (population 61,669). The college has extended learning centers located in the towns of Corvallis and Lebanon (population 20,329). Total population for the two counties is approximately 231,339.

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.

## College Mission

"LBCC cultivates an environment for success through inclusive education and community engagement"

## 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.
>
> *Lifelong 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 and Chinook Hall in Corvallis, and the Advanced Transportation Technology Center and Health Occupations Center in Lebanon. 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 (3.2% in September, 2024) while Linn County rates have been among the highest (4.4% in September, 2024). 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 2022 was $47,677 which was $6,013 lower than the state per capita income of $53,690. Linn County's primary industries are agriculture, timber (including lumber, plywood and paper products), rare metals and manufactured homes. The 2022 per capita income of Linn County residents was $45,215 which was $8,475 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. 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 2023. The results of the draft report released in October 2023 listed four commendations and four recommendations for improvement none of which are fiscal in nature.

**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, 2024 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 18 percent from local property taxes. State funding has replaced property taxes as the primary revenue source for the college. The 2023-2025 biennial appropriation was approved with $795 million for the Community College Support Fund (CCSF) which is up from $699 million in the prior 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.

## 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, 2024, was $19,260,000. Additionally, in May 2022, another bond issue was passed in the amount of $16.0 million and the principal balance at June 30, 2024 was $14,780,000. 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

P. Sheldon Flom

Sheldon Flom
Vice President,
Finance & Operations

Jess Jacobs

Jess Jacobs
Director,
Accounting & Budget

LINN-BENTON COMMUNITY COLLEGE

June 30, 2024

***Board of Education***

| Official | Office |
|---|---|
| Kristin Adams | Chair |
| Stacie Wyss-Schoenborn | Vice Chair |
| Sherlyn Dahl | Member |
| Jeff Davis | Member |
| Ron Edwards | Member |
| Dick Running | Member |
| John Sarna | Member |

6500 Pacific Blvd. SW
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***FINANCIAL SECTION***

**KENNETH KUHNS & CO.**
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# INDEPENDENT AUDITOR'S REPORT

November 15, 2024

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, 2024, and Linn-Benton Community College Foundation, its discretely presented component unit, as of and for the year ended December 31, 2023, 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, 2024, 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, 2023, 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. The financial statements of Linn-Benton Community College Foundation were not audited in accordance with *Government Auditing Standards*.

### *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 15, 2024 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 15, 2024 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, 2024. 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 College implemented Statement No. 96, *Subscription-based Information Technology Arrangements* for the fiscal year ended June 30, 2023. The financial statements also include the College's independent Foundation as of December 31, 2023 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, 2024 shows assets and deferred outflows of $149,867,997, liabilities and deferred inflows of $123,599,185 and net position of $26,268,812, which was an increase from the prior year of $7,566,387. This was primarily due to fluctuations in state support. This fluctuation 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. For 2023-24 that final payment of $6,085,266 was received in March 2023 and therefore was included in the College's financial statements for 2023-24. The College received three quarterly payments in 2022-23 compared to five quarterly payments received in 2023-24. 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 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.

Current assets have decreased with debt-funded projects being completed. The cash outlays on those remaining projects reduced cash levels and account for the largest decline in current assets; shifting cash to non-current capital assets.

Additionally, the College realized a deficit in the General Fund. This was an expected result as the College has absorbed substantial cost increases in recent years. Although budget reductions were enacted for the 2023-24 year many of those saving will not be fully realized until the 2024-25 year which has required the College to fund the interim expenses through existing fund balance.

### *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) | 2024 | 2023 |
|---|---|---|
| **Assets** | | |
| Current assets | $23,672 | $22,304 |
| Noncurrent assets | 114,528 | 115,673 |
| Total assets | $138,200 | $137,977 |
| | | |
| **Deferred Outflows of Resources** | | |
| Deferred outflows related to pensions | $11,642 | $12,242 |
| Deferred loss on refunding | 27 | 33 |
| Total deferred outflows of resources | $11,669 | $12,275 |
| | | |
| **Liabilities** | | |
| Current liabilities | $17,656 | $19,204 |
| Long-term debt, non-current portion | 48,768 | 56,152 |
| Pension transition liability | 1,450 | 1,767 |
| Net pension liability | 45,697 | 35,464 |
| Other non-current liabilities | 2,038 | 2,766 |
| Total liabilities | $115,609 | $115,353 |
| | | |
| **Deferred Inflow of Resources** | | |
| Deferred inflows related to pensions | $7,989 | $16,197 |
| Total deferred inflows of resources | $7,989 | $16,197 |
| | | |
| **Net Position** | | |
| Net investment in capital assets | $67,026 | $63,521 |
| Restricted | 3,104 | 2,315 |
| Unrestricted | (43,861) | (47,133) |
| Total net position | $26,269 | $18,703 |

Current assets include cash and investments from operations. The College's current assets of $23.7 million are sufficient to cover the College's current liabilities of $17.7 million. This represents a current ratio of 1.34. Receivables consist of taxes, student accounts, interest and various operating receivables. The College's non-current assets are its investment in capital assets of $102.8 million, net of depreciation, plus cash and investments restricted for capital construction of $11.7 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 $45.7 million and long-term debt from the issuance of general obligation bonds of $34.0 million and the pension obligation bonds long-term debt of $11.0 million. The majority of the College's net position is the $67.0 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).

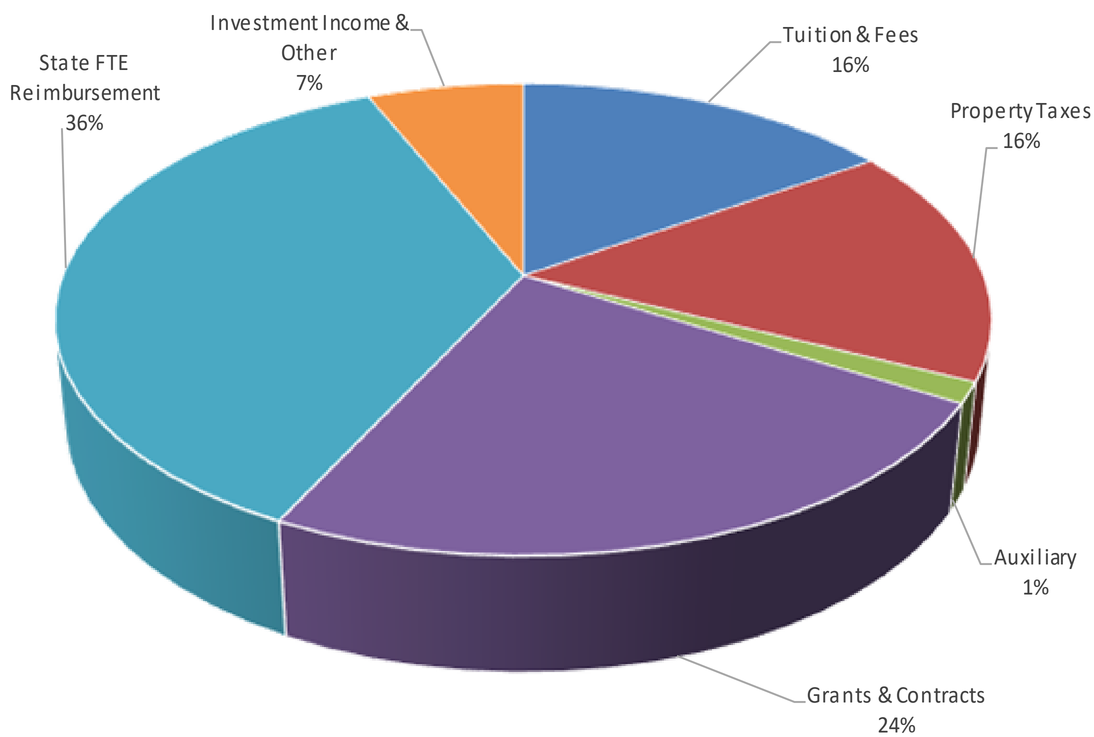
### Changes in Linn-Benton Community College's Net Position

| (in thousands of dollars) | 2024 | Percent of total revenue/expense | 2023 |
|---|---|---|---|
| **Revenues** | | | |
| Tuition & fees, net | $14,506,350 | 15.6% | $14,631,380 |
| Student Financial Aid | 12,553,461 | 13.5% | 9,946,940 |
| Intergovernmental grants/contracts | 9,521,919 | 10.3% | 12,021,738 |
| Campus Store sales | 948,512 | 1.0% | 892,186 |
| Food Service sales | 253,315 | 0.3% | 184,907 |
| Printing Services sales | 104,601 | 0.1% | 117,332 |
| Other operating revenue | 4,486,693 | 4.8% | 4,692,143 |
| **Total operating revenue** | 42,374,851 | 45.7% | 42,486,626 |
| State community college support | 33,627,952 | 36.3% | 18,342,564 |
| Property taxes | 15,237,583 | 16.4% | 14,948,795 |
| Interest Income | 1,486,870 | 1.6% | 958,774 |
| **Total nonoperating revenue** | 50,352,405 | 54.3% | 34,250,133 |
| **Total revenues** | 92,727,256 | 100.0% | 76,736,759 |
| | | | |
| **Expenses** | | | |
| Instruction | 38,655,208 | 45.3% | 37,595,691 |
| Instructional support | 8,702,294 | 10.2% | 9,854,747 |
| College support services | 11,831,184 | 13.9% | 12,090,902 |
| Student services | 9,602,618 | 11.3% | 9,532,875 |
| Community services | 151,900 | 0.2% | 199,900 |
| Scholarships and grants | 5,097,852 | 6.0% | 5,153,155 |
| Plant operations | 5,431,498 | 6.4% | 5,139,158 |
| Depreciation | 3,658,574 | 4.3% | 4,198,437 |
| **Total operating expenses** | 83,131,128 | 97.5% | 83,764,865 |
| Interest expense | 2,723,810 | 3.2% | 2,833,094 |
| Amortization of debt premiums | (553,344) | -0.6% | (528,549) |
| Debt issuance costs | 0 | 0.0% | 188,532 |
| Loss on disposal of capital assets | 0 | 0.0% | 9,192 |
| **Total nonoperating expenses** | 2,170,466 | 2.5% | 2,502,269 |
| **Total expenses** | 85,301,594 | 100.0% | 86,267,134 |
| Excess/(deficiency) before special items | 7,425,662 | | (9,530,375) |
| Capital contributions | 140,725 | | 715,806 |
| **Increase/(decrease) in net position** | $ 7,566,387 | | $ (8,814,569) |

**Revenues:**

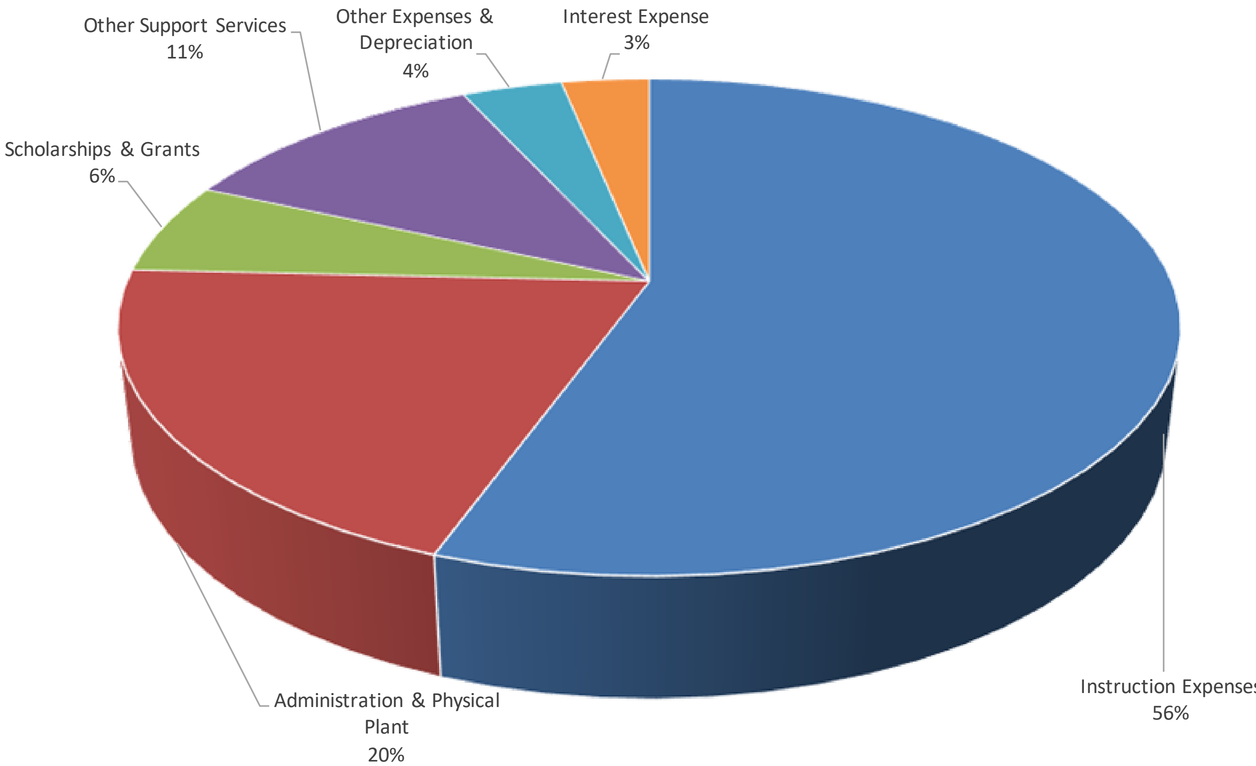
The most significant sources of operating revenue for the College are federal, state and local grants and contracts (including student financial aid) and student tuition and fees. Tuition and fees totaled $14,506,350**.** Student financial aid increased at a rate of 26.2% and intergovernmental grants and contracts decreased by 20.8% as one-time, post-pandemic funds continued to decrease. The increase in the Campus Store and Food Services area is attributable to an increase in overall student activity and enrollment.

The largest non-operating revenue source is from the State of Oregon. Biennially, the state appropriates funding for community colleges. The College received $33,627,952 for FTE reimbursement allocation in this fiscal year. This amount is $15,285,388 more than the College received in fiscal year 2022-23 due to the quarterly payment adjustment. Additional non-operating revenues of $15,237,583 were received from property taxes the College levied, an increase of $288,788. The following graph shows the allocation of revenues for the College:



**Expenses:**

Expenses for fiscal year 2023-24 totaled $85,301,594, a decrease of 1.1%. Academic services represent the largest percentage of total at $47,357,502. Grants and scholarships awarded to students totaled $5,097,852. The following graph shows the allocation of expenses for the College:




One noteworthy adjustment to expenses relates to adherence to GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*. This 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 8. The chart below shows 2023-24 expenses prior to the pension adjustments and compares to prior year.

| (in thousands of dollars) | 23-24 Expenses prior to pension adjustments | 22-23 Expenses prior to pension adjustments | Total percentage change |
|---|---|---|---|
| Instruction | $ 38,655 | $ 38,192 | 1.21% |
| Instructional support | 8,702 | 9,972 | -12.74% |
| College support services | 11,831 | 12,218 | -3.17% |
| Student services | 9,603 | 9,654 | -0.53% |
| Scholarships and grants | 5,098 | 5,155 | -1.11% |
| Plant Operations | 5,431 | 5,180 | 4.85% |

***Analysis of the Statement of Cash Flows***

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) | |
|---|---|---|
| | 2024 | 2023 |
| Cash provided by (used in): | | |
| Operating activities | $ (34,480) | $ (33,179) |
| Noncapital financing activities | 40,940 | 25,441 |
| Capital financing activities | (9,159) | 12,803 |
| Investing activities | 3,853 | (11,359) |
| Net increase(decrease) in cash | 1,154 | (6,294) |
| Cash -- Beginning of year | 9,019 | 15,313 |
| Cash -- End of year | $ 10,173 | $ 9,019 |

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, 2024 amounts to $102,776,389 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 2024, the College had total debt outstanding of $106,374,094. Of this amount $34,040,000 represents general obligation bonds, $4,098,656 in premiums on general obligation bonds, $11,070,000 in pension obligation bonds, $943,956 in termination benefits,

$1,449,834 in pension transition liability, $45,697,295 in net pension liability, $1,556,359 in the financing agreement, and $5,655,000 in full faith and credit obligations.

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 $768,720,717 which is significantly higher than the College's outstanding general obligation debt. The College's outstanding general obligation debt is approximately 6.00% of the legal debt limit. More detailed information about the College's long term debt is included in Note 4 to the financial statements.

**Economic Factors and Next Year's Budget**

Following a period of significant cost inflation, the College enacted cost reductions of over $2 million. Although these cost reductions were to be realized over both the 2023-24 and 2024-25 fiscal years, it was expected that this would address the majority of the underlying budget deficit. However, the effects of the inflationary period extended into personnel costs as new contractual agreements effect in 2024-25 have supplied additional upward pressure on expenses. With expectations of relatively conservative revenue increases for the 2025-27 biennium the College is considering additional cost reductions. Though difficult, these reductions, along with stabilized, post-pandemic enrollment will help the College arrive at a sustainable budget model going forward.

**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:

Business Office
Linn-Benton Community College
6500 SW Pacific Blvd.
Albany, OR  97321

# BASIC FINANCIAL STATEMENTS

LINN-BENTON COMMUNITY COLLEGE

Statement of Net Position
June 30, 2024

| | College | Foundation (Component Unit) as of 12/31/23 |
|---|---|---|
| Assets | | |
| Current assets: | | |
| Cash and equivalents | $ 8,373,643 | $ 286,218 |
| Receivables, net: | | |
| Property taxes | 473,209 | - |
| Accounts/grants | 14,399,351 | 250 |
| Loans | 70,731 | - |
| Inventories | 123,187 | - |
| Prepaid expenses | 231,888 | - |
| Total current assets | 23,672,009 | 286,468 |
| Noncurrent assets: | | |
| Restricted cash and investments (including cash and cash equivalents of $1,799,554) | 11,751,209 | - |
| Investments in equity mutual funds, U.S. treasury bills and certificates of deposit | - | 9,752,748 |
| Investments in property and equipment | - | 3,237,206 |
| Investments held by others | - | 308,680 |
| Non-depreciable capital assets | 12,954,245 | - |
| Depreciable capital assets, net | 89,822,144 | - |
| Total noncurrent assets | 114,527,598 | 13,298,634 |
| Total assets | 138,199,607 | 13,585,102 |
| Deferred Outflows of Resources | | |
| Deferred outflows related to pensions | 11,641,618 | - |
| Deferred loss on refunding | 26,772 | - |
| Total deferred outflows of resources | 11,668,390 | - |
| Total assets and deferred outflows of resources | 149,867,997 | 13,585,102 |

(Continues)

Statement of Net Position
June 30, 2024

| | College | Foundation (Component Unit) as of 12/31/23 |
|---|---|---|
| **Liabilities** | | |
| Current liabilities: | | |
| Accounts payable | $ 1,990,454 | $ 61,379 |
| Payroll payable | 4,139,364 | - |
| Vacation payable | 1,553,533 | - |
| Accrued interest payable | 110,054 | - |
| Due to others | 162,426 | - |
| Unearned revenue | 1,279,789 | - |
| Current maturities of long-term obligations | 8,420,660 | - |
| Total current liabilities | 17,656,280 | 61,379 |
| Noncurrent liabilities - long-term obligations: | | |
| General obligation bonds payable | 34,040,000 | - |
| Premium on general obligation bonds payable | 4,098,656 | - |
| Pension bonds payable | 11,070,000 | - |
| Full faith and credit obligations payable | 5,655,000 | - |
| Premium on full faith and credit obligations payable | 768,410 | - |
| Lease payable | 54,275 | - |
| SBITA payable | 1,040,309 | - |
| Financing agreement | 1,556,359 | - |
| Termination benefits | 943,956 | - |
| Net pension liability | 45,697,295 | - |
| Pension transition liability | 1,449,834 | - |
| Total long-term obligations | 106,374,094 | - |
| Less current maturities | (8,420,660) | - |
| Total noncurrent liabilities - long-term obligations | 97,953,434 | - |
| Total liabilities | 115,609,714 | 61,379 |
| **Deferred Inflows of Resources** | | |
| Deferred inflows related to pensions | 7,989,471 | - |
| **Net Position** | | |
| Net investment in capital assets | 67,026,004 | - |
| Restricted for grants and contracts | 1,981,098 | - |
| Restricted for financial aid | 153,650 | - |
| Restricted for debt service | 969,210 | - |
| Restricted permanently for endowment fund investments | - | 6,508,606 |
| Restricted temporarily for scholarships and special assistance | - | 5,088,456 |
| Total restricted net position | 3,103,958 | 11,597,062 |
| Unrestricted | (43,861,150) | 1,926,661 |
| Total net position | $ 26,268,812 | $ 13,523,723 |

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, 2024

| | College | Foundation (Component Unit) year ended 12/31/23 |
|---|---|---|
| Operating revenues: | | |
| Tuition and fees (net of scholarship discounts and allowances of $8,495,443) | $ 14,506,350 | $ - |
| Student financial aid grants | 12,553,461 | - |
| Intergovernmental grants and contracts | 9,521,919 | - |
| Auxiliary enterprises: | | |
| Campus store sales | 948,512 | - |
| Food service sales | 253,315 | - |
| Printing services | 104,601 | - |
| Other operating revenue | 4,486,693 | 1,594,518 |
| Total operating revenues | 42,374,851 | 1,594,518 |
| Operating expenses: | | |
| Instruction | 38,655,208 | - |
| Instructional support | 8,702,294 | - |
| College support services | 11,831,184 | - |
| Student services | 9,602,618 | - |
| Community services | 151,900 | - |
| Scholarships and grants | 5,097,852 | - |
| Plant operations | 5,431,498 | - |
| Foundation programs | - | 1,447,039 |
| Depreciation and amortization | 3,658,574 | - |
| Total operating expenses | 83,131,128 | 1,447,039 |
| Operating loss | (40,756,277) | 147,479 |
| Nonoperating revenues-(expenses) | | |
| State community college support | 33,627,952 | - |
| Property taxes | 15,237,583 | - |
| Investment income | 1,486,870 | 1,405,107 |
| Interest expense | (2,723,810) | - |
| Amortization of premium on bonds and full faith and credit obligations | 560,037 | - |
| Amortization of deferred loss on refunding | (6,693) | - |
| Total nonoperating revenues-(expenses) | 48,181,939 | 1,405,107 |
| Income before contributions | 7,425,662 | 1,552,586 |
| Capital contributions | 140,725 | - |
| Change in net position | 7,566,387 | 1,552,586 |
| Net position - beginning of year | 18,702,425 | 11,971,137 |
| Net position - end of year | $ 26,268,812 | $ 13,523,723 |

The accompanying notes are an integral part of this statement.

LINN-BENTON COMMUNITY COLLEGE

Statement of Cash Flows
Year Ended June 30, 2024

| | |
|---|---|
| Cash flows from operating activities: | |
| Tuition and fees | $ 15,015,869 |
| Student financial aid grants | 12,547,432 |
| Intergovernmental grants and contracts | 10,860,471 |
| Campus store receipts | 873,768 |
| Food service receipts | 253,315 |
| Printing services receipts | 108,259 |
| Other cash receipts | 4,429,434 |
| Payments to employees for services | (59,713,487) |
| Payments to suppliers for goods and services | (13,757,013) |
| Payments for student scholarships and grants | (5,097,852) |
| Net cash used in operating activities | (34,479,804) |
| Cash flows from noncapital financing activities: | |
| Cash received from State community college support | 33,627,952 |
| Cash received from property taxes | 10,567,760 |
| Principal paid on pension bonds | (2,505,000) |
| Interest paid on pension bonds | (750,697) |
| Net cash provided by noncapital financing activities | 40,940,015 |
| Cash flows from capital and related financing activities: | |
| Acquisition of capital assets | (7,519,549) |
| Cash received from capital contributions | 114,066 |
| Cash received from property taxes levied for capital debt | 4,657,221 |
| Principal paid on capital-related long-term debt | (4,426,619) |
| Interest paid on capital-related long-term debt | (1,983,771) |
| Net cash used in capital and related financing activities | (9,158,652) |
| Cash flows from investing activities: | |
| Purchase of investments | (32,115,321) |
| Proceeds from sale of investments | 34,481,491 |
| Investment income | 1,486,870 |
| Net cash provided by investing activities | 3,853,040 |
| Net increase in cash and cash equivalents | 1,154,599 |
| Cash and cash equivalents - beginning of year | 9,018,598 |
| Cash and cash equivalents - end of year | $ 10,173,197 |

(Continues)

The accompanying notes are an integral part of this statement.

Statement of Cash Flows
Year Ended June 30, 2024

| | |
|---|---|
| Reconciliation of operating loss to net cash used in operating activities: | |
| Operating loss | $ (40,756,277) |
| Adjustments to reconcile operating loss to net cash used in operating activities: | |
| Depreciation and amortization | 3,658,574 |
| Decrease-(increase) in: | |
| Accounts/grants receivable | 1,100,271 |
| Loans receivable | (9,762) |
| Inventories | 11,511 |
| Prepaid expenses | (153,406) |
| Deferred outflows related to pensions | 600,276 |
| Increase-(decrease) in: | |
| Operating accounts payable | (1,011,681) |
| Payroll payable | 330,485 |
| Vacation payable | (350,365) |
| Termination benefits | (181,003) |
| Due to others | (49,716) |
| Unearned revenue | 623,188 |
| Net pension liability | 10,233,632 |
| Pension transition liability | (317,574) |
| Deferred inflows related to pensions | (8,207,957) |
| Total adjustments | 6,276,473 |
| Net cash used in operating activities | $ (34,479,804) |
| Noncash capital, investing and financing activities: | |
| Acquisition of lease assets | $ (31,247) |
| Lease payable | 31,247 |
| Deferred loss on refunding | 6,693 |
| Premium on bonds and full faith and credit obligations | (560,037) |
| Amortization of premium on bonds and full faith and credit obligations | 560,037 |
| 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, 2024, the Foundation provided scholarships of $551,501 and other contributions of $255,262 for the benefit of the College. The College provided personnel and administrative contributions to the Foundation totaling $284,563 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. During the year, the College invested in U.S. Treasury Securities and the Oregon Local Government Investment Pool which are 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 tangible 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) Subscription-Based Information Technology Arrangements (SBITA) Assets/SBITA Payable

SBITA assets are software which the College subscribes to for a term of more than one year. SBITA assets and related SBITA payables are recorded at the inception of the subscription at the net present value of the future subscription payments at the College's incremental borrowing rate. SBITA assets are amortized over the life of the subscription.

(S) 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.

## 2 - CASH AND INVESTMENTS:

Cash and investments are comprised of the following at June 30, 2024:

| | |
|---|---|
| Cash on hand | $ 43,862 |
| Deposits with financial institutions | 1,294,896 |
| Investments | 18,786,094 |
| Total cash and investments | $ 20,124,852 |

### Deposits with Financial Institutions

Deposits with financial institutions are bank demand deposits. The total bank balance, as shown on the bank's records at June 30, 2024, was $1,864,303. 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, 2024, 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.

2 - CASH AND INVESTMENTS: (Contd)

Investments (Contd)

At June 30, 2024, the College's investments consisted of:

| | Fair Value | Percent |
|---|---|---|
| U.S. Treasury Securities: | | |
| United States Treasury Bills | $ 9,451,655 | 50.3% |
| United States Treasury Notes | 500,000 | 2.7% |
| Investment in Oregon Local Government Investment Pool | 8,834,439 | 47.0% |
| | $ 18,786,094 | 100.0% |

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, 2024 were: 83% mature within 93 days, 11% mature from 94 days to one year, and 6% mature from one to three years.

All of the College's investments in U.S. Treasury Securities mature in one year or less and are rated AA+ by Standard & Poor's and Aaa by Moody's.

Custodial credit risk for investments is the risk that, in the event of the failure of the counterparty, the College will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The securities underlying the College's investment in U.S. Treasury Securities are held by the College's counterparty, not in the College's name.

2 - CASH AND INVESTMENTS: (Contd)

Restricted Cash and Investments

At June 30, 2024, the College had $11,751,209 in unspent general obligation bonds proceeds. These unspent proceeds are restricted for capital improvements.

Foundation Cash and Investments

The Foundation's cash and cash equivalents of $286,218 shown as current assets at December 31, 2023, consist of demand deposits and money market accounts.

The Foundation's investments of $9,752,748 shown as noncurrent assets at December 31, 2023, consist of equity mutual funds, U.S. Treasury Bills and certificates of deposit. Foundation investments are carried at fair value. Fair value and cost information for investments is as follows:

| | Cost | Fair Value |
|---|---|---|
| Equity mutual funds | $ 5,946,409 | $ 7,712,407 |
| U.S. Treasury bills | 205,163 | 205,197 |
| Certificates of deposit | 1,835,000 | 1,835,144 |
| | $ 7,986,572 | $ 9,752,748 |

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, 2023. Amounts at that financial institution exceeded this FDIC coverage by $135,757 as of December 31, 2023.

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, 2024 was as follows:

| | Balance July 1, 2023 | Increases | Decreases | Balance June 30, 2024 |
|---|---|---|---|---|
| Capital assets not being depreciated: | | | | |
| Land | $ 9,163,106 | $ - | $ - | $ 9,163,106 |
| Construction in process | 3,486,628 | 5,529,106 | 5,224,595 | 3,791,139 |
| Total capital assets not being depreciated | 12,649,734 | 5,529,106 | 5,224,595 | 12,954,245 |
| Capital assets being depreciated: | | | | |
| Buildings and improvements | 133,901,416 | 5,224,595 | - | 139,126,011 |
| Equipment and vehicles | 17,550,533 | 441,551 | 1,080 | 17,991,004 |
| Right to use assets - leases | 315,304 | 31,247 | - | 346,551 |
| Right to use assets - subscriptions | 2,244,333 | - | - | 2,244,333 |
| Total capital assets being depreciated | 154,011,586 | 5,697,393 | 1,080 | 159,707,899 |
| Less accumulated depreciation for: | | | | |
| Buildings and improvements | 54,052,211 | 2,627,063 | - | 56,679,274 |
| Equipment and vehicles | 11,275,294 | 442,135 | 1,080 | 11,716,349 |
| Right to use assets - leases | 231,216 | 63,061 | - | 294,277 |
| Right to use assets - subscriptions | 669,540 | 526,315 | - | 1,195,855 |
| Total accumulated depreciation | 66,228,261 | 3,658,574 | 1,080 | 69,885,755 |
| Total capital assets being depreciated, net | 87,783,325 | 2,038,819 | - | 89,822,144 |
| Total capital assets, net | $ 100,433,059 | $ 7,567,925 | $ 5,224,595 | $ 102,776,389 |

## 4 - LEASE ASSETS / SBITA ASSETS:

Lease assets activity for the year ended June 30, 2024 was as follows:

| | Balance July 1, 2023 | Increases | Decreases | Balance June 30, 2024 |
|---|---|---|---|---|
| Copiers/printing equipment | $ 315,304 | $ 31,247 | $ - | $ 346,551 |
| Less accumulated amortization | (231,216) | (63,061) | - | (294,277) |
| Total lease assets being amortized, net | $ 84,088 | $ (31,814) | $ - | $ 52,274 |

SBITA assets activity for the year ended June 30, 2024 was as follows:

| | Balance July 1, 2023 | Increases | Decreases | Balance June 30, 2024 |
|---|---|---|---|---|
| Software subscriptions | $ 2,244,333 | $ - | $ - | $ 2,244,333 |
| Less accumulated amortization | (669,540) | (526,315) | - | (1,195,855) |
| Total SBITA assets being amortized, net | $ 1,574,793 | $ (526,315) | $ - | $ 1,048,478 |

## 5 - LONG-TERM OBLIGATIONS:

Changes in long-term obligations for the year ended June 30, 2024 are as follows:

| | Balance July 1, 2023 | Additions | Deletions | Balance June 30, 2024 | Due within One Year | Interest Matured and Paid |
|---|---|---|---|---|---|---|
| General obligation bonds payable | $ 37,040,000 | $ - | $ 3,000,000 | $ 34,040,000 | $ 3,395,000 | $ 1,693,900 |
| Premium on general obligation bonds payable | 4,588,837 | - | 490,181 | 4,098,656 | 490,181 | - |
| Pension bonds payable | 13,575,000 | - | 2,505,000 | 11,070,000 | 2,785,000 | 750,697 |
| Full faith and credit obligations payable | 6,085,000 | - | 430,000 | 5,655,000 | 440,000 | 182,550 |
| Premium on full faith and credit obligations payable | 838,266 | - | 69,856 | 768,410 | 69,856 | - |
| Leases payable | 88,878 | 31,247 | 65,850 | 54,275 | 35,653 | 3,916 |
| SBITA payable | 1,552,024 | - | 511,715 | 1,040,309 | 373,650 | 56,291 |
| Financing agreement | 1,975,413 | - | 419,054 | 1,556,359 | 427,649 | 47,114 |
| Termination benefits | 1,124,959 | 277,660 | 458,663 | 943,956 | 403,671 | - |
| Pension transition liability | 1,767,408 | - | 317,574 | 1,449,834 | - | - |
| Net pension liability | 35,463,663 | 10,233,632 | - | 45,697,295 | - | - |
| Total | $ 104,099,448 | $ 10,542,539 | $ 8,267,893 | $ 106,374,094 | $ 8,420,660 | $ 2,734,468 |

### Bonds Payable

In May 2022, a bond issue in the amount of $16,000,000 was passed by the voters for the purpose of funding capital construction and improvements. The bonds were sold in August 2022 for $18,743,974 including premiums. The full faith and credit of the College is pledged for the Series 2022 General Obligation Bonds. Principal payments are due annually through June 2036 and interest is payable in December and June of each year at a fixed rate of 5%. Bonds maturing on or after June 15, 2033 are subject to redemption in whole or in part at 100% of the principal amount plus accrued interest to the redemption date.

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

5 - LONG-TERM OBLIGATIONS: (Contd)

Bonds Payable (Contd)

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 at a fixed rate of 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.

Future bonded debt requirements for the Series 2022 bond issue are as follows:

| | Principal | Interest | Total |
|---|---|---|---|
| 2024-25 | $ 785,000 | $ 739,000 | $ 1,524,000 |
| 2025-26 | 855,000 | 699,750 | 1,554,750 |
| 2026-27 | 945,000 | 657,000 | 1,602,000 |
| 2027-28 | 1,035,000 | 609,750 | 1,644,750 |
| 2028-29 | 1,140,000 | 558,000 | 1,698,000 |
| 2029-30 | 1,245,000 | 501,000 | 1,746,000 |
| 2030-31 | 1,365,000 | 438,750 | 1,803,750 |
| 2031-32 | 1,485,000 | 370,500 | 1,855,500 |
| 2032-33 | 1,615,000 | 296,250 | 1,911,250 |
| 2033-34 | 1,755,000 | 215,500 | 1,970,500 |
| 2034-35 | 1,900,000 | 127,750 | 2,027,750 |
| 2035-36 | 655,000 | 32,750 | 687,750 |
| Total | $ 14,780,000 | $ 5,246,000 | $ 20,026,000 |

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

| | Principal | Interest | Total |
|---|---|---|---|
| 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 | $ 19,260,000 | $ 3,071,950 | $ 22,331,950 |

5 - LONG-TERM OBLIGATIONS: (Contd)

Bonds Payable (Contd)

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

| | Principal | Interest | Total |
|---|---|---|---|
| 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 | $ 11,070,000 | $ 1,457,984 | $ 12,527,984 |

The following is a schedule combining the 2022, 2015 and 2004 bond issues:

| | Principal | Interest | Total |
|---|---|---|---|
| 2024-25 | $ 6,180,000 | $ 2,180,371 | $ 8,360,371 |
| 2025-26 | 6,740,000 | 1,911,360 | 8,651,360 |
| 2026-27 | 7,395,000 | 1,559,286 | 8,954,286 |
| 2027-28 | 6,155,000 | 1,171,517 | 7,326,517 |
| 2028-29 | 4,730,000 | 854,200 | 5,584,200 |
| 2029-30 | 5,135,000 | 617,700 | 5,752,700 |
| 2030-31 | 1,365,000 | 438,750 | 1,803,750 |
| 2031-32 | 1,485,000 | 370,500 | 1,855,500 |
| 2032-33 | 1,615,000 | 296,250 | 1,911,250 |
| 2033-34 | 1,755,000 | 215,500 | 1,970,500 |
| 2034-35 | 1,900,000 | 127,750 | 2,027,750 |
| 2035-36 | 655,000 | 32,750 | 687,750 |
| | $ 45,110,000 | $ 9,775,934 | $ 54,885,934 |

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 |
|---|---|---|---|
| 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 |
| | $ 5,655,000 | $ 1,068,150 | $ 6,723,150 |

5 - LONG-TERM OBLIGATIONS: (Contd)

Leases Payable

The College has two lease agreements for copiers and printing equipment, one with annual payments of $15,995 for principal and interest at 4.87% through June 2026 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 |
|---|---|---|---|
| 2024-25 | $ 35,653 | $ 687 | $ 36,340 |
| 2025-26 | 18,622 | 764 | 19,386 |
| Total | 54,275 | 1,451 | 55,726 |

SBITA Payable

The College has various subscription-based information technology arrangement subscriptions for software, with annual payments for principal and interest at 4.87% due over the next one to four years. Future debt requirements for the subscriptions payable are as follows:

| | Principal | Interest | Total |
|---|---|---|---|
| 2024-25 | $ 373,650 | $ 50,692 | $ 424,342 |
| 2025-26 | 293,753 | 32,485 | 326,238 |
| 2026-27 | 308,066 | 18,171 | 326,237 |
| 2027-28 | 64,840 | 3,160 | 68,000 |
| Total | 1,040,309 | 104,508 | 1,144,817 |

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 |
|---|---|---|---|
| 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 | $ 1,556,359 | $ 86,152 | $ 1,642,511 |

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. Senate Bill 111, enacted in June 2021, increased this benefit from 50% to 100%.

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, 2021 actuarial valuation. The rates based on a percentage of payroll, first became effective July 1, 2023. Employer contributions for the year ended June 30, 2024 were $4,071,456, excluding amounts to fund employer specific liabilities. The rates in effect for the fiscal year ended June 30, 2024 were 16.06 percent for Tier One/Tier Two General Service Members and 12.87 percent for OPSRP Pension Program General Service Members, net of 12.00 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, 2024, the College reported a liability of $45,697,295 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2023 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2021 rolled forward to June 30, 2023. 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, 2023, the College's proportion was 0.24487558%.

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, 2024, the College recognized pension expense of approximately $6.7 million. At June 30, 2024, 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 | $ 2,243,030 | $ 181,866 |
| Changes in assumptions | 4,074,541 | 30,380 |
| Net difference between projected and actual earnings on investments | 824,412 | - |
| Changes in proportionate share | 428,179 | 1,382,981 |
| Changes in proportion and differences between employer contributions and proportionate share of contributions | - | 6,394,244 |
| College's contributions subsequent to the measurement date | 4,071,456 | - |
| Deferred outflows/inflows at June 30, 2024 | $ 11,641,618 | $ 7,989,471 |

Contributions subsequent to the measurement date of $4,071,456 reported as deferred outflows of resources will be recognized as a reduction of the net pension liability in the year ended June 30, 2025. Other deferred outflows of resources totaling $7,570,162 less deferred inflows of resources of $7,989,471 related to pensions will be recognized in pension expense as follows:

| Year Ending June 30, | Amount |
|---|---|
| 2025 | $ (1,386,139) |
| 2026 | (3,184,242) |
| 2027 | 3,220,850 |
| 2028 | 896,576 |
| 2029 | 33,646 |
| Total | $ (419,309) |

6 - PENSION PLANS: (Contd)

Actuarial assumptions

The employer contribution rates effective July 1, 2023, through June 30, 2025, were set using the entry age normal actuarial cost method. For the Tier One/Tier Two component of the PERS Defined Benefit Plan, this method produced an employer contribution rate consisting of (1) an amount for normal cost (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, 2021 actuarial valuation was determined using the following actuarial assumptions:

| | |
|---|---|
| Valuation Date | December 31, 2021 rolled forward to June 30, 2023 |
| Experience Study Report | 2020, published July 20, 2021 |
| 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.<br>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.<br>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 2020 Experience Study which reviewed experience for the four-year period ending on December 31, 2020.

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 | 27.50% | 7.07% |
| Private Equity | 25.50% | 8.83% |
| Core Fixed Income | 25.00% | 4.50% |
| Real Estate | 12.25% | 5.83% |
| Master Limited Partnerships | 0.75% | 6.02% |
| Infrastructure | 1.50% | 6.51% |
| Hedge Fund of Funds - Multistrategy | 1.25% | 6.27% |
| Hedge Fund Equity - Hedge | 0.63% | 6.48% |
| Hedge Fund - Macro | 5.62% | 4.83% |
| Total | 100.00% | |
| Assumed Inflation - Mean | | 2.35% |

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 | $ 75,593,944 | $ 45,697,295 | $ 20,676,922 |

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 was 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 was updated to 2.50% of salary, and for OPSRP members the amount was updated to 0.75% of salary. The redirection only applies to members earning $2,500 per month ($3,333 per month beginning in 2022) or more (indexed for inflation). The prospectively redirected amount was updated to 2.40% of salary for Tier One/Tier Two members and 0.65% of salary for OPSRP members beginning with the December 31, 2020 actuarial valuation.

Senate Bill 111, enacted in June 2021, increased the optional death benefit available to a surviving spouse when a retirement-eligible member dies. Previously, this benefit was based on 50% of the actuarial equivalent value of the member’s retirement benefit, but this was increased to 100% of the actuarial equivalent value.

## 6 - PENSION PLANS: (Contd)

### Changes in actuarial assumptions

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.

### 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 $1,449,834 at June 30, 2024. The liability represents the College's allocated share of the pre-SLGRP pooled liability. The College is being assessed an employer contribution rate of 1.33 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, 2024, there were no changes to the budget.
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 2023-24, the College overexpended the materials and services appropriation in the General Fund by $13,491, the transfers out appropriation in the General Fund by $629, the transfers out appropriation in the Auxiliary Fund by $17,768 and the personal services appropriation in the Agency Fund by $12,132.

# 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 ten 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 |
|---|---|---|---|---|---|
| 2024 | 0.2449% | $ 45,697,295 | $ 33,188,210 | 137.69% | 81.68% |
| 2023 | 0.2429% | 35,463,663 | 30,651,826 | 115.70% | 84.55% |
| 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% |

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.

LINN-BENTON COMMUNITY COLLEGE

Schedule of Contributions
Oregon Public Employees Retirement System Pension Plan
For the last ten 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 |
|---|---|---|---|---|---|
| 2024 | $ 4,071,456 | $ 4,071,456 | $ - | $ 35,041,564 | 11.62% |
| 2023 | 4,255,081 | 4,255,081 | - | 33,188,210 | 12.82% |
| 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% |

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.

Notes to Required Supplementary Information
Oregon Public Employees Retirement System Pension Plan

**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 ($3,333 per month beginning in 2022) or more (indexed for inflation). The prospectively redirected amount was updated to 2.40% of salary for Tier One/Tier Two members and 0.65% of salary for OPSRP members beginning with the December 31, 2020 actuarial valuation.

Senate Bill 111, enacted in June 2021, increased the optional death benefit available to a surviving spouse when a retirement-eligible member dies. Previously, this benefit was based on 50% of the actuarial equivalent value of the member's retirement benefit, but this was increased to 100% of the actuarial equivalent value.

**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:

<u>General Fund</u> - 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.

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

<u>Auxiliary Fund</u> - 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.

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

<u>Capital Projects Fund</u> - 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.

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

<u>ASLBCC, Clubs and Workforce Agency Fund</u> - 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, 2024

| | Budgeted Amounts | | Actual | Variance With Final Budget Positive |
|---|---|---|---|---|
| | Original | Final | Amounts | (Negative) |
| Revenues: | | | | |
| Property taxes | $ 10,390,386 | $ 10,390,386 | $ 10,546,861 | $ 156,475 |
| Tuition and fees | 19,007,903 | 19,007,903 | 19,750,795 | 742,892 |
| Other local | 360,500 | 360,500 | 391,452 | 30,952 |
| Intergovernmental - state and federal | 25,996,579 | 25,996,579 | 27,542,686 | 1,546,107 |
| Interest | 207,416 | 207,416 | 562,769 | 355,353 |
| Other | 50,000 | 50,000 | 428,054 | 378,054 |
| Total revenues | 56,012,784 | 56,012,784 | 59,222,617 | 3,209,833 |
| Expenditures: | | | | |
| Personal services | 52,028,347 | 52,028,347 | 50,428,062 | 1,600,285 |
| Materials and services | 7,377,023 | 7,377,023 | 7,390,514 | (13,491) |
| Capital outlay | 64,905 | 64,905 | 21,314 | 43,591 |
| Operating contingency | 2,482,996 | 2,482,996 | - | 2,482,996 |
| Total expenditures | 61,953,271 | 61,953,271 | 57,839,890 | 4,113,381 |
| Revenues over-(under) expenditures | (5,940,487) | (5,940,487) | 1,382,727 | 7,323,214 |
| Other financing sources-(uses): | | | | |
| Transfers in | 2,150,000 | 2,150,000 | 166,640 | (1,983,360) |
| Transfers out | (2,163,718) | (2,163,718) | (2,164,347) | (629) |
| Total other financing sources-(uses) | (13,718) | (13,718) | (1,997,707) | (1,983,989) |
| Revenues and other sources over-(under) expenditures and other uses | (5,954,205) | (5,954,205) | (614,980) | 5,339,225 |
| Fund balance - July 1, 2023 | 5,954,205 | 5,954,205 | 5,050,487 | (903,718) |
| Fund balance - June 30, 2024 | $ - | $ - | $ 4,435,507 | $ 4,435,507 |

LINN-BENTON COMMUNITY COLLEGE

Schedule of Revenues, Expenditures and Changes in
Fund Balance - Budget and Actual
SPECIAL PROJECTS FUND
Year Ended June 30, 2024

| | Budgeted Amounts Original | Budgeted Amounts Final | Actual Amounts | Variance With Final Budget Positive (Negative) |
|---|---|---|---|---|
| Revenues: | | | | |
| Tuition and fees | $ 196,000 | $ 196,000 | $ 165,360 | $ (30,640) |
| Other local | 2,994,772 | 2,994,772 | 1,285,192 | (1,709,580) |
| Intergovernmental - state and federal | 11,561,205 | 11,561,205 | 9,501,919 | (2,059,286) |
| Other | - | - | 400,000 | 400,000 |
| Total revenues | 14,751,977 | 14,751,977 | 11,352,471 | (3,399,506) |
| Expenditures: | | | | |
| Personal services | 8,230,745 | 8,230,745 | 6,634,519 | 1,596,226 |
| Materials and services | 8,818,947 | 8,818,947 | 4,301,852 | 4,517,095 |
| Capital outlay | 706,496 | 706,496 | 332,608 | 373,888 |
| Total expenditures | 17,756,188 | 17,756,188 | 11,268,979 | 6,487,209 |
| Revenues over-(under) expenditures | (3,004,211) | (3,004,211) | 83,492 | 3,087,703 |
| Other financing sources-(uses): | | | | |
| Transfers in | - | - | 597,677 | 597,677 |
| Transfers out | (133,895) | (133,895) | (1,761) | 132,134 |
| Total other financing sources-(uses) | (133,895) | (133,895) | 595,916 | 729,811 |
| Revenues and other sources over-(under) expenditures and other uses | (3,138,106) | (3,138,106) | 679,408 | 3,817,514 |
| Fund balance - July 1, 2023 | 3,138,106 | 3,138,106 | 1,301,690 | (1,836,416) |
| Fund balance - June 30, 2024 | $ - | $ - | $ 1,981,098 | $ 1,981,098 |

LINN-BENTON COMMUNITY COLLEGE

Schedule of Revenues, Expenditures and Changes in
Fund Balance - Budget and Actual
AUXILIARY FUND
Year Ended June 30, 2024

| | Budgeted Amounts | | Actual | Variance With Final Budget Positive |
|---|---|---|---|---|
| | Original | Final | Amounts | (Negative) |
| Revenues: | | | | |
| Tuition and fees | $ 3,746,450 | $ 3,746,450 | $ 3,085,638 | $ (660,812) |
| Other local | 2,738,896 | 2,738,896 | 1,524,719 | (1,214,177) |
| Intergovernmental - state and federal | 108,772 | 108,772 | 20,000 | (88,772) |
| Student activities and sales | 3,497,905 | 3,497,905 | 2,063,105 | (1,434,800) |
| Other | 12,800 | 12,800 | 20,094 | 7,294 |
| Total revenues | 10,104,823 | 10,104,823 | 6,713,556 | (3,391,267) |
| Expenditures: | | | | |
| Personal services | 5,108,216 | 5,108,216 | 2,960,243 | 2,147,973 |
| Materials and services | 6,919,607 | 6,919,607 | 3,986,026 | 2,933,581 |
| Capital outlay | 673,755 | 673,755 | 151,473 | 522,282 |
| Operating contingency | 216,044 | 216,044 | - | 216,044 |
| Total expenditures | 12,917,622 | 12,917,622 | 7,097,742 | 5,819,880 |
| Revenues over-(under) expenditures | (2,812,799) | (2,812,799) | (384,186) | 2,428,613 |
| Other financing sources-(uses): | | | | |
| Transfers in | - | - | 1,761 | 1,761 |
| Transfers out | (172,122) | (172,122) | (189,890) | (17,768) |
| Total other financing sources-(uses) | (172,122) | (172,122) | (188,129) | (16,007) |
| Revenues and other sources over-(under) expenditures and other uses | (2,984,921) | (2,984,921) | (572,315) | 2,412,606 |
| Fund balance - July 1, 2023 | 2,984,921 | 2,984,921 | 3,331,028 | 346,107 |
| Fund balance - June 30, 2024 | $ - | $ - | $ 2,758,713 | $ 2,758,713 |

LINN-BENTON COMMUNITY COLLEGE

Schedule of Revenues, Expenditures and Changes in
Fund Balance - Budget and Actual
FINANCIAL AID FUND
Year Ended June 30, 2024

| | Budgeted Amounts | | Actual | Variance With Final Budget Positive |
|---|---|---|---|---|
| | Original | Final | Amounts | (Negative) |
| Revenues: | | | | |
| Intergovernmental - state | $ 8,506,000 | $ 8,506,000 | $ 5,201,019 | $ (3,304,981) |
| Intergovernmental - federal | 8,578,044 | 8,578,044 | 7,079,692 | (1,498,352) |
| Scholarships | 257,500 | 257,500 | 272,750 | 15,250 |
| Other | 1,342,260 | 1,342,260 | 996,077 | (346,183) |
| Total revenues | 18,683,804 | 18,683,804 | 13,549,538 | (5,134,266) |
| Expenditures: | | | | |
| Personal services | 290,071 | 290,071 | 181,380 | 108,691 |
| Materials and services | 18,496,913 | 18,496,913 | 13,381,195 | 5,115,718 |
| Total expenditures | 18,786,984 | 18,786,984 | 13,562,575 | 5,224,409 |
| Revenues over-(under) expenditures | (103,180) | (103,180) | (13,037) | 90,143 |
| Other financing sources-(uses): | | | | |
| Transfers in | 80,680 | 80,680 | 629 | (80,051) |
| Transfers out | (20,000) | (20,000) | - | 20,000 |
| Total other financing sources-(uses) | 60,680 | 60,680 | 629 | (60,051) |
| Revenues and other sources over-(under) expenditures and other uses | (42,500) | (42,500) | (12,408) | 30,092 |
| Fund balance - July 1, 2023 | 42,500 | 42,500 | 166,058 | 123,558 |
| Fund balance - June 30, 2024 | $ - | $ - | $ 153,650 | $ 153,650 |

LINN-BENTON COMMUNITY COLLEGE

Schedule of Revenues, Expenditures and Changes in
Fund Balance - Budget and Actual
CAPITAL PROJECTS FUND
Year Ended June 30, 2024

| | Budgeted Amounts | | Actual | Variance With Final Budget Positive |
| --- | --- | --- | --- | --- |
| | Original | Final | Amounts | (Negative) |
| Revenues: | | | | |
| Intergovernmental - state and federal | $ 8,000,000 | $ 8,000,000 | $ 140,725 | $ (7,859,275) |
| Other: | | | | |
| Interest | 20,500 | 20,500 | 688,705 | 668,205 |
| Miscellaneous | - | - | 38,925 | 38,925 |
| Total revenues | 8,020,500 | 8,020,500 | 868,355 | (7,152,145) |
| Expenditures: | | | | |
| Personal services | 615,003 | 615,003 | 25,105 | 589,898 |
| Materials and services | 5,667,764 | 5,667,764 | 1,237,173 | 4,430,591 |
| Capital outlay | 27,817,450 | 27,817,450 | 5,535,798 | 22,281,652 |
| Total expenditures | 34,100,217 | 34,100,217 | 6,798,076 | 26,712,243 |
| Revenues over-(under) expenditures | (26,079,717) | (26,079,717) | (5,929,721) | 20,149,996 |
| Other financing sources-(uses): | | | | |
| Transfers in | 1,108,250 | 1,108,250 | 1,108,250 | - |
| Transfers out | (2,174,158) | (2,174,158) | (597,677) | 1,576,481 |
| Total other financing sources-(uses) | (1,065,908) | (1,065,908) | 510,573 | 1,576,481 |
| Revenues and other sources over-(under) expenditures and other uses | (27,145,625) | (27,145,625) | (5,419,148) | 21,726,477 |
| Fund balance - July 1, 2023 | 27,145,625 | 27,145,625 | 22,396,601 | (4,749,024) |
| Fund balance - June 30, 2024 | $ - | $ - | $ 16,977,453 | $ 16,977,453 |

LINN-BENTON COMMUNITY COLLEGE

Schedule of Revenues, Expenditures and Changes in
Fund Balance - Budget and Actual
DEBT SERVICE FUND
Year Ended June 30, 2024

| | Budgeted Amounts | | | Variance With Final Budget |
|---|---|---|---|---|
| | Original | Final | Actual Amounts | Positive (Negative) |
| Revenues: | | | | |
| Property taxes | $ 4,651,000 | $ 4,651,000 | $ 4,659,467 | $ 8,467 |
| Other: | | | | |
| Miscellaneous | 3,118,098 | 3,118,098 | 3,153,996 | 35,898 |
| Interest | 180,499 | 180,499 | 235,396 | 54,897 |
| Total revenues | 7,949,597 | 7,949,597 | 8,048,859 | 99,262 |
| Expenditures: | | | | |
| Debt service: | | | | |
| Principal | 6,354,054 | 6,354,054 | 6,354,054 | - |
| Interest | 2,674,261 | 2,674,261 | 2,674,261 | - |
| Total expenditures | 9,028,315 | 9,028,315 | 9,028,315 | - |
| Revenues over-(under) expenditures | (1,078,718) | (1,078,718) | (979,456) | 99,262 |
| Other financing sources-(uses): | | | | |
| Transfers in | 1,078,718 | 1,078,718 | 1,078,718 | - |
| Revenues and other sources over-(under) expenditures and other uses | - | - | 99,262 | 99,262 |
| Fund balance - July 1, 2023 | - | - | 982,214 | 982,214 |
| Fund balance - June 30, 2024 | $ - | $ - | $ 1,081,476 | $ 1,081,476 |

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, 2024

| | Budgeted Amounts | | Actual | Variance With Final Budget Positive |
|---|---|---|---|---|
| | Original | Final | Amounts | (Negative) |
| Revenues: | | | | |
| Fees | $ 166,669 | $ 166,669 | $ 157,133 | $ (9,536) |
| Club sources | 28,985 | 28,985 | 888 | (28,097) |
| Other | - | - | 42,994 | 42,994 |
| Total revenues | 195,654 | 195,654 | 201,015 | 5,361 |
| Expenditures: | | | | |
| Personal services | 23,842 | 23,842 | 35,974 | (12,132) |
| Materials and services | 289,361 | 289,361 | 189,731 | 99,630 |
| Contingency | 2,201 | 2,201 | - | 2,201 |
| Total expenditures | 315,404 | 315,404 | 225,705 | 89,699 |
| Revenues over-(under) expenditures | (119,750) | (119,750) | (24,690) | 95,060 |
| Due to others - July 1, 2023 | 119,750 | 119,750 | 160,264 | 40,514 |
| Due to others - June 30, 2024 | $ - | $ - | $ 135,574 | $ 135,574 |

## *INDEPENDENT AUDITOR'S COMMENTS REQUIRED BY OREGON STATE REGULATIONS*

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# INDEPENDENT AUDITOR'S COMMENTS REQUIRED BY OREGON STATE REGULATIONS

November 15, 2024

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, 2024, and have issued our report thereon dated November 15, 2024.

**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 its 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.

**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 15, 2024

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, 2024, and have issued our report thereon dated November 15, 2024.

**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

Kenneth Kuhns & Co.