

BANKS SCHOOL DISTRICT NO. 13
WASHINGTON COUNTY, OREGON

FINANCIAL REPORT

FOR THE YEAR ENDED JUNE 30, 2023



12700 SW 72nd Ave.
Tigard, OR 97223

BANKS SCHOOL DISTRICT NO. 13
WASHINGTON COUNTY, OREGON

For the Year Ended June 30, 2023

ANNUAL FINANCIAL REPORT

BANKS SCHOOL DISTRICT NO. 13
WASHINGTON COUNTY, OREGON

BOARD OF EDUCATION

TERM EXPIRES

Leslee Sipp	June 30, 2025
Corissa Mazurkiewicz	June 30, 2025
Dan Streblow, Vice-Chair	June 30, 2023
Ron Frame, Chair	June 30, 2025
Will Moore	June 30, 2023

Board members receive mail at the District Office address listed below

ADMINISTRATION
Brian Sica, Superintendent
Dustin Geddes, Business Manager
12950 NW Main Street
Banks, OR 97106

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WASHINGTON COUNTY, OREGON
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WASHINGTON COUNTY, OREGON
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November 28, 2023

To the Board of Education
Banks School District No. 13
Washington County, Oregon

INDEPENDENT AUDITORS' REPORT

Opinions

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Banks School District as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Banks School District as of June 30, 2023, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Change in Accounting Principle

As discussed in Note 10 to the financial statements, in 2022-2023 the District adopted new accounting guidance, *GASBS No. 96, Subscription Based Information Technology Arrangements*. Our opinions are not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

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

Supplementary Information

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

Other Information

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

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

Report on Other Legal and Regulatory Requirements

In accordance with Minimum Standards for Audits of Oregon Municipal Corporations, we have issued our report dated November 28, 2023, on our consideration of compliance with certain provisions of laws and regulations, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules. The purpose of that report is to describe the scope of our testing of compliance and the results of that testing and not to provide an opinion on compliance.

A handwritten signature in dark ink, appearing to read "Kenny Allen", is positioned above the printed name and firm name.

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

**BANKS SCHOOL DISTRICT NO. 13
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2023**

INTRODUCTION

As management of Banks School District (the District), we offer readers of the District's financial statements this narrative overview and analysis of the financial activities for the year ended June 30, 2023. It should be read in conjunction with the District's financial statements which follow this section.

FINANCIAL HIGHLIGHTS

- At June 30, 2023, the District's government-wide assets exceeded liabilities by \$3,168,102.
- At June 30, 2023, the General Fund had a total fund balance of \$2,321,525. This represents 18.4% of the total General Fund expenditures and 56.2% of the total governmental funds balance.
- The District has \$5,766,087 of long term outstanding debt as of June 30, 2023. The District's total debt decreased by approximately \$1,347,747 during the 2022-23 fiscal year due to the regular scheduled debt service payments.
- The Debt Service Fund's primary revenue source is property taxes.

OVERVIEW OF THE FINANCIAL STATEMENTS

This Management Discussion and Analysis is intended to serve as an introduction to the District's basic financial statements. The District's basic financial statements consist of three components: (1) government-wide financial statements, (2) fund financial statements, and (3) notes to the basic financial statements themselves.

Government-wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the District's finances in a manner similar to a private-sector business.

The *Statement of Net Position* presents information on all of the assets and liabilities of the District at year end. Net position is what remains after the liabilities have been paid or otherwise satisfied. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

The *Statement of Activities* presents information showing how the District's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

The government-wide financial statements can be found on pages 8 through 9.

**BANKS SCHOOL DISTRICT NO. 13
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2023**

OVERVIEW OF THE FINANCIAL STATEMENTS, continued

Fund Financial Statements

The fund financial statements provide more detailed information about the District's funds, focusing on its most significant or "major" funds – not the District as a whole. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The District funds can be divided into two categories: governmental funds and proprietary funds.

Governmental Funds

Unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. The District has four major funds; the General Fund, the Special Projects Fund, the Debt Service Fund, and the Capital Projects Fund. The fund financial statements are on pages 10 through 13.

Proprietary Funds

The District maintains an Internal Service Fund. The Internal Service Fund is an accounting device used to accumulate and allocate costs internally among the District's various functions. The District uses an Internal Service Fund to account for its pension obligation bonds. The financial statements of the Internal Service Fund are found on pages 14 through 16.

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. They are an integral part of the basic financial statements and should be read in conjunction with them. The notes to the financial statements are on pages 17 through 50.

Other Information

Additional information is included on pages 51-58. This information presents both the Required Supplementary Information and other Supplementary Information, including the Schedule of Proportionate Share of the Net Pension Liability, Schedule of Changes in Other Post Employment Benefits Liability, required budgetary comparison information and other required financial schedules.

**BANKS SCHOOL DISTRICT NO. 13
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2023**

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Summary Statement of Net Position

	<u>2023</u>	<u>2022</u>
Assets and deferred outflows of resources		
Current assets	\$ 6,544,742	\$ 6,720,845
Capital assets	14,344,221	14,921,628
Other noncurrent assets	164,954	206,972
Deferred outflows of resources	<u>3,159,841</u>	<u>3,906,408</u>
 Total assets and deferred outflows of resources	 <u>24,213,758</u>	 <u>25,755,853</u>
 Liabilities and deferred inflows of resources		
Current liabilities	2,327,878	2,210,473
Proportionate share of net pension liability	7,507,846	6,418,282
Other noncurrent liabilities	7,817,473	9,287,982
Deferred inflows of resources	<u>3,392,459</u>	<u>5,807,942</u>
 Total liabilities and deferred inflows of resources	 <u>21,045,656</u>	 <u>23,724,679</u>
 Net Position		
Invested in capital assets, net of related debt	10,017,727	9,600,610
Restricted for OPEB	146,518	123,455
Restricted for debt service	190,231	194,886
Restricted for special projects	588,955	484,963
Unrestricted	<u>(7,775,329)</u>	<u>(8,372,740)</u>
 Total net position	 <u>\$ 3,168,102</u>	 <u>\$ 2,031,174</u>

As noted earlier, net position may serve over time as a useful indicator of a District's financial position. At June 30, 2023, the District's net assets exceeded liabilities by \$3,168,102.

A large portion of the District's net position reflects its investment in capital assets. Capital assets of the District include land, buildings, improvements, vehicles, and equipment, representing approximately 58.9% of total assets and deferred outflows of resources. Current assets consist mainly of cash, investments, grant and property taxes receivable. Other noncurrent assets include lease assets recognized per the provisions of GASB 87, subscription based information technology arrangements (SBITAs) assets recognized per the provisions of GASB 96, and an OPEB plan asset recognized per the provisions of GASB 75 for the Retirement Health Insurance Account (RHIA) program available to Oregon PERS retirees.

Deferred outflows and inflows of resources include pension related deferrals recognized per the provisions of GASB 68, and OPEB RHIA and Total OPEB related deferrals recognized per the provisions of GASB 75.

**BANKS SCHOOL DISTRICT NO. 13
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2023**

GOVERNMENT-WIDE FINANCIAL ANALYSIS, continued

The District's proportionate share of the net pension liability is recognized per the provisions of GASB 68 and accounts for 35.7% of total liabilities and deferred inflows of resources. The District's liability for general obligation bonds (including bond premiums) totals \$4,034,852 and is used to finance capital asset acquisition and construction. This liability accounts for 19.2% of total liabilities and deferred inflows of resources. Current liabilities primarily consist of accounts payable, payroll withholdings, and accrued benefits. Other noncurrent liabilities include pension obligation bonds outstanding, a direct borrowing note payable, total OPEB liability recognized per the provisions of GASB 75, lease obligations recognized per the provisions of GASB 87, and SBITAs obligations per the provisions of GASB 96.

Summary Statement of Activities

	<u>2023</u>	<u>2022</u>
Revenues:		
Program Revenues:		
Instruction	\$ 1,908,329	\$ 1,299,039
Support Services	815,322	523,531
Community Services	<u>302,437</u>	<u>436,914</u>
Total program revenues	<u>3,026,088</u>	<u>2,259,484</u>
General revenues:		
Property taxes	4,917,093	4,744,372
State school support	7,529,180	6,888,383
State timber revenue	803,093	1,236,014
Earning on investments	120,529	18,914
Other	<u>155,637</u>	<u>291,071</u>
Total general revenues	<u>13,525,532</u>	<u>13,178,754</u>
Total revenues	<u>16,551,620</u>	<u>15,438,238</u>
Program expenses:		
Instruction	9,330,384	8,652,036
Support services	5,490,203	4,967,341
Community services	<u>283,378</u>	<u>322,383</u>
Total program expenses	<u>15,103,965</u>	<u>13,941,760</u>
Other expenses:		
Interest expense	<u>310,727</u>	<u>329,568</u>
Total other expenses	<u>310,727</u>	<u>329,568</u>
Total expenses	<u>\$ 15,414,692</u>	<u>\$ 14,271,328</u>

**BANKS SCHOOL DISTRICT NO. 13
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2023**

Summary Statement of Activities, continued

	<u>2023</u>	<u>2022</u>
Change in net position	1,136,928	1,166,910
Beginning net position	2,031,174	1,654,047
Prior period adjustments	<u>0</u>	<u>(789,783)</u>
Ending net position	\$ <u>3,168,102</u>	\$ <u>2,031,174</u>

Revenues

Since the District's mission is to provide a free and appropriate public education for kindergarten through twelfth grade students within its boundaries, the District may not charge for its core services. As expected, therefore, general revenues provide 81.7% of the funding required for governmental programs. The combination of property taxes and the state school fund combine to account for 92.0% of general revenues and 75.2% of total revenues.

Expenses

Expenses related to governmental activities are presented in several broad functional categories. Costs of direct classroom instruction and activities account for 60.5% of total expenses. In addition, costs of supporting services related to students, instructional staff, and school administration account for 35.6% of total expenses.

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

As noted earlier, the District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Government Funds

The focus of the District's governmental funds is to provide information on relatively short-term cash flow and funding for future basic services. Such information is useful in assessing the District's financial requirements. In particular, unassigned fund balance may serve as a useful measure of the District's net resources available for spending.

At June 30, 2023, the District's governmental funds reported combined ending fund balances of \$4,134,254. Of this amount, \$2,292,379 constitutes unassigned fund balance, which is available for spending at the District's discretion.

**BANKS SCHOOL DISTRICT NO. 13
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2023**

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS, continued

General Fund

The General Fund is the chief operating fund of the District. At June 30, 2023, the General Fund ending fund balance was \$2,321,525. As a measure of the fund's liquidity, it may be useful to compare total fund balance to total fund expenditures. The total ending fund balance represents about 18.4% percent of total General Fund expenditures for 2022-23.

Special Projects Fund

At June 30, 2023, the Special Projects Fund had a total fund balance of \$588,955. This fund includes federal and state grants, student body activities, food service and the athletics/activities funds.

Debt Service Fund

In 2022-23, the expenditures of this fund totaled \$1,392,300 and were used for principal and interest payments on general obligation bonds.

Capital Projects Fund

In 2022-23, the expenditures of this fund totaled \$17,392 and were used for improvements to District facilities.

REQUEST FOR INFORMATION

This financial report is designed to provide a general overview of Banks School District's finances. Questions concerning any of the information provided in the report or request for additional financial information should be addressed to the Banks School District office at 12950 NW Main Street, Banks, OR 97106.

BANKS SCHOOL DISTRICT
WASHINGTON COUNTY, OREGON

BASIC FINANCIAL STATEMENTS

BANKS SCHOOL DISTRICT NO. 13
WASHINGTON COUNTY, OREGON

STATEMENT OF NET POSITION
June 30, 2023

	Governmental Activities
ASSETS:	
Cash and investments	\$ 5,130,022
Property taxes receivable	74,022
Accounts receivable	1,294,612
Prepaid expense	46,086
Noncurrent assets:	
OPEB RHIA	164,954
Capital assets:	
Capital assets not being depreciated	911,185
Capital assets, leases net of accumulated amortization	37,581
Capital assets, subscriptions net of accumulated amortization	56,009
Capital assets, net of accumulated depreciation	13,339,446
Total assets	21,053,917
DEFERRED OUTFLOWS OF RESOURCES:	
OPEB RHIA deferral	4,112
Pension related deferral	3,095,423
Total OPEB related deferral	60,306
Total deferred outflows of resources	3,159,841
LIABILITIES:	
Accounts payable	108,337
Payroll liabilities	2,145,952
Unearned revenue	73,589
Noncurrent liabilities:	
Due within one year:	
Leases payable	14,307
SBITAs payable	21,493
Bonds payable	1,313,776
Accrued bond interest payable	394,018
Note Payable	48,679
Due in more than one year:	
Proportionate share of net pension liability	7,507,846
Total OPEB liability	451,891
Leases payable	23,555
SBITAs payable	34,931
Bonds payable	4,261,076
Accrued bond interest payable	1,111,191
Note payable	142,556
Total liabilities	17,653,197
DEFERRED INFLOWS OF RESOURCES:	
OPEB RHIA deferral	22,548
Pension related deferral	3,201,665
Total OPEB related deferral	168,246
Total deferred inflows of resources	3,392,459
NET POSITION:	
Net investment in capital assets	10,017,727
Restricted for OPEB - RHIA	146,518
Restricted for debt service	190,231
Restricted for special projects	588,955
Unrestricted	(7,775,329)
Total net position	\$ 3,168,102

See accompanying notes to basic financial statements.

BANKS SCHOOL DISTRICT NO. 13
WASHINGTON COUNTY, OREGON

STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2023

Functions/Programs	Expenses	Program Revenues			Net Revenue (Expense) and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Governmental Activities:					
Instruction	\$ 9,330,384	\$ 245,952	\$ 1,312,377	\$ 350,000	\$ (7,422,055)
Support Services	5,490,203	-	815,322	-	(4,674,881)
Community Services	283,378	90,041	212,396	-	19,059
Interest on Long Term Debt	310,727	-	-	-	(310,727)
Total Governmental Activities	<u>\$ 15,414,692</u>	<u>\$ 335,993</u>	<u>\$ 2,340,095</u>	<u>\$ 350,000</u>	<u>(12,388,604)</u>
General Revenues:					
Property taxes					4,917,093
State school support					8,332,273
Earnings on investments					120,529
Other local & intermediate					<u>155,637</u>
Total general revenues					<u>13,525,532</u>
Change in net position					1,136,928
Net position beginning of year					<u>2,031,174</u>
Net position end of year					<u>\$ 3,168,102</u>

See accompanying notes to basic financial statements.

BANKS SCHOOL DISTRICT NO. 13
WASHINGTON COUNTY, OREGON

BALANCE SHEET – GOVERNMENTAL FUNDS
June 30, 2023

	GENERAL FUND	SPECIAL PROJECTS FUND	DEBT SERVICE FUND	CAPITAL PROJECTS FUND	TOTAL
ASSETS:					
Cash and Investments	\$ 3,921,576	\$ -	\$ 183,466	\$ 1,003,283	\$ 5,108,325
Receivables:					
Property Taxes	53,880	-	20,142	-	74,022
Accounts	257,248	1,020,824	3,220	13,320	1,294,612
Due From Other Funds	33,187	-	-	-	33,187
Prepaid Expenses	29,146	-	-	16,940	46,086
Total Assets	\$ 4,295,037	\$ 1,020,824	\$ 206,828	\$ 1,033,543	\$ 6,556,232
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES:					
Liabilities:					
Accounts Payable	\$ 46,908	\$ 61,429	\$ -	\$ -	\$ 108,337
Payroll Liabilities	1,882,288	263,664	-	-	2,145,952
Due to Other Funds	-	33,187	-	-	33,187
Unearned Revenue	-	73,589	-	-	73,589
Total Liabilities	1,929,196	431,869	-	-	2,361,065
Deferred Inflows of Resources:					
Unavailable Revenue - property taxes	44,316	-	16,597	-	60,913
Total Deferred Inflows of Resources	44,316	-	16,597	-	60,913
Fund Balances:					
Nonspendable	29,146	-	-	16,940	46,086
Restricted for debt service	-	-	190,231	-	190,231
Restricted for special projects	-	588,955	-	-	588,955
Assigned	-	-	-	1,016,603	1,016,603
Unassigned	2,292,379	-	-	-	2,292,379
Total Fund Balance	2,321,525	588,955	190,231	1,033,543	4,134,254
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 4,295,037	\$ 1,020,824	\$ 206,828	\$ 1,033,543	\$ 6,556,232

See accompanying notes to basic financial statements.

BANKS SCHOOL DISTRICT NO. 13
WASHINGTON COUNTY, OREGON

**Reconciliation of Balance Sheet of Governmental Funds to
Statement of Net Position**

June 30, 2023

Total Fund Balances		\$ 4,134,254
Amounts reported for governmental activities in the statement of net assets are different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in the governmental funds.		
Capital Assets, net		14,250,631
Delinquent property taxes receivable will be collected this year, but are not available soon enough to pay for the current period's expenditures, and therefore are unavailable in the funds.		
		60,913
Long-term liabilities not payable in the current year are not reported as governmental fund liabilities. Interest on long-term debt is not accrued in the governmental funds, but rather is recognized as an expenditure when due. These liabilities consist of:		
Bonds Payable - net of premium/discount	\$ (5,574,852)	
Note Payable	(191,235)	
Accrued Interest	(1,505,209)	(7,271,296)
The right-to-use asset and associated liability related to long term leases and SBITAs are not recognized in the governmental funds under GASB 87 or 96		
Lease Assets - GASB 87	\$ 37,581	
Leases Payable - GASB 87	(37,862)	
SBITA Assets - GASB 96	56,009	
SBITAs Payable - GASB 96	(56,424)	(696)
The proportionate share of the PERS net pension liability is not reported as a liability in the District's governmental activities.		
		(7,507,846)
The proportionate share of the OPEB RHIA asset is not reported as an asset in the governmental funds		
		164,954
The Total OPEB Liability is liability related to the other post employment benefits for health insurance premiums.		
		(451,891)
The pension related deferrals are not reported as deferred inflows or outflows in the District's governmental activities.		
Deferred Outflow - RHIA	\$ 4,112	
Deferred Inflow - RHIA	(22,548)	
Deferred Outflow - PERS	3,095,423	
Deferred Inflow - PERS	(3,201,665)	
Deferred Outflow - OPEB	60,306	
Deferred Inflow - OPEB	(168,246)	(232,618)
An internal service fund is used to charge the costs of repaying the pension obligation bonds to the individual funds. The assets and liabilities of the internal service fund are included in the statement net position.		
		21,697
Total Net Position		\$ 3,168,102

See accompanying notes to basic financial statements.

BANKS SCHOOL DISTRICT NO. 13
WASHINGTON COUNTY, OREGON

STATEMENT OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCE –
GOVERNMENTAL FUNDS
For the Year Ended June 30, 2023

	GENERAL FUND	SPECIAL PROJECTS FUND	DEBT SERVICE FUND	CAPITAL PROJECTS FUND	TOTAL
REVENUES:					
Local Sources	\$ 3,693,081	\$ 467,441	\$ 1,359,228	\$ 390,893	\$ 5,910,643
Intermediate Sources	38,573	12,458	1,117	-	52,148
State Sources	8,436,332	1,435,499	-	-	9,871,831
Federal Sources	-	711,142	-	-	711,142
Total Revenues	12,167,986	2,626,540	1,360,345	390,893	16,545,764
EXPENDITURES:					
Current					
Instruction	7,644,479	1,887,545	-	-	9,532,024
Support Services	4,874,417	649,310	-	-	5,523,727
Community Services	-	275,700	-	-	275,700
Capital Outlay	86,853	35,751	-	17,392	139,996
Debt Service					
Principal	29,002	23,511	1,046,442	-	1,098,955
Interest	502	3,789	345,858	-	350,149
Total Expenditures	12,635,253	2,875,606	1,392,300	17,392	16,920,551
Excess of Revenues Over, (Under) Expenditures	(467,267)	(249,066)	(31,955)	373,501	(374,787)
Other Financing Sources, (Uses):					
Debt Proceeds	79,713	-	-	-	79,713
Transfers In	-	353,058	27,300	-	380,358
Transfers Out	(380,358)	-	-	-	(380,358)
Total Other Financing Sources, (Uses)	(300,645)	353,058	27,300	-	79,713
Net Change in Fund Balance	(767,912)	103,992	(4,655)	373,501	(295,074)
Beginning Fund Balance	3,089,437	484,963	194,886	660,042	4,429,328
Ending Fund Balance	\$ 2,321,525	\$ 588,955	\$ 190,231	\$ 1,033,543	\$ 4,134,254

See accompanying notes to basic financial statements.

BANKS SCHOOL DISTRICT NO. 13
WASHINGTON COUNTY, OREGON

**Reconciliation of Statement of Revenues, Expenditures
and Changes in Fund Balance – Governmental Funds –
To Statement of Activities**

For the Year Ended June 30, 2023

Net Change in Fund Balance	\$	(295,074)
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Amounts reported for governmental activities in the statement
of activities are different because:

Capital outlays are reported in governmental funds as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which fixed assets exceed depreciation:

Capital Asset Additions	\$	112,232	
Depreciation expense		(783,229)	(670,997)

Repayment of bond principal and post retirement obligations is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position. Additions to bond principal and post retirement obligations is an other financing source in the governmental funds but reduces the liability in the Statement of Net Position. Governmental funds report the effect of premiums and discounts when debt is first issued, whereas these amounts are considered unavailable and amortized in the Statement of Activities.

Bond and Loan Proceeds			
GO Bond Payment and Loan Payment	\$	1,329,953	
Bond Premium		17,794	1,347,747

Under the accrual basis of accounting, interest on long-term debt is accrued when payments are not due until after year end.	152,554
---	---------

Principal and interest payments related to leases and SBITAs are recorded as expenditures in the governmental funds. On the Statement of Activities however, recorded expenditures are for interest on the debt as well as amortization of the related assets.

Leases, GASB 87	\$	(403)	
SBITAs, GASB 96		(415)	(818)

Pension expense represents the change in net pension asset (liability) from year to year due to changes in total pension liability and the fair value of the pension plan net position available to pay PERS pension benefits, and is not included in the governmental funds.	582,408
--	---------

The expense related to OPEB liability represents the net changes in the liability balance from year to year and is not recorded in the governmental funds.	(3,521)
---	---------

RHIA Expense represents the changes in RHIA Asset (Liability) from year to year due to changes in total RHIA liability (asset) and the fair value of RHIA plan net position available to pay RHIA benefits.	23,063
---	--------

Property tax revenue in the Statement of Activities differs from the amount reported in the governmental funds. In the governmental funds, which are on the modified accrual basis, the District recognizes unavailable revenue for all property taxes levied but not received, however in the Statement of Activities, there is no unavailable revenue and the full property tax receivable is accrued.	4,869
--	-------

An internal service fund is used to charge the costs of repaying the pension obligation bonds to the individual funds. The net revenue of the internal service fund is included in the statement of activities.	(3,303)
---	---------

Change in Net Position	\$	1,136,928
------------------------	----	-----------

See accompanying notes to basic financial statements.

BANKS SCHOOL DISTRICT NO. 13
WASHINGTON COUNTY, OREGON

STATEMENT OF PROPRIETARY NET POSITION
INTERNAL SERVICE FUND
June 30, 2023

	Internal Service Fund
ASSETS:	
Current Assets	
Cash and Investments	\$ 21,697
Total Current Assets	<u>21,697</u>
Total Assets	<u>21,697</u>
LIABILITIES:	
Current Maturities of Pension Obligation Bonds	285,000
Noncurrent Liabilities:	
Pension Obligation Bonds Payable, Net of Current Maturities	<u>1,248,879</u>
Total Liabilities	<u>1,533,879</u>
NET POSITION:	
Unrestricted	<u>(1,512,182)</u>
Total Net Position	<u>\$ (1,512,182)</u>

See accompanying notes to basic financial statements.

BANKS SCHOOL DISTRICT NO. 13
WASHINGTON COUNTY, OREGON

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
For the Year Ended June 30, 2023

INTERNAL SERVICE FUND

OPERATING REVENUES:	
Assessments to other funds	\$ 357,803
Total Revenues	<u>357,803</u>
TOTAL OPERATING INCOME	<u>357,803</u>
OTHER REVENUES/(EXPENSES):	
Debt Service	(101,106)
Amortization of bond discount	<u>(1,225)</u>
Total other revenue/expenses	<u>(102,331)</u>
Change in Net Position	255,472
Beginning Net Position	<u>(1,767,654)</u>
Ending Net Position	<u><u>\$ (1,512,182)</u></u>

See accompanying notes to basic financial statements.

BANKS SCHOOL DISTRICT
WASHINGTON COUNTY, OREGON
STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
For the Year Ended June 30, 2023

	Pension Obligation Bonds
	<u> </u>
Cash flows from operating activities:	
Assessments received from other funds	\$ 357,803
	<u> </u>
Net cash provided (used) by operating activities	<u>357,803</u>
Cash flows from noncapital financing activities	
Principal paid on pension bonds	(260,000)
Interest paid on pension bonds	<u>(101,106)</u>
Net cash used by noncapital financing activities	<u>(361,106)</u>
Cash flows from investing activities	
Interest received from investments	<u>-</u>
Net cash provided by investing activities	<u>-</u>
Net increase in cash and cash equivalents	(3,303)
Cash and cash equivalents, beginning	<u>25,000</u>
Cash and cash equivalents, ending	<u><u>\$ 21,697</u></u>
Reconciliation of operating income to net cash provided by operating activities	
Operating income	\$ 357,803
	<u> </u>
Net cash provided by operating activities	<u><u>\$ 357,803</u></u>

See accompanying notes to basic financial statements.

BANKS SCHOOL DISTRICT NO. 13
WASHINGTON COUNTY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant accounting policies are described below.

REPORTING ENTITY

The Banks School District No. 13 is a municipal corporation, established under the provisions of Oregon Revised Statutes 332, and is governed by an elected five-member board. As required by generally accepted accounting principles, these financial statements present Banks School District No. 13 (the primary government) and any component units. Component units, as established by the Governmental Accounting Standards Board (GASB) Statement 61, are separate organizations that are included in the District's financial statements because of the significance of their operational or financial relationships with the District and the existence of a financial benefit/burden. There are no component units.

GOVERNMENT-WIDE FINANCIAL STATEMENTS

The government-wide financial statements (the statement of net position and the statement of activities) report information on the District as a whole, excluding nonfiduciary activities, if any. For the most part, the effect of interfund activity has been removed from these statements. Exceptions to this general rule are payments-in-lieu of taxes and other charges between the various functions. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from internal service activities, which rely to a significant extent on fees and charges for support. The activities are characterized as *governmental activities and business-type activities*.

The statement of activities reports the activities by *function*. The major functions are instruction and support services; however, amounts are also reported for community services (primarily food service). The statement of activities demonstrates the degree to which the direct expenses of a given function (i.e., instruction, support services, etc.) are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Direct expenses are not eliminated from the various functional categories, whereas indirect expenses are eliminated from the functional categories in the statement of activities. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

BANKS SCHOOL DISTRICT NO. 13
WASHINGTON COUNTY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND FINANCIAL STATEMENT PRESENTATION

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they are “measurable and available”). “Measurable” means the amount of the transaction can be determined and “available” means collectible within the current period or soon enough thereafter to pay liabilities of the current period. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, revenues are considered to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received.

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

Separate fund financial statements are provided for governmental funds. The emphasis of fund financial statements is on major governmental funds, each displayed in a separate column.

The following *major governmental funds* are reported:

General Fund

This is the primary operating fund. This fund accounts for all financial resources and expenditures not required to be accounted for in another fund. The principal revenue sources are property taxes and an apportionment from the Oregon State School Fund.

Special Projects Fund

This fund consists of all grant activity, fundraising, food service, and student body activities. Grant revenue is primarily from federal and state sources, while student body, food service, and fundraising revenues are primarily from local sources.

Debt Service Fund

This fund accounts for the repayment of general obligation debt. The primary revenue source is property taxes.

BANKS SCHOOL DISTRICT NO. 13
WASHINGTON COUNTY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND FINANCIAL STATEMENT PRESENTATION (CONTINUED)

Capital Projects Fund

This fund accounts for the construction and acquisition of capital assets. The primary revenue source is interest on investments.

There is also an internal service fund:

Pension Obligation Bond Fund

This fund accounts for the repayment of the 2007 pension obligation bonds issued to advance fund the unfunded actuarial liability for the Oregon Public Employees Retirement System. The fund assesses other funds to provide the resources to pay the debt service on the pension obligation bonds.

The internal service fund uses the economic resources measurement focus and the accrual basis of accounting and distinguishes operating revenues and expenses from nonoperating items. Operating revenues consist of interfund assessments to other funds, while operating expenses include payments for debt services. All other revenues and expenses are reported as nonoperating revenues and expenses.

BUDGETS

A budget is prepared and legally adopted for each governmental fund type on the modified accrual basis of accounting in the main program categories required by Oregon Local Budget Law. The budgets for all budgeted funds are adopted on a basis consistent with generally accepted accounting principles except the property taxes received after year-end are not considered budgetary resources in the funds, inventory is expensed when purchased, debt and OPEB benefits are recorded as an expenditure when paid and a revenue when issued, capital outlay is recorded as an expenditure rather than capitalized, and depreciation and amortization are not recorded. All annual appropriations lapse at fiscal year end.

The budget process begins early in each fiscal year with the establishment of the budget committee. Recommendations are developed through late winter with the budget committee approving the budget in early spring. Public notices of the budget hearing are generally published in spring with a public hearing being held approximately three weeks later. The Board may amend the budget prior to adoption; however, budgeted expenditures for each fund may not be increased by more than ten percent without re-publication. The budget is then adopted, appropriations are made, and the tax levy declared no later than June 30th.

Expenditure budgets are appropriated at the following levels for each fund: Instruction, Support Services, Enterprise & Community Services, Facilities Acquisition and Construction, Other Uses - Debt Service and Interfund Transfers, and Operating Contingency.

Expenditures cannot legally exceed the adopted appropriation levels except in the case of grants which could not be estimated at the time of budget adoption. Management may amend line items in the budget without Board approval as long as appropriation levels (the legal level of control) are not changed.

BANKS SCHOOL DISTRICT NO. 13
WASHINGTON COUNTY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND FINANCIAL STATEMENT PRESENTATION (CONTINUED)

Supplemental appropriations may occur if the Board approves them due to unforeseen circumstances, which could not be determined at the time the budget was adopted.

Budget amounts shown in the basic financial statements reflect the original and final budgeted appropriation amounts. Expenditures of the various funds were within authorized appropriations for the year ended June 30, 2023.

CASH AND INVESTMENTS

For financial reporting purposes, all highly liquid investments with a maturity of three months or less when purchased are considered to be cash equivalents.

Fair Value Inputs and Methodologies and Hierarchy

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

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

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

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

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

BANKS SCHOOL DISTRICT NO. 13
WASHINGTON COUNTY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

PROPERTY TAXES RECEIVABLE

Uncollected real and personal property taxes are reflected on the statement of net position and the balance sheet as receivables. Uncollected taxes are deemed by management to be substantially collectible or recoverable through liens. All property taxes receivable are due from property owners within the District.

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

ACCOUNTS RECEIVABLE

Accounts receivable consist of amounts due from intermediate sources and miscellaneous reimbursements. Accounts receivable are considered by management to be fully collectible; therefore, no allowance for uncollectible accounts has been made.

GRANTS

Unreimbursed expenditures due from grantor agencies are reflected in the basic financial statements as receivables and revenues. Grant revenues are recorded at the time eligible expenditures are incurred. Cash received from grantor agencies in excess of related grant expenditures are recorded as unearned revenue on the statement of net position and the balance sheet.

PREPAID EXPENSE

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

CAPITAL ASSETS

Capital assets include land, buildings, improvements, vehicles, furniture, fixtures, and equipment. Capital assets are recorded at original cost or estimated original cost. Donated capital assets are recorded at their estimated fair market value on the date donated. Capital assets are defined as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. Interest incurred during construction is not capitalized. The cost of routine maintenance and repairs that do not add to the value of the assets or materially extend asset lives are charged to expenditure as incurred and not capitalized. Capital assets are depreciated using the straight-line method over the following useful lives: Building and Improvements over 25 to 40 years, and Vehicles and Equipment over 3 to 20 years. Major outlays for capital assets and improvements are capitalized as projects are constructed. One-half year of depreciation is taken in the year the assets are acquired or retired. Gains or losses from sales or retirements of capital assets are included in operations of the current period.

BANKS SCHOOL DISTRICT NO. 13
WASHINGTON COUNTY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

DEFERRED OUTFLOWS/INFLOWS OF RESOURCES

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

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time.

USE OF ESTIMATES

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported items. These can include the amounts of assets, liabilities, disclosure of contingent assets and liabilities, and the reported amount of revenues and expense/expenditures during the reporting period. Accordingly, actual results could differ from estimates.

ACCRUED COMPENSATED ABSENCES

Certain employees are allowed to earn vacation leave. Employees accumulated unpaid vacation, at June 30, is limited to 50 percent of the amount earned during the year. At June 30, management determined that total accumulated unpaid vacation was not significant to the financial statements.

UNAVAILABLE REVENUE

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

LONG-TERM OBLIGATIONS

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the governmental activities. Bond premiums and discounts are amortized over the life of the bonds, using the straight line method in the government-wide financial statements. The straight line method does not differ significantly from the effective interest rate method. Unamortized premiums and discounts are presented as additions or subtractions from the face amount of the bonds. In the fund financial statements, governmental fund types recognize bond premiums and discounts during the current period.

The face amount of debt issued is reported as other financing sources. Premiums received on debt issuance are reported as other financing sources, while discounts on debt issuance are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

BANKS SCHOOL DISTRICT NO. 13
WASHINGTON COUNTY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

LONG-TERM OBLIGATIONS (CONTINUED)

Early retirement benefits are recognized when the District becomes obligated for the benefits (i.e., when the eligible employee retires). The amount recognized is the undiscounted estimate of the future benefits to be paid.

INTERFUND PAYABLES, RECEIVABLES AND TRANSFERS

The receipt and payment of monies through one central checking account, as well as transfers between funds, result in interfund payables and receivables until cash is transferred from one fund to the other. These amounts represent current assets and liabilities and are reported as due to or due from other funds.

RETIREMENT PLANS

Substantially all of the District's employees are participants in the State of Oregon Public Employees Retirement System (PERS). For the purpose of measuring the net position liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about fiduciary net position of PERS and additions to/deductions from PERS's fiduciary net position have been determined on the same basis as they are reported by PERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with benefit terms. Investments are reported at fair value. GASB Statements 68 and 71 have been implemented as of July 1, 2014.

LEASE AND SUBSCRIPTION ASSETS

Lease assets and assets related to subscription-based information technology arrangements (SBITAS) are assets which the government leases for a term of more than one year. The value is determined by any initial down payments plus the net present value of the required future payments at the government's incremental borrowing rate at the time of the lease agreement, amortized over the term of the agreement. In the governmental fund financial statements, debt proceeds revenue and capital outlay expenses are recorded for all lease or SBITA agreements entered into during the year.

LEASES AND SUBSCRIPTIONS PAYABLE

In the government-wide financial statements, leases payable and payables related to subscription based information technology arrangements (SBITAS) are reported as liabilities in the Statement of Net Position. In the governmental fund financial statements, annual payments related to leases and SBITAs are recorded as debt service expenditures.

NET POSITION/FUND BALANCE

Net Position

Net position comprises the various net earnings from operations, nonoperating revenues, expenses and contributions of capital. Net position is classified in the following three categories.

BANKS SCHOOL DISTRICT NO. 13
WASHINGTON COUNTY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

NET POSITION/FUND BALANCE (CONTINUED)

- Net investment in capital assets – consists of all capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- Restricted – consists of external constraints placed on net position use by creditors, grantors, contributors, or laws or regulations of other governments or constraints imposed by law through constitutional provisions or enabling legislation.
- Unrestricted net position – consists of all other net position that are not included in the other categories previously mentioned.

The following order of spending is used regarding net position categories: Restricted resources are spent first when both restricted and unrestricted resources are available for expenses.

Fund Balance

In March 2009, the GASB issued Statement No. 54, *Fund Balance Reporting and Governmental Fund-type Definitions*. The objective of this statement is to enhance the usefulness of fund balance information by providing clearer fund balance classifications that can be more consistently applied and by clarifying the existing governmental fund-type definitions. This statement establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed on the use of the resources reported in governmental funds.

Under this standard, the fund balance classifications of reserved, designated, and unreserved/undesignated were replaced with five new classifications – nonspendable, restricted, committed, assigned, and unassigned.

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

The following order of spending is used regarding fund balance categories: Restricted resources are spent first when both restricted and unrestricted (committed, assigned or unassigned) resources are available for expenditures. When unrestricted resources are spent, the order of spending is committed (if applicable), assigned (if applicable) and unassigned.

BANKS SCHOOL DISTRICT NO. 13
WASHINGTON COUNTY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

2. CASH AND INVESTMENTS

Cash and investments at June 30, 2023 (recorded at fair value) consisted of:

	<u>2023</u>	Reported in:	<u>2023</u>
Demand Deposits:			
Checking	\$ 1,382,000	Governmental Funds	\$ 5,108,325
Local Government			
Investment Pool	<u>3,748,022</u>	Internal Service Fund	<u>21,697</u>
 Total	 <u>\$ 5,130,022</u>		 <u>\$ 5,130,022</u>

DEPOSITS

Deposits with financial institutions include bank demand deposits. Oregon Revised Statutes require deposits to be adequately covered by federal depository insurance at an approved depository as identified by the Treasury. For the fiscal year ended June 30, 2023, the bank balance was \$1,760,655. \$500,000 of the balance was insured by FDIC and the remaining balance was collateralized in accordance with Oregon Law.

Custodial Credit Risk

In the case of deposits, this is the risk that in the event of a bank failure, the deposits may not be recovered. There is no formal deposit policy for custodial credit risk. For the fiscal year ended June 30, 2023, all deposits were collateralized in accordance with Oregon law.

INVESTMENTS

State statutes authorize the investment in banker's acceptances, time certificates of deposit, repurchase agreements, obligations of the United States and its agencies and instrumentalities, and the Oregon State Treasurer's Local Government Investment Pool.

Investments in the Local Government Investment Pool (LGIP) are included in the Oregon Short-Term Fund, which is an external investment pool that is not a 2a-7-like external investment pool, and is not registered with the U.S. Securities and Exchange Commission as an investment company. Fair value of the LGIP is calculated at the same value as the number of pool shares owned. The unit of account is each share held, and the value of the position would be the fair value of the pool's share price multiplied by the number of shares held. Investments in the Short-Term Fund are governed by ORS 294.135, Oregon Investment Council, and portfolio guidelines issued by the Oregon Short-Term Fund Board, which establish diversification percentages and specify the types and maturities of investments. The portfolio guidelines permit securities lending transactions as well as investments in repurchase agreements and reverse repurchase agreements. The fund appears to be in compliance with all portfolio guidelines at June 30, 2023. The LGIP seeks to exchange shares at \$1.00 per share; an investment in the LGIP is neither insured nor guaranteed by the FDIC or any other government agency. Although the LGIP seeks to maintain the value of share investments at \$1.00 per share, it is possible to lose money by investing in the pool. We intend to measure these investments at book value since it materially approximates fair value.

BANKS SCHOOL DISTRICT NO. 13
WASHINGTON COUNTY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

2. CASH AND INVESTMENTS (CONTINUED)

INVESTMENTS (CONTINUED)

The pool is comprised of a variety of investments. These investments are characterized as a level 2 fair value measurement in the Oregon Short Term Fund's audited financial report. As of June 30, 2023, the fair value of the position in the LGIP is 99.63% of the value of the pool shares as reported in the Oregon Short Term Fund audited financial statements. Amounts in the State Treasurer's Local Government Investment Pool are not required to be collateralized.

[http://www.oregon.gov/treasury/Divisions/Investment/Pages/Oregon-Short-Term-Fund-\(OSTF\).aspx](http://www.oregon.gov/treasury/Divisions/Investment/Pages/Oregon-Short-Term-Fund-(OSTF).aspx)

If the link has expired, please contact the Oregon Short Term Fund directly.

These are the following investments and maturities:

Investment Type	Fair Value	Investment Maturities (in months)		
		Less than 3	3-17	18-19
State Treasurer's Investment Pool	\$ 3,748,022	\$ 3,748,022	\$ -	\$ -
Total	\$ 3,748,022	\$ 3,748,022	\$ -	\$ -

Interest Rate Risk

Oregon Revised Statutes require investments to not exceed a maturity of 18 months, except when the local government has adopted a written investment policy that was submitted to and reviewed by the OSTFB. There are no investments that have a maturity date of more than 3 months.

Custodial Credit Risk

Custodial credit risk for investments is the risk that, in the event of a failure of the counterparty to a transaction, the value of the investment will not be able to be recovered by collateral securities that are in the possession of an outside party. There is no formal investment policy for custodial credit risk.

Concentration Risk

At June 30, 2023, 100% of total investments were in the State Treasurer's Investment Pool. State statutes do not limit the percentage of investments in this instrument.

3. ACCOUNTS/GRANTS RECEIVABLE

Special revenue fund grants receivable are comprised of claims for reimbursement of costs under various federal and state grant programs. The receivables are considered fully collectible by management, and no allowance for doubtful accounts has been made.

BANKS SCHOOL DISTRICT NO. 13
WASHINGTON COUNTY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

4. CAPITAL ASSETS

The changes in capital assets for the year ended June 30, 2023 are as follows:

	Balance Beginning of Year	Additions	(Deletions)	Balance End Of Year
Capital Assets				
Land & Land Improvements	\$ 911,815	\$ -	\$ -	\$ 911,815
Buildings & Improvements	25,629,559	17,392	-	25,646,951
Equipment	<u>1,163,161</u>	<u>94,840</u>	<u>(13,500)</u>	<u>1,244,501</u>
Total	<u>27,704,535</u>	<u>112,232</u>	<u>(13,500)</u>	<u>27,803,267</u>
Accumulated Depreciation				
Buildings & Improvements	11,926,318	615,320	-	12,541,638
Equipment	<u>856,590</u>	<u>167,909</u>	<u>(13,500)</u>	<u>1,010,999</u>
Total	<u>12,782,907</u>	<u>783,229</u>	<u>(13,500)</u>	<u>13,552,636</u>
Total Net Capital Assets	<u>\$ 14,921,628</u>	<u>\$ (670,997)</u>	<u>\$ -</u>	<u>\$ 14,250,631</u>

Depreciation was allocated to the functions as follows:

Instruction	\$ 487,172
Support	281,983
Community	<u>14,074</u>
Total	<u>\$ 783,229</u>

NOTES TO BASIC FINANCIAL STATEMENTS

5. DEFINED BENEFIT PENSION PLAN

Plan Description – The Oregon Public Employees Retirement System (PERS) consists of a single cost-sharing multiple-employer defined benefit plan. All benefits of the system are established by the legislature pursuant to Oregon Revised Statute (ORS) Chapters 238 and 238A. Oregon PERS produces an independently audited Annual Comprehensive Financial Report which can be found at:

<https://www.oregon.gov/pers/Documents/Financials/CAFR/2022-Annual-Comprehensive-Financial-Report.pdf>

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

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

BANKS SCHOOL DISTRICT NO. 13
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NOTES TO BASIC FINANCIAL STATEMENTS

5. DEFINED BENEFIT PENSION PLAN (CONTINUED)

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

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

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

Police and fire: 1.8 percent is multiplied by the number of years of service and the final average salary. Normal retirement age for police and fire members is age 60 or age 53 with 25 years of retirement credit. To be classified as a police and fire member, the individual must have been employed continuously as a police and fire member for at least five years immediately preceding retirement.

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

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

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

Contributions – PERS funding policy provides for monthly employer contributions at actuarially determined rates. These contributions, expressed as a percentage of covered payroll, are intended to accumulate sufficient assets to pay benefits when due. The funding policy applies to the PERS Defined Benefit Plan and the Other Postemployment Benefit Plans. Employer contribution rates during the period were based on the December 31, 2019 actuarial valuation, which became effective July 1, 2021. The state of Oregon and certain schools, community colleges, and political subdivision have made unfunded actuarial liability payments and their rates have been reduced. Employer contributions for the year ended June 30, 2023 were \$1,341,443, excluding amounts to fund employer specific liabilities. In addition, approximately \$397,404 in employee contributions were paid or picked up by the District in fiscal 2023. At June 30, 2023, the District reported a net pension liability of \$7,507,846 for its proportionate share of the net pension liability. The pension liability was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation dated December 31, 2020. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. As of the measurement date of June 30, 2022 and 2021, the District's proportion

BANKS SCHOOL DISTRICT NO. 13
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NOTES TO BASIC FINANCIAL STATEMENTS

5. DEFINED BENEFIT PENSION PLAN (CONTINUED)

was .050 percent and .054 percent, respectively. Pension expense for the year ended June 30, 2023 was (\$582,408).

The rates in effect for the year ended June 30, 2023 were:

- (1) Tier 1/Tier 2 – 21.96%
- (2) OPSRP general services – 18.85%

	Deferred Outflow of Resources	Deferred Inflow of Resources
Difference between expected and actual experience	\$ 364,445	\$ 46,820
Changes in assumptions	1,178,022	10,762
Net difference between projected and actual earnings on pension plan investments		1,342,258
Net changes in proportionate share	144,492	1,342,405
Differences between contributions and proportionate share of contributions	67,021	669,420
Subtotal - Amortized Deferrals (below)	1,753,980	3,201,665
Contributions subsequent to measuring date	1,341,443	-
Deferred outflow (inflow) of resources	<u>\$ 3,095,423</u>	<u>\$ 3,201,665</u>

The amount of contributions subsequent to the measurement date will be included as a reduction of the net pension liability in the fiscal year ended June 30, 2024.

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

<u>Year ending June 30,</u>	<u>Amount</u>
2024	\$ (243,288)
2025	(506,185)
2026	(913,288)
2027	339,619
2028	(124,544)
Thereafter	-
Total	<u>\$ (1,447,686)</u>

All assumptions, methods and plan provisions used in these calculations are described in the Oregon PERS system-wide GASB 68 reporting summary dated February 2, 2023. Oregon PERS produces an independently audited ACFR which can be found at:

<https://www.oregon.gov/pers/Documents/Financials/CAFR/2022-Annual-Comprehensive-Financial-Report.pdf>

Actuarial Valuations – The employer contribution rates effective July 1, 2021 through June 30, 2023, were set using the entry age normal actuarial cost method. For the Tier One/Tier Two component of the

BANKS SCHOOL DISTRICT NO. 13
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NOTES TO BASIC FINANCIAL STATEMENTS

5. DEFINED BENEFIT PENSION PLAN (CONTINUED)

PERS Defined Benefit Plan, this method produced an employer contribution rate consisting of (1) an amount for normal cost (estimated amount necessary to finance benefits earned by employees during the current service year), (2) an amount for the amortization unfunded actuarial accrued liabilities, which are being amortized over a fixed period with new unfunded actuarial liabilities being amortized over 20 years.

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

Actuarial Methods and Assumptions:

Valuation date	December 31, 2020
Experience Study Report	2020, Published July 20, 2021
Actuarial cost method	Entry Age Normal
Amortization method	Level percentage of payroll
Asset valuation method	Market value of assets
Inflation rate	2.40 percent
Investment rate of return	6.90 percent
Discount rate	6.90 percent
Projected salary increase	3.40 percent
Cost of Living Adjustment	Blend of 2% COLA and graded COLA (1.25%/0.15%) in accordance with <i>Moro</i> decision; blend based on service
Mortality	Healthy retirees and beneficiaries: Pub-2010 Healthy Retiree, sex distinct, generational with Unisex, Social Security Data Scale, with job category adjustments and set-backs as described in the valuation. Active members: Pub-2010 Employee, sex distinct, generational with Unisex, Social Security Data Scale, with job category adjustments and set-backs as described in the valuation. Disabled retirees: Pub-2010 Disabled Retiree, sex distinct, generational with Unisex, Social Security Data Scale, with job category adjustments and set-backs as described in the valuation.

Actuarial valuations of an ongoing plan involve estimates of value of reported amounts and assumptions about the probability of events far into the future. Actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. Experience studies are performed as of December 31 of even numbered years. The method and assumptions shown are based on the 2020 Experience Study which is reviewed for the four-year period ending December 31, 2020.

BANKS SCHOOL DISTRICT NO. 13
WASHINGTON COUNTY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

5. DEFINED BENEFIT PENSION PLAN (CONTINUED)

Assumed Asset Allocation:

Asset Class/Strategy	Low Range	High Range	OIC Target
Debt Securities	15.0%	25.0%	20.0%
Public Equity	25.0%	35.0%	30.0%
Real Estate	7.5%	17.5%	12.5%
Private Equity	15.0%	27.5%	20.0%
Risk Parity	0.0%	3.5%	2.5%
Real Assets	2.5%	10.0%	7.5%
Diversifying Strategies	2.5%	10.0%	7.5%
Opportunity Portfolio	0.0%	5.0%	0.0%
Total			100.0%

(Source: June 30, 2022 PERS ACFR; p. 104)

Long-Term Expected Rate of Return:

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

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

(Source: June 30, 2022 PERS ACFR; p. 74)

BANKS SCHOOL DISTRICT NO. 13
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NOTES TO BASIC FINANCIAL STATEMENTS

5. DEFINED BENEFIT PENSION PLAN (CONTINUED)

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 the plan members and those of the contributing employers are made at the contractually required rates, as actuarially determined. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments for the Defined Benefit Pension Plan was applied to all periods of projected benefit payments to determine the total pension liability.

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

	1% Decrease (5.90%)	Discount Rate (6.90%)	1% Increase (7.90%)
Proportionate share of the net pension liability	\$ 13,314,515	\$ 7,507,846	\$ 2,647,932

Changes Subsequent to the Measurement Date

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

There are no changes subsequent to the June 30, 2022 Measurement Date that meet this requirement and thus would require a brief description under the GASB standard.

Deferred Compensation Plan

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

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NOTES TO BASIC FINANCIAL STATEMENTS

5. DEFINED BENEFIT PENSION PLAN (CONTINUED)

OPSRP Individual Account Program (OPSRP IAP)

Plan Description:

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

Pension Benefits:

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

Death Benefits:

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

Contributions:

Employees of the District pay six (6) percent of their covered payroll. Effective July 1, 2020, currently employed Tier 1/Tier 2 and OPSRP members earning \$2,500 or more per month (increased to \$3,333 per month in 2022) will have a portion of their 6 percent monthly IAP contributions redirected to an Employee Pension Stability Account. The Employee Pension Stability Account will be used to pay part of the member's future benefit. Of the 6 percent monthly IAP contribution, Tier 1/Tier 2 will have 2.5 percent redirected to the Employee Pension Stability Account and OPSRP will have 0.75 percent redirected to the Employee Pension Stability Account, with the remaining going to the member's existing IAP account. Members may voluntarily choose to make additional after-tax contributions into their IAP account to make a full 6 percent contribution to the IAP. The District made approximately \$397,404 of optional contributions to member IAP accounts for the year ended June 30, 2023.

Additional disclosures related to Oregon PERS not applicable to specific employers are available online, or by contacting PERS at the following address: PO Box 23700 Tigard, OR 97281-3700.

<http://www.oregon.gov/pers/EMP/Pages/GASB.aspx>

BANKS SCHOOL DISTRICT NO. 13
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NOTES TO BASIC FINANCIAL STATEMENTS

6. OTHER POST EMPLOYMENT BENEFIT PLAN (RHIA)

Plan Description:

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

Funding Policy:

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

Participating District are contractually required to contribute to RHIA at a rate assessed each year by OPERS, and the District currently contributes 0.06% of annual covered OPERF payroll and 0.00% of OPSRP payroll under a contractual requirement in effect until June 30, 2023. Consistent with GASB Statement 75, the OPERS Board of Trustees sets the employer contribution rates as a measure of the proportionate relationship of the employer to all employers consistent with the manner in which contributions to the OPEB plan are determined. The basis for the employer's portion is determined by comparing the employer's actual, legally required contributions made during the fiscal year to the plan with the total actual contributions made in the fiscal year of all employers. The District's contributions to RHIA for the years ended June 30, 2021, 2022 and 2023 were \$1,277, \$1,100 and \$1,041, respectively, which equaled the required contributions each year.

At June 30, 2023, the District reported a net OPEB liability/(asset) of (\$164,954) for its proportionate share of the net OPEB liability/(asset). The OPEB liability/(asset) was measured as of June 30, 2022, and the total OPEB liability/(asset) used to calculate the net OPEB liability/(asset) was determined by an actuarial valuation as of December 31, 2020. Consistent with GASB Statement No. 75, paragraph 59(a), the District's proportion of the net OPEB liability/(asset) is determined by comparing the employer's actual, legally required contributions made during the fiscal year to the Plan with the total actual contributions made in the fiscal year of all employers. As of the measurement date of June 30, 2022 and 2021, the District's proportion was .05 percent and .05 percent, respectively. OPEB expense for the year ended June 30, 2023 was (\$21,921).

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NOTES TO BASIC FINANCIAL STATEMENTS

6. OTHER POST EMPLOYMENT BENEFIT PLAN (RHIA) (CONTINUED)

Components of OPEB Expense/(Income):

Employer's proportionate share of collective system OPEB Expense/(Income)	\$ (24,697)
Net amortization of employer-specific deferred amounts from:	
- Changes in proportionate share (per paragraph 64 of GASB 75)	2,776
- Differences between employer contributions and employer's proportionate share of system contributions (per paragraph 65 of GASB 75)	<u>-</u>
Employer's Total OPEB Expense/(Income)	<u><u>\$ (21,921)</u></u>

Components of Deferred Outflows/Inflows of Resources:

	Deferred Outflow of Resources	Deferred Inflow of Resources
Difference between expected and actual experience	\$ -	\$ 4,470
Changes in assumptions	1,292	5,498
Net difference between projected and actual earnings on pension plan investments	-	12,580
Net changes in proportionate share	2,820	
Differences between contributions and proportionate share of contributions	<u>-</u>	<u>-</u>
Deferred outflow (inflow) of resources	<u><u>\$ 4,112</u></u>	<u><u>\$ 22,548</u></u>

The amount of contributions subsequent to the measurement date will be included as a reduction of the net OPEB liability/(asset) in the fiscal year ended June 30, 2024.

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

Year ending June 30,	Amount
2024	\$ (7,534)
2025	(6,993)
2026	(7,938)
2027	4,029
2028	
Thereafter	<u>-</u>
Total	<u><u>\$ (18,436)</u></u>

All assumptions, methods and plan provisions used in these calculations are described in the Oregon PERS Retirement Health Insurance Account Cost-Sharing Multiple-Employer Other Postemployment Benefit (OPEB) Plan Schedules of Employer Allocations and OPEB Amounts by Employer report, as of and for

BANKS SCHOOL DISTRICT NO. 13
WASHINGTON COUNTY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

6. OTHER POST EMPLOYMENT BENEFIT PLAN (RHIA) (CONTINUED)

the Year Ended June 30, 2022. That independently audited report was dated February 2, 2023 and can be found at:

<https://www.oregon.gov/pers/EMP/Documents/GASB/2022/GASB-75-RHIA-2022.pdf>

Actuarial Methods and Assumptions:

Valuation Date	December 31, 2020
Experience Study Report	2020, Published July 20, 2021
Actuarial cost method	Entry Age Normal
Inflation rate	2.40 percent
Investment rate of return	6.90 percent
Discount rate	6.90 percent
Projected salary increase	3.40 percent
Retiree healthcare participation	Healthy retirees: 27.5%; Disabled retirees: 15%
Mortality	Healthy retirees and beneficiaries: Pub-2010 Healthy Retiree, sex distinct, generational with Unisex, Social Security Data Scale, with job category adjustments and set-backs as described in the valuation. Active members: Pub-2010 Employee, sex distinct, generational with Unisex, Social Security Data Scale, with job category adjustments and set-backs as described in the valuation. Disabled retirees: Pub-2010 Disabled Retiree, sex distinct, generational with Unisex, Social Security Data Scale, with job category adjustments and set-backs as described in the valuation.

Actuarial valuations of an ongoing plan involve estimates of value of reported amounts and assumptions about the probability of events far into the future. Actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. Experience studies are performed as of December 31 of even numbered years. The method and assumptions shown are based on the 2020 Experience Study which is reviewed for the four-year period ending December 31, 2020.

Discount Rate:

The discount rate used to measure the total OPEB liability as of the measurement date of June 30, 2022 was 6.90 percent. The projection of cash flows used to determine the discount rate assumed that contributions from contributing employers are made at the contractually required rates, as actuarially determined. Based on those assumptions, the RHIA plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on OPEB plan investments for the RHIA plan was applied to all periods of projected benefit payments to determine the total OPEB liability.

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WASHINGTON COUNTY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

6. OTHER POST EMPLOYMENT BENEFIT PLAN (RHIA) (CONTINUED)

Long-Term Expected Rate of Return:

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

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

(Source: June 30, 2022 PERS ACFR; p. 74)

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

	1% Decrease (5.90%)	Discount Rate (6.90%)	1% Increase (7.90%)
Proportionate share of the net OPEB liability (asset)	\$ (148,670)	\$ (164,954)	\$ (178,913)

Changes Subsequent to the Measurement Date

There are no changes subsequent to the June 30, 2022 Measurement Date that meet this requirement and thus would require a brief description under the GASB standard.

BANKS SCHOOL DISTRICT NO. 13
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NOTES TO BASIC FINANCIAL STATEMENTS

7. OTHER POST-EMPLOYMENT BENEFITS (GASB #75)

Plan Description: The District operates a single-employer retiree benefit plan that provides postemployment health, dental and vision insurance benefits to eligible employees and their spouses. There are active and retired members in the plan. All classes of employee are eligible to continue coverage upon retirement. Qualified spouses, domestic partners, and children may qualify for coverage. Coverage for retirees and eligible dependents continues until Medicare eligibility for each individual (or until dependent children become ineligible).

Benefits and eligibility for members are established through the collective bargaining agreements. The post-retirement healthcare plan is established in accordance with Oregon Revised Statutes (ORS) 243.303. ORS stipulated that for the purpose of establishing healthcare premiums, the rate must be based on all plan members, including both active employees and retirees. The difference between retiree claims cost, which because of the effect of age is generally higher in comparison to all plan members, and the amount of retiree healthcare premiums represents the District's implicit employer contribution. The District did not establish an irrevocable trust (or equivalent arrangement) to account for the plan

Funding Policy: The benefits from this program are paid by the District on a self-pay basis and the required contribution is based on projected pay-as-you go financing requirements. There is not obligation on the part of the District to fund these benefits in advance.

Actuarial Methods and Assumptions: The District engaged an actuary to perform an evaluation as of July 1, 2021 using entry age normal, level percent of salary Actuarial Cost Method. The Single Employer Pension Plan liability was determined using the following actuarial assumptions, applied to all periods including the measurement:

Discount Rate per year	3.54%
General Inflation Rate per year	2.40%
Salary Scale per year	3.40%

Health Care Cost Trends:

<u>Year</u>	<u>Trend</u>	
2023	5.25	%
2024-25	5.00	
2026-28	4.75	
2029-61	4.50	
2062-67	4.25	
2068-72	4.00	
2073+	3.75	

Mortality rates were based on rates adopted by the Oregon Public Employees Retirement System (PERS) in its valuation as of December 31, 2020.

BANKS SCHOOL DISTRICT NO. 13
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NOTES TO BASIC FINANCIAL STATEMENTS

7. OTHER POST-EMPLOYMENT BENEFITS (GASB #75) (CONTINUED)

Turnover rates were based on percentages developed for the valuation of benefits under Oregon PERS and vary by years of service.

Disability rates were not used.

Retirement rates were based on Oregon PERS assumptions. Annual rates are based on age, Tier / OPSRP, and duration of service.

The projection of benefits for financial reporting purpose does not explicitly incorporate the potential effects of legal or contractual funding limitations.

Changes in Medical Benefit OPEB Liability:

Total OPEB Liability - Beginning	2023	2022
	\$ 473,449	\$ 563,154
Changes for the Year:		
Service Cost	38,037	50,886
Interest	10,879	13,317
Effect of Economic/Demographic gains or losses	-	(69,806)
Changes of Assumptions or Other Input	(54,749)	(61,040)
Benefit Payments	(15,725)	(23,062)
Net Changes for the Year	(21,558)	(89,705)
Total OPEB Liability - Ending	\$ 451,891	\$ 473,449

Sensitivity of the Net Other Post-Employment Benefit Liability to Changes in Discount and Trend Rates:
The following presents the net other post-employment benefit liability (NOL), calculated using the discount rate of 3.54 percent, as well as what the liability would be if it was calculated using a discount rate 1-percentage-point lower (2.54 percent) or 1-percentage-point higher (4.54 percent) than the current rate. A similar sensitivity analysis is then presented for changes in healthcare cost trend assumptions.

June 30, 2023	1% Decrease	Current Discount Rate	1% Increase
Total OPEB Liability	\$ 491,450	\$ 451,891	\$ 415,122

June 30, 2023	1% Decrease	Current Trend Rate	1% Increase
Total OPEB Liability	\$ 397,385	\$ 451,891	\$ 517,077

BANKS SCHOOL DISTRICT NO. 13
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NOTES TO BASIC FINANCIAL STATEMENTS

7. OTHER POST-EMPLOYMENT BENEFITS (GASB #75) (CONTINUED)

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ -	\$ (59,115)
Changes in assumptions	34,280	(109,131)
Benefit Payments	26,026	-
Deferred outflow (inflow) of resources	<u>\$ 60,306</u>	<u>\$ (168,246)</u>

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

<u>Year ending June 30,</u>	<u>Amount</u>
2024	(19,369)
2025	(19,369)
2026	(18,485)
2027	(16,072)
2028	(15,235)
Thereafter	(45,436)
Total	<u>\$ (133,966)</u>

8. DEBT

BONDS

General Obligation Bonds

General obligation bonds were issued to provide funds for the acquisition and construction of major capital facilities. General obligation bonds have been issued for general government funds and are reported in the Governmental Activities section of the government-wide financial statements. General obligation bonds are direct obligations and pledge the full faith and credit of the District. One of three of the 2012 general obligation bonds remain. Series 2012C are deferred interest bonds issued in the amount of \$6,972,495, with interest rates ranging from 2.68% - 3.12%. The full amount of interest owed on each grouping of deferred interest bonds becomes due and payable when the bonds mature.

Upon the occurrence and continuance of any Event of Default the Owners of fifty-one (51 %) percent or more of the principal amount of Bonds then Outstanding may take whatever action may appear necessary or desirable to enforce or to protect any of the rights of the Owners of Bonds, either at law or in equity or in bankruptcy or otherwise, whether for the specific enforcement of any covenant or agreement contained in the Resolution or the Bonds or in aid of the exercise of any power granted in the Resolution or in the Bonds or for the enforcement of any other legal or equitable right vested in the Owners of Bonds by the Resolution or the Bonds or by law. However, the Bonds shall not be subject to acceleration.

BANKS SCHOOL DISTRICT NO. 13
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NOTES TO BASIC FINANCIAL STATEMENTS

8. DEBT (CONTINUED)

Total debt service requirements to maturity for general obligation bonds, as of June 30, 2023, are as follows:

General Obligation Bonds:

By Fiscal Year:	Principal	Interest	Total
2024	1,010,982	394,018	1,405,000
2025	999,456	450,544	1,450,000
2026	984,786	510,214	1,495,000
2027	969,675	565,325	1,535,000
Total Debt Service Requirements for GO Bonds	<u>\$ 3,964,899</u>	<u>\$ 1,920,101</u>	<u>\$ 5,885,000</u>

Pension Obligation Bonds: In 2007, pension obligation bonds were issued to provide funds for the advance funding of the unfunded actuarial liability for the Oregon Public Employees Retirement System. The Pension Obligation Bond Fund accounts for the repayment of these bonds, and assesses other funds to provide the resources to pay the debt service on the pension obligation bonds.

There is one pension obligation bond issue of \$2,870,000 of limited tax pension bonds, series 2007, term bond, with interest at 5.617% and principal payable between 2017 and 2028. If an Event of Default occurs and is continuing, the Series 2007 Trustee may exercise any remedy available at law or in equity; however, the Pension Bond Payments will not be subject to acceleration.

Total debt service requirements to maturity for pension obligation bonds, as of June 30, 2023, are as follows:

Pension Obligation Bonds:

By Fiscal Year:	Principal	Interest	Total
2024	285,000	86,502	371,502
2025	315,000	70,493	385,493
2026	350,000	52,800	402,800
2027	385,000	33,140	418,140
2028	205,000	11,515	216,515
Total Debt Service Requirements for Pension Obligation Bonds	<u>\$ 1,540,000</u>	<u>\$ 254,450</u>	<u>\$ 1,794,450</u>

DIRECT BORROWING

State of Oregon Department of Energy Loan: On October 25, 2011, the District entered a loan agreement with State of Oregon Department of Energy in the amount \$636,538 to provide funds for various energy efficiency projects at the District's school as part of the Department of Energy's "Cool Schools Program." Payments are made monthly. The interest rate for the loan is 3.5% and the maturity date is March 1, 2027. Collateral includes all presently existing and hereafter acquired items of machinery, equipment, improvements and related equipment and property that save energy which are located on the Premises and are a part of or related to the Project (including but not limited to those items described in Owner's Small Scale Local Energy Loan Program loan application and any exhibits and supplementary specifications, contracts, invoices or other documents submitted to and accepted by Lender hereafter, and all accessions,

BANKS SCHOOL DISTRICT NO. 13
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NOTES TO BASIC FINANCIAL STATEMENTS

8. DEBT (CONTINUED)

parts, additions, and replacements thereto, and all proceeds of any of the foregoing. Upon the occurrence of an Event of Default or declaration of an Event of Default by Lender, Lender may: (a) Cease to make any further disbursements hereunder; Accelerate the Maturity Date and declare the unpaid principal balance of the Loan, together with all unpaid accrued interest, immediately due and payable, together with the additional amounts, (c) Judicially foreclose Lender's lien against the Collateral, in the same manner as mortgages are foreclosed, (d) Exercise the rights provided to the State in ORS 470.180, (E) Pay, compromise or settle any liens on the Project, or pay other sums required to be paid by Borrower in connection with the Project using any undisbursed Loan proceeds and such additional money as may be reasonably required. In the event of payment by Lender of any encumbrance, lien, claim, or demand, Lender may, at its option, be subrogated to the extent of the amount of such payment to all the rights, powers, privileges, and remedies of the payor or payee, as the case may be, and any such subrogation rights shall be additional and cumulative security for this Agreement.

Total debt service requirements to maturity for the loan, as of June 30, 2023, are as follows:

State of Oregon Department of Energy Loan

By Fiscal Year:	Principal	Interest	Total
2024	48,679	5,921	54,600
2025	50,425	4,175	54,600
2026	52,219	2,381	54,600
2027	39,912	571	40,483
Total Debt Service Requirements for Department of Energy Loan	\$ 191,235	\$ 13,048	\$ 204,283

Changes in long-term liabilities

Long-term liability activity for the fiscal year ended June 30, 2023, was as follows:

	Beginning Balance 7/1/22	Additions	Deletions	Ending Balance 6/30/23	Due Within One Year
Governmental Activities:					
Bonds payable:					
General Obligation Bonds	\$ 4,987,830	\$ -	\$ 1,022,931	\$ 3,964,899	\$ 1,010,982
Pension Obligation Bonds	1,800,000	-	260,000	1,540,000	285,000
Direct Borrowing					
Department of Energy Loan	238,257	-	47,022	191,235	48,679
Premium related to Bond					
Unamortized bond premiums and (discounts)	87,747	-	17,794	69,953	17,794
Total Liabilities	\$ 7,113,834	\$ -	\$ 1,347,747	\$ 5,766,087	\$ 1,362,455

During 2022-2023, \$189,515 of interest accrued on outstanding bonds and \$342,069 of previously accrued interest was paid, bringing the total balance of accrued interest at June 30, 2023 to \$1,505,209. Of this amount, \$394,018 is due and payable within one year. All General Obligation Debt is being paid by the Debt Service Fund. All Pension Obligation Debt is being paid by the Pension Obligation Bond Fund.

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NOTES TO BASIC FINANCIAL STATEMENTS

9. LEASES PAYABLE AND RIGHT-TO-USE ASSETS

The District reports Leases Payable and the related Right-To-Use Assets in accordance with GASB Statement No. 87, Leases. Under GASB 87, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources. For additional information, refer to the disclosures below.

On 12/17/2021, Banks School District entered into a 60 month lease as Lessee for the use of District Office - Color Printer. An initial lease liability was recorded in the amount of \$11,601.28. As of 06/30/2023, the value of the lease liability is \$7,993.27. Banks School District is required to make monthly fixed payments of \$199.00. The lease has an interest rate of 1.1771%. The Equipment estimated useful life was 84 months as of the contract commencement. The value of the right to use asset as of 06/30/2023 of \$11,601.28 with accumulated amortization of \$3,570.62 is included with Equipment on the Lease Class activities table found below.

On 07/01/2021, Banks School District entered into a 52 month lease as Lessee for the use of BES Downstairs - Multifunctional Printer. An initial lease liability was recorded in the amount of \$9,641.36. As of 06/30/2023, the value of the lease liability is \$5,235.34. Banks School District is required to make monthly fixed payments of \$189.00. The lease has an interest rate of 0.8927%. The Equipment estimated useful life was 84 months as of the contract commencement. The value of the right to use asset as of 06/30/2023 of \$9,641.36 with accumulated amortization of \$4,418.70 is included with Equipment on the Lease Class activities table found below.

On 07/01/2021, Banks School District entered into a 49 month lease as Lessee for the use of BMS Upstairs - Multifunctional Printer. An initial lease liability was recorded in the amount of \$8,469.40. As of 06/30/2023, the value of the lease liability is \$4,357.73. Banks School District is required to make monthly fixed payments of \$176.00. The lease has an interest rate of 0.8927%. The Equipment estimated useful life was 84 months as of the contract commencement. The value of the right to use asset as of 06/30/2023 of \$8,469.40 with accumulated amortization of \$4,114.69 is included with Equipment on the Lease Class activities table found below.

On 07/01/2021, Banks School District entered into a 30 month lease as Lessee for the use of New Downstairs High School - Printer. An initial lease liability was recorded in the amount of \$6,604.84. As of 06/30/2023, the value of the lease liability is \$1,501.36. Banks School District is required to make monthly fixed payments of \$215.00. The lease has an interest rate of 0.7268%. The Equipment estimated useful life was 84 months as of the contract commencement. The value of the right to use asset as of 06/30/2023 of \$6,604.84 with accumulated amortization of \$5,202.94 is included with Equipment on the Lease Class activities table found below.

On 07/01/2021, Banks School District entered into a 37 month lease as Lessee for the use of Middle School Downstairs - Copier. An initial lease liability was recorded in the amount of \$4,697.19. As of 06/30/2023, the value of the lease liability is \$1,742.08. Banks School District is required to make monthly fixed payments of \$125.00. The lease has an interest rate of 0.7268%. The Equipment estimated useful life was 84 months as of the contract commencement. The value of the right to use asset as of 06/30/2023 of \$4,697.19 with accumulated amortization of \$3,030.45 is included with Equipment on the Lease Class activities table found below.

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NOTES TO BASIC FINANCIAL STATEMENTS

9. LEASES PAYABLE AND RIGHT-TO-USE ASSETS (CONTINUED)

On 07/01/2021, Banks School District entered into a 30 month lease as Lessee for the use of BES Upstairs - Multifunctional Printer. An initial lease liability was recorded in the amount of \$5,617.11. As of 06/30/2023, the value of the lease liability is \$1,131.60. Banks School District is required to make monthly fixed payments of \$189.00. The lease has an interest rate of 0.7268%. The Equipment estimated useful life was 84 months as of the contract commencement. The value of the right to use asset as of 06/30/2023 of \$5,617.11 with accumulated amortization of \$4,493.69 is included with Equipment on the Lease Class activities table found below.

On 04/28/2022, Banks School District entered into a 63 month lease as Lessee for the use of Student SVCS - Color Printer. An initial lease liability was recorded in the amount of \$8,134.89. As of 06/30/2023, the value of the lease liability is \$6,283.74. Banks School District is required to make monthly fixed payments of \$138.00. The lease has an interest rate of 2.6149%. The Equipment estimated useful life was 84 months as of the contract commencement. The value of the right to use asset as of 06/30/2023 of \$8,134.89 with accumulated amortization of \$1,820.67 is included with Equipment on the Lease Class activities table found below.

On 02/07/2023, Banks School District entered into a 60 month lease as Lessee for the use of BHS Library - Color Printer. An initial lease liability was recorded in the amount of \$10,289.48. As of 06/30/2023, the value of the lease liability is \$9,616.50. Banks School District is required to make monthly fixed payments of \$179.69. The lease has an interest rate of 1.1771%. The Equipment estimated useful life was 84 months as of the contract commencement. The value of the right to use asset as of 06/30/2023 of \$10,289.48 with accumulated amortization of \$823.16 is included with Equipment on the Lease Class activities table found below.

Future payments and current year activity for leases are presented in the following tables:

Principal and Interest Requirements to Maturity

Fiscal Year	Governmental Activities		
	Principal Payments	Interest Payments	Total Payments
2024	\$ 14,307	\$ 412	\$ 14,719
2025	10,563	268	10,831
2026	6,986	147	7,133
2027	4,753	54	4,807
2028	1,253	5	1,258
Total	\$ 37,862	\$ 886	\$ 38,748

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NOTES TO BASIC FINANCIAL STATEMENTS

9. LEASES PAYABLE AND RIGHT-TO-USE ASSETS (CONTINUED)

GOVERNMENTAL ACTIVITIES:	Balance as of				Balance as of
	July 1, 2022	Additions	Reductions		June 30, 2023
Lease Liability					
Equipment					
BES Downstairs - Multifunctional Printer	\$ 7,446	\$ -	\$ 2,211	\$	5,235
BES Upstairs - Multifunctional Printer	3,383	-	2,251		1,132
Middle School Downstairs - Copier	3,224	-	1,482		1,742
Student Services - Monochrome Color Printer	375	-	375		-
BMS Upstairs - Multifunctional Printer	6,421	-	2,063		4,358
District Office - Color Printer	10,273	-	2,279		7,994
New Downstairs High School - Printer	4,060	-	2,559		1,501
Student SVCS - Color Printer	7,755	-	1,472		6,283
BHS Library - Color Printer	-	10,289	672		9,617
Total Equipment Lease Liability	42,937	10,289	15,364		37,862
Total Lease Liability	\$ 42,937	\$ 10,289	\$ 15,364	\$	37,862

	Balance as of				Balance as of
	July 1, 2022	Additions	Reductions		June 30, 2023
Lease Assets					
Equipment					
BES Downstairs - Multifunctional Printer	\$ 9,641	\$ -	\$ -	\$	9,641
BES Upstairs - Multifunctional Printer	5,618	-	-		5,618
Middle School Downstairs - Copier	4,697	-	-		4,697
Student Services - Monochrome Color Printer	1,870	-	1,870		-
BMS Upstairs - Multifunctional Printer	8,469	-	-		8,469
District Office - Color Printer	11,601	-	-		11,601
New Downstairs High School - Printer	6,605	-	-		6,605
Student SVCS - Color Printer	8,135	-	-		8,135
BHS Library - Color Printer	-	10,289	-		10,289
Total Equipment Lease Assets	56,636	10,289	1,870		65,055
Total Lease Assets	\$ 56,636	\$ 10,289	\$ 1,870	\$	65,055

BANKS SCHOOL DISTRICT NO. 13
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NOTES TO BASIC FINANCIAL STATEMENTS

9. LEASES PAYABLE AND RIGHT-TO-USE ASSETS (CONTINUED)

Lease Accumulated Amortization

Equipment

BES Downstairs - Multifunctional Printer	\$	2,209	\$	2,209	\$	-	\$	4,418
BES Upstairs - Multifunctional Printer		2,247		2,247		-		4,494
Middle School Downstairs - Copier		1,515		1,515		-		3,030
Student Services - Monochrome Color Printer		1,427		443		1,870		-
BMS Upstairs - Multifunctional Printer		2,057		2,058		-		4,115
District Office - Color Printer		1,250		2,320		-		3,570
New Downstairs High School - Printer		2,602		2,601		-		5,203
Student SVCS - Color Printer		271		1,550		-		1,821
BHS Library - Color Printer		-		823		-		823
Total Equipment Lease Accumulated Amortization		13,578		15,766		1,870		27,474
Total Lease Accumulated Amortization		13,578		15,766		1,870		27,474
Total Governmental Lease Assets, Net	\$	43,058	\$	(5,477)	\$	-	\$	37,581

10. SUBSCRIPTIONS PAYABLE AND RIGHT-TO-USE ASSETS

For the year ended 6/30/2023, the financial statements include the adoption of GASB Statement No. 96, Subscription-Based Information Technology Arrangements. The primary objective of this statement is to enhance the relevance and consistency of information about governments' subscription activities. This statement establishes a single model for subscription accounting based on the principle that subscriptions are financings of the right to use an underlying asset. Under this Statement, an organization is required to recognize a subscription liability and an intangible right-to-use subscription asset. For additional information, refer to the disclosures below.

On 05/05/2023, Banks School District, OR entered into a 37 month subscription for the use of DLD Web Filtering. An initial subscription liability was recorded in the amount of \$23,727.43. As of 06/30/2023, the value of the subscription liability is \$22,481.12. Banks School District, OR is required to make annual fixed payments of \$7,700.00. The subscription has an interest rate of 2.5030%. The value of the right to use asset as of 06/30/2023 of \$23,727.43 with accumulated amortization of \$1,169.66 is included with Software on the Subscription Class activities table found below.

On 01/01/2023, Banks School District, OR entered into a 41 month subscription for the use of Frontline Hiring. An initial subscription liability was recorded in the amount of \$15,679.38. As of 06/30/2023, the value of the subscription liability is \$10,817.16. Banks School District, OR is required to make annual fixed payments of \$3,578.85. The subscription has an interest rate of 2.7960%. The value of the right to use asset as of 06/30/2023 of \$15,679.38 with accumulated amortization of \$2,239.91 is included with Software on the Subscription Class activities table found below.

BANKS SCHOOL DISTRICT NO. 13
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NOTES TO BASIC FINANCIAL STATEMENTS

10. SUBSCRIPTIONS PAYABLE AND RIGHT-TO-USE ASSETS (CONTINUED)

On 07/01/2022, Banks School District, OR entered into a 36 month subscription for the use of DebtBook. An initial subscription liability was recorded in the amount of \$30,016.95. As of 06/30/2023, the value of the subscription liability is \$23,125.41. Banks School District, OR is required to make annual fixed payments of \$7,500.00. The subscription has an interest rate of 2.3540%. The value of the right to use asset as of 06/30/2023 of \$30,016.95 with accumulated amortization of \$10,005.65 is included with Software on the Subscription Class activities table found below.

Future payments and current year activity for subscriptions are as follows:

Principal and Interest Requirements to Maturity

Fiscal Year	Governmental Activities		
	Principal Payments	Interest Payments	Total Payments
2024	\$ 21,493	\$ 286	\$ 21,779
2025	23,581	877	24,458
2026	11,350	295	11,645
Total	\$ 56,424	\$ 1,458	\$ 57,882

GOVERNMENTAL ACTIVITIES:

	Balance as of July 1, 2022	Additions	Reductions	Balance as of June 30, 2023
Subscription Liability				
Software				
DLD Web Filtering	\$ -	\$ 23,727	\$ 1,246	\$ 22,481
Debtbook	-	30,018	6,892	23,126
Frontline Hiring	-	15,679	4,862	10,817
Total Software Subscription Liability	-	69,424	13,000	56,424
Total Subscription Liability	\$ -	\$ 69,424	\$ 13,000	\$ 56,424

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NOTES TO BASIC FINANCIAL STATEMENTS

10. SUBSCRIPTIONS PAYABLE AND RIGHT-TO-USE ASSETS (CONTINUED)

	Balance as of July 1, 2022	Additions	Reductions	Balance as of June 30, 2023
Subscription Assets				
Software				
DLD Web Filtering	\$ -	\$ 23,727	\$ -	\$ 23,727
Debtbook	-	30,018	-	30,018
Frontline Hiring	-	15,679	-	15,679
Total Software Subscription Assets	-	69,424	-	69,424
Total Subscription Assets	-	69,424	-	69,424
Subscription Accumulated Amortization				
Software				
DLD Web Filtering	-	1,170	-	1,170
Debtbook	-	10,005	-	10,005
Frontline Hiring	-	2,240	-	2,240
Total Software Subscription Accumulated	-	13,415	-	13,415
Total Subscription Accumulated Amortizat	-	13,415	-	13,415
Total Subscription Assets, Net	\$ -	\$ 56,009	\$ -	\$ 56,009

11. COMMITMENTS AND CONTINGENCIES

A number of federally assisted grant programs are participated in. These programs are subject to program compliance audits by the grantors or their representatives. The federal audits for these programs for the year ended June 30, 2023 have not been conducted. Accordingly, compliance with grant requirements will be established at some future date. The amount, if any, of expenditures which may be disallowed by the granting agencies cannot be determined at this time, although management expects such amounts to be immaterial.

A substantial portion of the operating funding is received from the State of Oregon. State funding is determined through state-wide revenue projections that are paid to individual school districts based on pupil counts and other factors in the state school fund revenue formula. Since these projections and pupil counts fluctuate, they can cause increases or decreases in revenue. Due to these future uncertainties at the state level, the future effect on the operations cannot be determined.

12. PROPERTY TAX LIMITATIONS

The State of Oregon imposes a constitutional limit on property taxes for schools and nonschool government operations. School operations include community colleges, local school districts, and education service districts. The limitation provides that property taxes for school operations are limited to \$5.00 for each \$1,000 of property market value. This limitation does not apply to taxes levied for principal and interest on general obligation bonded debt.

BANKS SCHOOL DISTRICT NO. 13
WASHINGTON COUNTY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

12. PROPERTY TAX LIMITATIONS (CONTINUED)

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

13. RISK MANAGEMENT

There is exposure to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters for which commercial insurance is carried to minimize the exposure to these risks. Settled claims have not exceeded this commercial coverage for the last three years.

Worker's compensation insurance is purchased from a commercial carrier. Premiums are determined based on payroll paid at various employment classification rates. Loss prevention services are available from the carrier, and there is no potential liability beyond the premiums paid.

14. INTERFUND ACTIVITY

The composition of interfund transfers for 2022-2023 is as follows:

Transfers Out:		Transfers In:	
General Fund	\$ 380,358	Special Projects	\$ 353,058
		Debt Service	27,300
Total	<u>\$ 380,358</u>	Total	<u>\$ 380,358</u>

The internal transfers are budgeted and recorded to show legal and operational commitments between funds such as cost sharing.

In addition, the Special Projects Fund owed the General Fund \$33,187 at June 30, 2023. The amount was reported as Due To and Due From Other Funds on the Governmental Funds Balance Sheet. Interfund balances are used to finance activities between funds.

15. DEFICIT NET POSITION IN INTERNAL SERVICE FUND

The internal service fund had a negative net position amount of (\$1,512,182). The negative net position is expected to reverse in future years as the PERS Pension Bond approaches maturity.

BANKS SCHOOL DISTRICT NO. 13
WASHINGTON COUNTY, OREGON

REQUIRED SUPPLEMENTARY INFORMATION

**BANKS SCHOOL DISTRICT NO. 13
WASHINGTON COUNTY, OREGON**

REQUIRED SUPPLEMENTARY INFORMATION

For the Year Ended June 30, 2023

SCHEDULE OF THE PROPORTIONATE SHARE OF THE NET PENSION LIABILITY

Year Ended June 30,	(a) Employer's proportion of the net pension liability (NPL)	(b) Employer's proportionate share of the net pension liability (NPL)	(c) District's covered payroll	(b/c) NPL as a percentage of covered payroll	Plan fiduciary net position as a percentage of the total pension liability
2023	0.05 %	\$ 7,507,846	\$ 5,738,989	130.8 %	84.5 %
2022	0.05	6,418,282	5,480,029	117.1	87.6
2021	0.06	12,378,189	5,604,291	220.9	75.8
2020	0.06	10,190,405	5,425,655	187.8	80.2
2019	0.05	8,119,517	5,100,003	159.2	82.1
2018	0.06	8,277,095	5,102,393	162.2	83.1
2017	0.06	8,670,228	4,907,979	176.7	80.5
2016	0.06	3,394,703	4,562,114	74.4	91.9
2015	0.06	(1,344,125)	4,197,672	(32.0)	103.6
2014	0.06	3,026,083	3,749,603	80.7	92.0

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

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

SCHEDULE OF CONTRIBUTIONS

	Statutorily required contribution	Contributions in relation to the statutorily required contribution	Contribution deficiency (excess)	Employer's covered payroll	Contributions as a percent of covered payroll
2023	\$ 1,341,443	\$ 1,341,443	\$ -	\$ 6,422,504	20.9 %
2022	1,234,471	1,234,471	-	5,738,989	21.5
2021	1,235,209	1,235,209	-	5,480,029	22.5
2020	1,301,447	1,301,447	-	5,604,291	23.2
2019	1,062,672	1,062,672	-	5,425,655	19.6
2018	998,724	998,724	-	5,100,003	19.6
2017	741,306	741,306	-	5,102,393	14.5
2016	559,335	559,335	-	4,907,979	11.4
2015	690,917	690,917	-	4,562,114	15.1
2014	725,087	725,087	-	4,197,672	17.3

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

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**BANKS SCHOOL DISTRICT NO. 13
WASHINGTON COUNTY, OREGON**

**REQUIRED SUPPLEMENTARY INFORMATION
For the fiscal year ended June 30, 2023**

SCHEDULE OF THE PROPORTIONATE SHARE OF THE PERS - RHIA

Year Ended June 30,	(a) Employer's proportion of the net pension liability (Asset)	(b) Employer's proportionate share of the net pension liability (Asset)	(c) Employer's covered payroll	(b/c) NPL as a percentage of covered payroll	Plan fiduciary net position as a percentage of the total pension liability
2023	0.05 %	\$ (164,954)	\$ 5,738,989	(2.9) %	194.6 %
2022	0.05	(163,914)	5,480,029	(3.0)	183.9

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

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

SCHEDULE OF CONTRIBUTIONS - PERS RHIA

	Statutorily required contribution	Contributions in relation to the statutorily required contribution	Contribution deficiency (excess)	Employer's covered payroll	Contributions as a percent of covered payroll
2023	\$ 1,041	\$ 1,041	\$ -	\$ 6,422,504	0.0 %
2022	1,100	1,100	-	5,738,989	0.0

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

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

BANKS SCHOOL DISTRICT NO. 13
WASHINGTON COUNTY, OREGON

SCHEDULE OF CHANGES IN OTHER POST EMPLOYMENT BENEFITS (OPEB) LIABILITY
For the fiscal year ended June 30, 2023

Schedule of changes in the total OPEB liability

Year ended June 30	Service Cost	Interest	Changes of Benefit Terms	Effect of Economic/ Demographic Gains or Losses	Changes of Assumption or Output Input	Benefit Payments	Net Changes for the Year
2023 \$	38,037 \$	10,879 \$	- \$	- \$	(54,749) \$	(15,725) \$	(21,558)
2022	50,886	13,317	-	(69,806)	(61,040)	(23,062)	(89,705)
2021	42,680	18,113	-	-	42,023	(28,722)	74,094
2020	36,687	18,682	-	(7,521)	9,870	(29,161)	28,557
2019	36,413	16,986	-	-	(10,429)	(40,683)	2,287
2018	38,690	13,949	-	-	(25,531)	(39,024)	(11,916)

Schedule of total OPEB liability and related ratios

Year ended June 30	Total OPEB Liability Beginning (asset)	Net Changes for the Year	Total OPEB Liability (asset) Ending	Covered Payroll	Net Single Employer Pension Plan as a Percentage of Covered Payroll
2023	473,449	(21,558)	451,891	6,422,504	7.04%
2022	563,154	(89,705)	473,449	5,738,989	8.25%
2021	489,060	74,094	563,154	5,480,029	10.28%
2020	460,503	28,557	489,060	5,604,291	8.73%
2019	458,216	2,287	460,503	5,425,655	8.49%
2018	470,133	(11,916)	458,216	5,100,003	8.98%

Note: This schedule is presented to illustrate the requirements to show information for 10 years. However, until a full year trend has been compiled, information is presented for the years for which the required supplementary schedule information is available. The District implemented GASB 75 in the fiscal year ending June 30, 2018.

BANKS SCHOOL DISTRICT NO. 13
WASHINGTON COUNTY, OREGON

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
ACTUAL AND BUDGET
For the Year Ended June 30, 2023

GENERAL FUND

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE
REVENUES:				
Taxes	\$ 3,600,000	\$ 3,600,000	\$ 3,588,388	\$ (11,612)
Other Local Sources	190,000	190,000	104,693	(85,307)
Intermediate Sources	25,000	25,000	38,573	13,573
State Sources	8,079,304	8,079,304	8,436,332	357,028
Total Revenues	11,894,304	11,894,304	12,167,986	273,682
EXPENDITURES:				
Instruction	7,832,446	7,832,446 (1)	7,760,836	71,610
Support Services	4,887,859	4,887,859 (1)	4,874,417	13,442
Contingency	50,000	50,000 (1)	-	50,000
Total Expenditures	12,770,305	12,770,305	12,635,253	135,052
Excess of Revenues Over (Under) Expenditures	(876,001)	(876,001)	(467,267)	408,734
OTHER FINANCING SOURCES (USES)				
Debt Proceeds	-	-	79,713	79,713
Transfers Out	(381,300)	(381,300) (1)	(380,358)	942
Total Other Financing Sources (Uses)	(381,300)	(381,300)	(300,645)	80,655
Net Change in Fund Balance	(1,257,301)	(1,257,301)	(767,912)	489,389
Beginning Fund Balance	2,300,000	2,300,000	3,089,437	789,437
Ending Fund Balance	\$ 1,042,699	\$ 1,042,699	\$ 2,321,525	\$ 1,278,826

(1) - Appropriation level

BANKS SCHOOL DISTRICT NO. 13
WASHINGTON COUNTY, OREGON

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
ACTUAL AND BUDGET
For the Year Ended June 30, 2023

SPECIAL PROJECTS FUND

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE
REVENUES:				
Local Sources	\$ 768,800	\$ 768,800	\$ 467,441	\$ (301,359)
Intermediate Sources	-	-	12,458	12,458
State Sources	1,563,001	1,563,001	1,435,499	(127,502)
Federal Sources	1,242,272	1,242,272	711,142	(531,130)
Total Revenues	3,574,073	3,574,073	2,626,540	(947,533)
EXPENDITURES:				
Instruction	3,265,892	3,115,892 (1)	1,913,043	1,202,849
Support Services	510,181	660,181 (1)	659,563	618
Enterprise & Community Services	350,200	350,200 (1)	275,700	74,500
Debt Service	27,300	27,300 (1)	27,300	-
Total Expenditures	4,153,573	4,153,573	2,875,606	1,277,967
Excess of Revenues Over (Under) Expenditures	(579,500)	(579,500)	(249,066)	330,434
OTHER FINANCING SOURCES (USES)				
Transfers In	354,000	354,000	353,058	(942)
Total Other Financing Sources (Uses)	354,000	354,000	353,058	(942)
Net Change in Fund Balance	(225,500)	(225,500)	103,992	329,492
Beginning Fund Balance	810,463	810,463	484,963	(325,500)
Ending Fund Balance	\$ 584,963	\$ 584,963	\$ 588,955	\$ 3,992

(1) Appropriation Level

BANKS SCHOOL DISTRICT NO. 13
WASHINGTON COUNTY, OREGON

SUPPLEMENTARY INFORMATION

BANKS SCHOOL DISTRICT NO. 13
WASHINGTON COUNTY, OREGON

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
ACTUAL AND BUDGET
For the Year Ended June 30, 2023

DEBT SERVICE FUND

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE
REVENUES:				
Local Sources				
Current Year's Taxes	\$ 1,341,000	\$ 1,341,000	\$ 1,311,166	\$ (29,834)
Prior Year's Taxes	14,000	14,000	12,670	(1,330)
Interest	10,000	10,000	35,392	25,392
Total Local Sources	1,365,000	1,365,000	1,359,228	(5,772)
Intermediate Sources	-	-	1,117	1,117
Total Revenues	1,365,000	1,365,000	1,360,345	(4,655)
EXPENDITURES:				
Debt Service	1,392,300	1,392,300 (1)	1,392,300	-
Total Expenditures	1,392,300	1,392,300	1,392,300	-
Excess of Revenues Over (Under) Expenditures	(27,300)	(27,300)	(31,955)	(4,655)
Other Financing Sources, (Uses)				
Transfers In	27,300	27,300	27,300	-
Total Other Financing Sources, (Uses)	27,300	27,300	27,300	-
Net Change in Fund Balance	-	-	(4,655)	(4,655)
Beginning Fund Balance	200,000	200,000	194,886	(5,114)
Ending Fund Balance	\$ 200,000	\$ 200,000	\$ 190,231	\$ (9,769)

(1) Appropriation level

BANKS SCHOOL DISTRICT NO. 13
WASHINGTON COUNTY, OREGON

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
ACTUAL AND BUDGET
For the Year Ended June 30, 2023

CAPITAL PROJECTS FUND

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE
REVENUES:				
Local Sources	\$ 81,500	\$ 81,500	\$ 390,893	\$ 309,393
Total Revenues	81,500	81,500	390,893	309,393
EXPENDITURES:				
Facilities Acquisition & Construction	736,500	736,500 (1)	17,392	719,108
Total Expenditures	736,500	736,500	17,392	719,108
Net Change in Fund Balance	(655,000)	(655,000)	373,501	1,028,501
Beginning Fund Balance	655,000	655,000	660,042	5,042
Ending Fund Balance	\$ -	\$ -	\$ 1,033,543	\$ 1,033,543

(1) Appropriation level

BANKS SCHOOL DISTRICT NO. 13
WASHINGTON COUNTY, OREGON

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
ACTUAL AND BUDGET
For the Year Ended June 30, 2023

PENSION OBLIGATION BONDS FUND - INTERNAL SERVICE FUND

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE
REVENUES				
Local Sources:				
Assessments to Other Funds	\$ 361,106	\$ 361,106	\$ 357,803	\$ (3,303)
Total Revenues	361,106	361,106	357,803	(3,303)
EXPENDITURES				
Debt Service	361,106	361,106 (1)	361,106	-
Total Expenditures	361,106	361,106	361,106	-
Net Change in Fund Balance	-	-	(3,303)	(3,303)
Beginning Fund Balance	25,000	25,000	25,000	-
Ending Fund Balance	<u>\$ 25,000</u>	<u>\$ 25,000</u>	\$ 21,697	<u>\$ (3,303)</u>

(1) Appropriation level

Reconciliation to Net Position:

Pension Obligation Bonds Payable	<u>(1,533,879)</u>
Ending Net Position	<u>\$ (1,512,182)</u>



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November 28, 2023

Independent Auditors' Report Required by Oregon State Regulations

We have audited the basic financial statements of the Banks School District as of and for the year ended June 30, 2023, and have issued our report thereon dated November 28, 2023. We conducted our audit in accordance with auditing standards generally accepted in the United States of America.

Compliance

As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we performed tests of compliance with certain provisions of laws, regulations, contracts, and grants, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules 162-10-000 through 162-10-320 of the Minimum Standards for Audits of Oregon Municipal Corporations, noncompliance with which could have a direct and material effect on the determination of financial statements amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion.

We performed procedures to the extent we considered necessary to address the required comments and disclosures, 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.**
- **Authorized investment of surplus funds (ORS Chapter 294).**
- **Public contracts and purchasing (ORS Chapters 279A, 279B, 279C).**
- **State school fund factors and calculation.**
- **Programs funded from outside sources.**

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

OAR 162-10-0230 Internal Control

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

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

A handwritten signature in dark ink, appearing to read "Ken Allen", with a stylized, cursive script.

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