



LEBANON AQUATIC DISTRICT
Lebanon, Oregon

ANNUAL FINANCIAL REPORT

June 30, 2023



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CERTIFIED PUBLIC ACCOUNTANTS

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LEBANON AQUATIC DISTRICT
Lebanon, Oregon

DISTRICT OFFICIALS

June 30, 2023

BOARD OF DIRECTORS

Laurie Dennis, Chair
3315 Quail Place
Lebanon, Oregon 97355

Mark McAllister, Vice Chair
231 E. Grant Street
Lebanon, Oregon 97355

Julie Miller
280 W. Rose Street
Lebanon, Oregon 97355

Jim Ruef
188 W. Jadon Drive
Lebanon, Oregon 97355

Peg Snyder
742 Harmony Street
Lebanon, Oregon 97355

ADMINISTRATION

Lorlee Engler, Executive Director

REGISTERED AGENT

Laurie Dennis

LEBANON AQUATIC DISTRICT
Lebanon, Oregon

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FINANCIAL SECTION



INDEPENDENT AUDITOR'S REPORT

Board of Directors
Lebanon Aquatic District
Lebanon, Oregon 97355

Opinions

We have audited the accompanying financial statements of the governmental activities and each major fund of Lebanon Aquatic District, Lebanon, Oregon, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of Lebanon Aquatic District, Lebanon, Oregon as of June 30, 2023, and the respective changes in financial position 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 auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Lebanon Aquatic District, Lebanon, Oregon, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Emphasis of Matter - Change in Accounting Principle

As described in the notes to the financial statements, in the year ended June 30, 2023, the District adopted new accounting guidance: GASB Statement No. 94, *Public-Private and Public-Public Partnerships and Availability of Arrangements*, Statement No. 96, *Subscription-Based Information Technology Arrangements*, Statement No. 99, *Omnibus 202*, and Statement No. 101, *Compensated Absences*. 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 misstatements, 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 Lebanon Aquatic District, Lebanon, Oregon's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with 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 Lebanon Aquatic District, Lebanon, Oregon'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 Lebanon Aquatic District, Lebanon, Oregon'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, the schedules of the District's proportionate share of the net pension liability and OPEB asset and District contributions, and budgetary comparison information on pages 5 through 9, and 44 through 47, respectively, be presented to supplement the basic financial statements. Such information, 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 management's discussion and analysis and the schedules of the District's proportionate share of the net pension liability and OPEB asset and District contributions 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 management's discussion and analysis or the schedules of the District's proportionate share of the net pension liability and OPEB asset and District contributions because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

The budgetary comparison information is the responsibility of management and is derived from and relates directly the underlying accounting and other records used to prepare the basic financial statements. The budgetary comparison 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 financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Lebanon Aquatic District, Lebanon, Oregon's basic financial statements. The accompanying individual nonmajor fund financial statements, if applicable, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements.


The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America.

In our opinion, the individual nonmajor fund financial statements, if applicable, are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Report on Other Legal and Regulatory Requirements

In accordance with Minimum Standards for Audits of Oregon Municipal Corporations, we have also issued our report dated December 22, 2023 on our tests of the District's compliance with certain provisions of laws and regulations 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.

Accuity, LLC

By: 

Glen O. Kearns, CPA

Albany, Oregon
December 22, 2023

MANAGEMENT'S DISCUSSION AND ANALYSIS

LEBANON AQUATIC DISTRICT
Lebanon, Oregon

MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)

INTRODUCTION

As management of Lebanon Aquatic District, Lebanon, Oregon, we offer readers this narrative overview and analysis of the financial activities of the District for the fiscal 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, total net position of Lebanon Aquatic District amounted to \$395,569. Of this amount, \$288,909 was invested in capital assets, net of related debt. The remaining balance included \$106,660 of unrestricted net position.
- Total revenues of \$877,044 exceeded total expenditures of \$845,452 by \$31,592.

OVERVIEW OF FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to Lebanon Aquatic District's basic financial statements. The District's basic financial statements are comprised of three components: (1) government-wide financial statements, (2) fund financial statements, and (3) notes to the financial statements. This report also contains other supplementary information in addition 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 District's assets, liabilities, and deferred inflows and outflows of resources, with the difference reported as net position. 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, revenue 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).

The government-wide financial statements can be found on pages 10 through 11 of this report.

Fund Financial Statements

The fund financial statements are designed to demonstrate compliance with finance-related legal requirements overseeing the use of fund accounting.

LEBANON AQUATIC DISTRICT
Lebanon, Oregon

MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)

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. All of the funds of the District are governmental funds.

□ **Governmental Funds**

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements; however, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of available resources, as well as on balances of available resources at the end of the fiscal year. Such information may be useful in evaluating the District's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for the governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the District's near-term financing decisions. Both the governmental funds balance sheet and the governmental funds statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The District maintains three individual governmental funds. Information is presented separately in the governmental funds balance sheet and the governmental funds statement of revenues, expenditures, and changes in fund balances for the General, Swim Club, and Reserve Funds, all of which are considered to be major governmental funds.

The basic governmental fund financial statements can be found on pages 12 through 15 of this report.

Notes to the Basic Financial Statements

The notes to the basic financial statements provide additional information that is essential to a full understanding of the financial data provided in the government-wide and fund financial statements. The notes to the basic financial statements can be found on pages 16 through 43 of this report.

Other Information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information, which includes the schedules of the District's proportionate share of the net pension liability and District contributions, and the budgetary comparison information for the General, and Swim Club Funds. This required supplementary information can be found on pages 44 through 47 of this report.

LEBANON AQUATIC DISTRICT
Lebanon, Oregon

MANAGEMENT’S DISCUSSION AND ANALYSIS (MD&A)

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of the District’s financial position. The District’s assets exceeded liabilities by \$395,569 at the close of the most recent fiscal year.

A large portion of the District’s net position reflects its investment in capital assets (e.g., land, buildings, and equipment) less any related debt used to acquire those assets that is still outstanding. The District uses these capital assets to provide services to citizens. Consequently, these assets are not available for future spending. Although the District’s investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

District’s Net Position

At the end of the current fiscal year, the District was able to report positive balances in all categories of net position. The District’s net position increased by \$31,592 during the current fiscal year.

Condensed statement of net position information is shown below.

Condensed Statement of Net Position

	Governmental Activities	
	<u>2023</u>	<u>2022</u>
Assets		
Current and other assets	\$ 576,470	\$ 496,158
Net capital assets	<u>405,978</u>	<u>461,833</u>
Total assets	<u>982,448</u>	<u>957,991</u>
Deferred outflows of resources	<u>237,362</u>	<u>282,661</u>
Liabilities		
Current liabilities	125,304	96,440
Noncurrent liabilities	<u>521,994</u>	<u>463,908</u>
Total liabilities	<u>647,298</u>	<u>560,348</u>
Deferred inflows of resources	<u>176,943</u>	<u>316,327</u>
Net position		
Net investment in capital assets	288,909	308,594
Unrestricted	<u>106,660</u>	<u>55,383</u>
Total net position	<u>\$ 395,569</u>	<u>\$ 363,977</u>

LEBANON AQUATIC DISTRICT
Lebanon, Oregon

MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)

District's Changes in Net Position

The condensed statement of activities information shown below explains changes in net position.

Changes in Net Position

	Governmental Activities	
	<u>2023</u>	<u>2022</u>
Program revenues		
Charges for services	\$ 259,441	\$ 206,366
Operating grants and contributions	<u>3,704</u>	<u>2,270</u>
Total program revenues	<u>263,145</u>	<u>208,636</u>
General revenues		
Property taxes	601,704	561,597
Investment earnings	2,538	3,361
Miscellaneous	<u>9,657</u>	<u>14,067</u>
Total general revenues	<u>613,899</u>	<u>579,025</u>
Total revenues	877,044	787,661
Program expenses		
Recreation services	<u>845,452</u>	<u>911,116</u>
Change in net position	31,592	(123,455)
Net position - beginning of year	<u>363,977</u>	<u>487,432</u>
Net position - end of year	<u>\$ 395,569</u>	<u>\$ 363,977</u>

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.

Governmental Funds

The focus of the District's governmental funds is to provide information on near-term inflows, outflows, and balances of available resources. Such information is useful in assessing the District's financing requirements. In particular, unassigned fund balance may serve as a useful measurement of the District's net resources available for spending at the end of the fiscal year.

At the end of the current fiscal year, the District's governmental funds reported combined fund balances of \$497,350, an increase of \$68,278 from the prior year. Of this amount, \$381,617 constitutes unassigned fund balance, which is available for spending at the District's discretion.

LEBANON AQUATIC DISTRICT
Lebanon, Oregon

MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)

The General Fund is the chief operating fund of the District. At the end of the current fiscal year, total fund balance of the General Fund was \$427,227. Of this amount, \$382,313 constitutes unassigned fund balance.

BUDGETARY HIGHLIGHTS

Budget amounts shown in the financial statements reflect the original budget amounts.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

The District's investment in capital assets as of June 30, 2023 amounted to \$405,978, net of accumulated depreciation. This investment in capital assets includes leasehold improvements, office equipment, and pool equipment. Depreciation expense for the year amounted to \$55,855. Additional information on the District's capital assets can be found on pages 23 through 24 of this report.

Long-Term Debt

At the end of the current fiscal year, the District had total debt outstanding of \$117,069. This amount represents a loan payable. The District's total debt decreased by \$36,170 during the current fiscal year. Additional information on the District's long-term debt can be found on pages 24 through 25 of this report.

KEY ECONOMIC FACTORS AND BUDGET INFORMATION FOR THE FUTURE

At the time these financial statements were prepared and audited, the District was aware of the following circumstance that could significantly affect its future financial health:

- The District continues to work toward the replacing/expanding of the current facility.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of District's finances for all those with an interest. Questions concerning any of the information provided in this report or request for additional information should be directed to the following address: Lebanon Aquatic District, 1800 S. 5th Street, Lebanon, Oregon 97355.

BASIC FINANCIAL STATEMENTS

LEBANON AQUATIC DISTRICT
Lebanon, Oregon

STATEMENT OF NET POSITION

June 30, 2023

	<u>Governmental Activities</u>
ASSETS	
Current assets	
Cash and cash equivalents	\$ 546,303
Property taxes receivable	23,216
Prepaid expenses	<u>4,754</u>
Total current assets	574,273
Net OPEB RHIA asset	2,197
Capital assets being depreciated, net	<u>405,978</u>
Total assets	<u>982,448</u>
DEFERRED OUTFLOWS OF RESOURCES	<u>237,362</u>
LIABILITIES	
Current liabilities	
Accounts payable	26,852
Accrued liabilities	28,893
Compensated absences	32,002
Long-term debt, current portion	<u>37,557</u>
Total current liabilities	125,304
Net pension liability	442,482
Long-term debt, less current portion	<u>79,512</u>
Total liabilities	<u>647,298</u>
DEFERRED INFLOWS OF RESOURCES	<u>176,943</u>
NET POSITION	
Net investment in capital assets	288,909
Unrestricted	<u>106,660</u>
Total net position	<u><u>\$ 395,569</u></u>

The accompanying notes are an integral part of these financial statements.

LEBANON AQUATIC DISTRICT
Lebanon, Oregon

STATEMENT OF ACTIVITIES

For the Year Ended June 30, 2023

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>			<u>Net (Expense) Revenue and Changes in Net Position</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Governmental Activities</u>
Governmental activities					
Recreation services	\$ 845,452	\$ 259,441	\$ 3,704	\$ -	\$ (582,307)
General revenues					
Property taxes					601,704
Investment earnings					2,538
Miscellaneous					9,657
Total general revenues					613,899
Change in net position					31,592
Net position - beginning					363,977
Net position - ending					\$ 395,569

The accompanying notes are an integral part of these financial statements.

LEBANON AQUATIC DISTRICT

Lebanon, Oregon

BALANCE SHEET

GOVERNMENTAL FUNDS

June 30, 2023

	<u>General Fund</u>	<u>Swim Club Fund</u>	<u>Reserve Fund</u>	<u>Total Governmental Funds</u>
ASSETS				
Current assets				
Cash and cash equivalents	\$ 476,180	\$ -	\$ 70,819	\$ 546,999
Property taxes receivable	23,216	-	-	23,216
Prepaid expenses	<u>4,754</u>	<u>-</u>	<u>-</u>	<u>4,754</u>
Total current assets	<u>\$ 504,150</u>	<u>\$ -</u>	<u>\$ 70,819</u>	<u>\$ 574,969</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES				
Liabilities				
Book overdraft	\$ -	\$ 696	\$ -	\$ 696
Accounts payable	26,852	-	-	26,852
Accrued liabilities	<u>28,893</u>	<u>-</u>	<u>-</u>	<u>28,893</u>
Total liabilities	<u>55,745</u>	<u>696</u>	<u>-</u>	<u>56,441</u>
Deferred inflows of resources				
Unavailable revenue - property taxes	<u>21,178</u>	<u>-</u>	<u>-</u>	<u>21,178</u>
Fund balances				
Nonspendable	4,754	-	-	4,754
Committed	40,160	-	70,819	110,979
Unassigned	<u>382,313</u>	<u>(696)</u>	<u>-</u>	<u>381,617</u>
Total fund balances	<u>427,227</u>	<u>(696)</u>	<u>70,819</u>	<u>497,350</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 504,150</u>	<u>\$ -</u>	<u>\$ 70,819</u>	<u>\$ 574,969</u>

The accompanying notes are an integral part of these financial statements.

LEBANON AQUATIC DISTRICT
Lebanon, Oregon

RECONCILIATION OF GOVERNMENTAL FUND BALANCES TO
NET POSITION OF GOVERNMENTAL ACTIVITIES

June 30, 2023

Total fund balances		\$	497,350
Capital assets are not financial resources and are therefore not reported in the governmental funds:			
Cost	1,323,683		
Accumulated depreciation	<u>(917,705)</u>		405,978
Property tax revenue is recognized in the net position of governmental activities when the taxes are levied; however, in the governmental fund statements, it is recognized when available to be used for current year operations. Taxes not collected within 30 days of the end of the year are not considered available to pay for current year operations and are therefore not reported as revenue in the governmental funds.			
			21,178
Long-term liabilities are not due or payable in the current period and are therefore 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.			
Compensated absences	(32,002)		
Loan payable	<u>(117,069)</u>		(149,071)
Amounts relating to the District's proportionate share of net pension liability or assets for the Oregon Public Employees Retirement System (PERS) are not reported in the governmental fund statements. In the governmental fund statements, pension expense is recognized when due. The amounts consist of:			
Net OPEB RHIA asset	2,197		
Deferred outflows of resources relating to pension expense	237,362		
Deferred inflows of resources relating to return on pension assets	(176,943)		
Net pension asset (liability)	<u>(442,482)</u>		<u>(379,866)</u>
Net position of governmental activities		\$	<u>395,569</u>

The accompanying notes are an integral part of these financial statements.

LEBANON AQUATIC DISTRICT
Lebanon, Oregon

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES

GOVERNMENTAL FUNDS

For the Year Ended June 30, 2023

	General Fund	Swim Club Fund	Reserve Fund	Total Governmental Funds
REVENUES				
Charges for services	\$ 242,131	\$ 17,310	\$ -	\$ 259,441
Property taxes	591,973	-	-	591,973
Grants and contributions	3,704	-	-	3,704
Investment earnings	2,538	-	-	2,538
Miscellaneous	-	9,657	-	9,657
	<u>840,346</u>	<u>26,967</u>	<u>-</u>	<u>867,313</u>
EXPENDITURES				
Recreation Services				
Current				
Personnel services	518,521	34,436	-	552,957
Materials and services	183,186	9,573	9,801	212,361
Debt service	41,325	-	-	41,325
Capital outlay	2,193	-	-	2,193
	<u>745,225</u>	<u>44,009</u>	<u>9,801</u>	<u>808,836</u>
Excess (deficiency) of revenues over (under) expenditures	95,121	(17,042)	(9,801)	58,477
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	55,000	55,000
Transfers out	(55,000)	-	-	(55,000)
	<u>(55,000)</u>	<u>-</u>	<u>55,000</u>	<u>-</u>
Total other financing sources (uses)	(55,000)	-	55,000	-
Net change in fund balances	40,121	(17,042)	45,199	68,278
Fund balances - beginning	387,106	16,346	25,620	429,072
Fund balances - ending	<u>\$ 427,227</u>	<u>\$ (696)</u>	<u>\$ 70,819</u>	<u>\$ 497,350</u>

The accompanying notes are an integral part of these financial statements.

LEBANON AQUATIC DISTRICT
Lebanon, Oregon

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES

For the Year Ended June 30, 2023

Net change in fund balances	\$	68,278
<p>Amounts reported for governmental activities in the statement of activities are different because:</p>		
<p>Repayment of principal is an expenditure in the governmental funds, but reduces the liability in the statement of net position. This is the amount by which repayments exceeded proceeds:</p>		
Debt principal paid		36,170
<p>In the statement of activities, the costs of capital assets are allocated over their estimated useful lives and are reported as depreciation expense.</p>		
Depreciation expense		(55,855)
<p>Some expenses reported in the statement of activities do not require the use of current financial resources and are therefore not reported as expenditures in the governmental funds.</p>		
Compensated absences		(24,240)
<p>Property taxes that do not meet the measurable and available criteria are not recognized as revenue in the current year in the governmental funds. In the statement of activities, property taxes are recognized as revenue when levied.</p>		
		9,731
<p>Pension expense or credits that do not meet the measurable and available criteria are not recognized as revenue or expense in the current year in the governmental funds. In the statement of activities, pension expense or credit is recognized when determined to have been accrued.</p>		
Pension expense		<u>(2,492)</u>
Change in net position	\$	<u>31,592</u>

The accompanying notes are an integral part of these financial statements.

NOTES TO BASIC FINANCIAL STATEMENTS

LEBANON AQUATIC DISTRICT
Lebanon, Oregon

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2023

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of Government-Wide Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the activities of the District. Governmental Activities, which normally are supported by taxes, intergovernmental revenues, and other nonexchange transactions, are reported by the District.

B. Reporting Entity

Lebanon Aquatic District was formed on December 6, 2000 for the purpose of promoting healthy family recreation by maintaining and operating an aquatic facility within the District's boundaries. The District is governed by a seven-member board of directors elected from the District at large. Administrative functions are delegated to individuals who report to and are responsible to the board. The chief administrative officer is the Executive Director.

C. Basis of Presentation - Government-Wide Financial Statements

While separate government-wide and fund financial statements are presented, they are interrelated. The governmental activities column incorporates data from governmental funds.

D. Basis of Presentation - Fund Financial Statements

The fund financial statements provide information about the government's funds. The emphasis of fund financial statements is on the major governmental funds, each displayed in a separate column. Major governmental funds are reported as separate columns in the fund financial statements.

The District reports the following major governmental funds:

General Fund - The General Fund is the primary operating fund of the District. It accounts for all financial resources except those required to be accounted for in another fund.

Special Revenue Fund

Swim Club Fund - The Swim Club Fund accounts for the revenues and expenditures of the local competitive swim team, Lebanon Community Swim Club, which is sponsored by the District. The primary sources of revenue are swim meet fees and fundraisers.

The District reports the following nonmajor governmental fund:

Capital Projects Fund

Reserve Fund - The Reserve Fund accounts for future expenditures for capital projects. The primary source of revenue is transfers from the General Fund.

During the course of operations, the government has activity between funds for various purposes.

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Any residual balances outstanding at year end are reported as due from/to other funds and advances to/from other funds. While these balances are reported in fund financial statements, certain eliminations are made in preparation of the government-wide financial statements. Further, certain activity occurs during the year involving transfers of resources between funds. In fund financial statements these amounts are reported at gross amounts as transfers in/out. While reported in fund financial statements, certain eliminations are made in preparation of the government-wide financial statements. Transfers between the funds included in governmental activities are eliminated.

E. Measurement Focus and Basis of Accounting

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as current financial resources or economic resources. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements. 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 the related cash flows. Property taxes are recognized as revenue in the year in 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.

The governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. 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, the government considers revenues to be available if they are collected within 15 days of the end of the current fiscal period. Expenditures are generally 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. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under capital leases are reported as other financing sources.

Property taxes, sales 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. Entitlements are recorded as revenues when all eligibility requirements are met, including any time requirements, and the amount is received during the period or within the availability period for this revenue source (within 15 days of year-end). Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements have been met, and the amount is received during the period or within the availability period for this revenue source (within 15 days of year-end). All other revenue items are considered to be measureable and available only when cash is received by the government.

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F. Budgetary Information

The District budgets all funds in accordance with the requirements of state law. Annual appropriated budgets are adopted for the general, special revenue, and capital projects funds. All funds are budgeted on the modified accrual basis of accounting.

The District begins its budgeting process by appointing budget committee members. The budget officer prepares a budget, which is reviewed by the budget committee. The budget is then published in proposed form and is presented at public hearings to obtain taxpayer comments and approval from the budget committee. The board of directors legally adopts the budget by resolution prior to the beginning of the District's fiscal year. The board resolution authorizing appropriations for each fund sets the level by which expenditures cannot legally exceed appropriations. Total personnel services, materials and services, debt service, capital outlay, and transfers for each fund are the levels of control established by the resolution. The detailed budget document, however, is required to contain more specific detailed information for the aforementioned expenditure categories and management may revise the detailed line item budgets within appropriation categories.

Unexpected additional resources may be added to the budget through the use of a supplemental budget and appropriation resolution. The board of directors may adopt supplemental budgets less than 10% of a fund's original budget at a regular board meeting. A supplemental budget greater than 10% of a fund's original budget requires hearings before the public, publication in newspapers, and approval by the board of directors. Original and supplemental budgets may be modified by the use of appropriation transfers between the levels of control. Such transfers require approval by the board of directors. During the year, there were no supplemental budgets. The District does not use encumbrances and appropriations lapse at year-end.

Budget amounts shown in the financial statements reflect the original budget amounts.

G. Assets, Liabilities, Deferred Outflows/Inflows of Resources and Fund Balance/Net Position

1. Deposits

The District's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

2. Prepaid Expenses

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements. The cost of prepaid items is recorded as expenditures/expenses when consumed rather than when purchased.

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3. Capital Assets

Capital assets, which include property, plant, and equipment, are reported in the government-wide financial statements. Capital assets are defined by the government as assets with an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost where no historical records exist. Donated capital assets are recorded at their estimated fair value at the date of donation. The reported value of capital assets excludes normal maintenance and repairs which are essentially amounts spent in relation to capital assets that do not increase the capacity or efficiency of the item or increase its estimated useful life. Property, plant, and equipment of the District are depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Office equipment	5-15
Pool equipment	5-30
Leasehold improvements	5-30

4. Deferred Outflows/Inflows of Resources (Non-pension related)

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

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, deferred inflows of resources, represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time. The District has two types of items, which arises only under a modified accrual basis of accounting, that qualify for reporting in this category. Accordingly, the items, unavailable revenue, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from property taxes and grants. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

5. Net Position Flow Assumption

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

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6. Fund Balance Flow Assumption

Sometimes the government will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned, fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the government's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

7. Fund Balance Policies

Fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. The government itself can establish limitations on the use of resources through either a commitment (committed fund balance) or an assignment (assigned fund balance).

The committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the government's highest level of decision-making authority.

The board of directors is the highest level of decision-making authority for the government that can, by adoption of a resolution prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the resolution remains in place until a similar action is taken (the adoption of another resolution) to remove or revise the limitation.

Amounts in the assigned fund balance classification are intended to be used by the government for specific purposes but do not meet the criteria to be classified as committed. The board may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year's appropriated budget. Unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment.

Commitment of fund balance is accomplished through adoption of a resolution or ordinance by the board of directors. Further, commitments of fund balance may be modified or rescinded only through approval of the board of directors via resolution or ordinance. Authority to assign fund balances has been granted to the Aquatic Director.

The District reports fund equity in accordance with GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*.

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The following classifications describe the relative strength of the spending constraints:

- Nonspendable fund balance - amounts that are in nonspendable form (such as inventory) or are required to be maintained intact.
- Restricted fund balance - amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation.
- Committed fund balance - amounts constrained to specific purposes by the District itself, using its highest level of decision-making authority (i.e. board of directors). To be reported as committed, amounts cannot be used for any other purpose unless the District takes the same highest-level action to remove or change the constraint.
- Assigned fund balance - amounts that District intends to use for a specific purpose. Intent can be expressed by the school board or by an official or body to which the school board delegates authority.
- Unassigned fund balance - amounts that are available for any purpose. Positive amounts are reported only in the General Fund.

The District has not formally adopted a minimum fund balance policy.

H. Revenues and Expenditures/Expenses

1. Program Revenues

Amounts reported as 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 or segment and 2) grants and contributions (including special assessments) that are restricted to meeting the operational or capital requirements of a particular function or segment. All taxes, including those dedicated for specific purposes and other intentionally dedicated resources are reported as general revenues rather than as program revenues.

2. Property Taxes

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 remittances of collection to entities levying taxes. Property taxes are levied and become a lien as of July 1 on property values assessed as of June 30. Property taxes are payable in three installments, which are due on November 15, February 15, and May 15. Uncollected property taxes are shown as assets in the governmental funds. Property taxes collected within approximately 15 days of fiscal year-end are recognized as revenue, while the remaining are recorded as deferred inflows of resources because they are not deemed available to finance operations of the current period.

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June 30, 2023

3. Compensated Absences

Amounts of vested or accumulated vacation and sick leave that are expected to be liquidated with expendable available financial resources are reported as expenditures when paid. Amounts of vested or accumulated vacation and sick leave that are not expected to be liquidated with expendable available financial resources are reported as long-term liabilities on the statement of net position.

4. Pensions

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

I. 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 amounts and disclosures; accordingly, actual results could differ from those estimates.

II. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS

A. Deposits and Investments

Custodial Credit Risk - Deposits

This is the risk that, in the event of a bank failure, the District's deposits may not be returned. All District deposits not covered by Federal Depository Insurance Corporation (FDIC) insurance are covered by the Public Funds Collateralization Program (PFCP) of the State of Oregon, organized in accordance with ORS 295. The PFCP is a shared liability structure for participating bank depositories. Barring any exceptions, a bank depository is required to pledge collateral valued at a minimum of 10% of their quarter-end public fund deposits if they are considered well capitalized, 25% of their quarter-end public fund deposits if they are considered adequately capitalized, or 110% of their quarter-end public fund deposits if they are considered undercapitalized or assigned to pledge 110% by the Office of the State Treasurer. In the event of a bank failure, the entire pool of collateral pledged by all qualified Oregon public funds bank depositories is available to repay deposits of public funds of government entities. The District holds accounts at Willamette Community Bank for deposits are insured by the FDIC up to \$250,000. At June 30, 2023 the District's had deposits of \$250,000 covered by FDIC insurance and \$299,722 collateralized under the PFCP.

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June 30, 2023

Deposits

The District's deposits and investments at June 30, 2023 were as follows:

Cash on hand	\$	127
Checking accounts		546,176
Total deposits and investments	\$	546,303

Cash and investments by fund:

Governmental activities		
General Fund	\$	476,180
Swim Club Fund (book overdraft)		(696)
Reserve Fund		70,819
Total cash and investments	\$	546,303

B. Capital Assets

Capital asset activity for the year ended June 30, 2023 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities				
Capital assets being depreciated				
Leasehold improvements	\$ 1,191,781	\$ -	\$ -	\$ 1,191,781
Office equipment	20,728	-	-	20,728
Pool equipment	111,174	-	-	111,174
Total capital assets being depreciated	1,323,683	-	-	1,323,683
Less accumulated depreciation for				
Leasehold improvements	(732,406)	(55,484)	-	(787,890)
Office equipment	(20,253)	(139)	-	(20,392)
Pool equipment	(109,191)	(232)	-	(109,423)
Total accumulated depreciation	(861,850)	(55,855)	-	(917,705)
Governmental activities capital assets, net	\$ 461,833	\$ (55,855)	\$ -	\$ 405,978

Depreciation expense was charged to functions/programs of the District as follows:

Governmental activities	
Recreation services	\$ 55,855

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Capital assets are reported on the statement of net position as follows:

	<u>Capital Assets</u>	<u>Accumulated Depreciation</u>	<u>Net Capital Assets</u>
Governmental activities			
Leasehold improvements	\$ 1,191,781	\$ (787,890)	\$ 403,891
Office equipment	20,728	(20,392)	336
Pool equipment	<u>111,174</u>	<u>(109,423)</u>	<u>1,751</u>
Total capital assets	<u>\$ 1,323,683</u>	<u>\$ (917,705)</u>	<u>\$ 405,978</u>

C. Deferred Outflows and Inflows of Resources

Deferred outflows and inflows of resources at June 30, 2023 are summarized as follows:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Net OPEB RHIA asset	\$ 993	\$ (301)
Net pension liability	<u>236,369</u>	<u>(176,642)</u>
	<u>\$ 237,362</u>	<u>\$ (176,943)</u>

D. Compensated Absences

The following is a summary of compensated absences transactions for the year:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>
Governmental activities				
Compensated absences	<u>\$ 7,762</u>	<u>\$ 24,240</u>	<u>\$ -</u>	<u>\$ 32,002</u>

The General Fund has traditionally been used to liquidate compensated absences liabilities.

E. Long-Term Liabilities

1. Changes in Long-Term Liabilities

The following is a summary of long-term liabilities transactions for the year:

	<u>Interest Rate</u>	<u>Original Amount</u>	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Governmental activities							
SELP Loan payable	3.77%	<u>\$ 455,546</u>	<u>\$ 153,239</u>	<u>\$ -</u>	<u>\$ 36,170</u>	<u>\$ 117,069</u>	<u>\$ 37,557</u>

2. Interest Expense

Interest expense for the year ended June 30, 2023 amounted to \$5,155.

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3. Loan Payable

The loan payable was signed on January 28, 2011 with the State of Oregon Energy Loan Program (SELP). Interest on the loan is 5.5%, with monthly payments of \$3,724. The General Fund has traditionally been used to liquidate long-term debt.

4. Future Maturities of Long-Term Debt

Year Ending June 30	Loan Payable		
	Principal	Interest	Total
2024	\$ 37,557	\$ 3,768	\$ 41,325
2025	38,998	2,327	41,325
2026	<u>40,514</u>	<u>832</u>	<u>41,346</u>
Total	<u>\$ 117,069</u>	<u>\$ 6,927</u>	<u>\$ 123,996</u>

F. Constraints on Fund Balance

The following is a summary of fund balance constraints as of June 30, 2023:

	General Fund	Swim Club Fund	Reserve Fund	Total Governmental Funds
Fund balances:				
Nonspendable: Prepaid expenses	\$ 4,754	\$ -	\$ -	\$ 4,754
Committed for:				
Pool expansion	40,160	-	70,819	110,979
Unassigned	<u>382,313</u>	<u>(696)</u>	<u>-</u>	<u>381,617</u>
Total fund balances	<u>\$ 427,227</u>	<u>\$ (696)</u>	<u>\$ 70,819</u>	<u>\$ 497,350</u>

G. Interfund Transfers

During the year ended June 30, 2023, the District's transfers were as follows:

	Transfers in:
	Reserve Fund
Transfers out:	
General Fund	<u>\$ 55,000</u>

The primary purpose was to reserve funds for future capital outlay purchases.

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June 30, 2023

III. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. Excess of Expenditures Over Appropriations

During the year ended June 30, 2023, the District expended funds in excess of appropriations as follows:

Fund	Function	Appropriation	Expenditure	Excess
Reserve Fund	Materials and services	\$ -	\$ 9,801	\$ 9,801

IV. OTHER INFORMATION

A. Risk Management

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters for which the District carries commercial insurance. There was no significant reduction in insurance coverage from the previous year. There were no insurance settlements exceeding insurance coverage in any of the past three years.

B. Retirement Plans

1. Oregon Public Employees Retirement System

General Information about the Pension Plan

The Oregon Public Employees Retirement System (OPERS) consists of a cost-sharing, multiple-employer defined benefit plan (Plan) for units of state government, political subdivisions, community colleges, and school districts, containing multiple actuarial pools. Plan assets may be used to pay the benefits of the employees of any employer that provides pensions through the Plan. As of June 30, 2022, there were 939 participating employers.

Plan Membership

As of June 30, 2022, there were 11,413 active plan members, 129,376 retired plan members or their beneficiaries currently receiving benefits, 8,372 inactive plan members entitled to but not yet receiving benefits, for a total of 149,161 Tier One members.

For Tier Two members, as of June 30, 2022, there were 27,056 active plan members, 20,720 retired plan members or their beneficiaries currently receiving benefits, 13,335 inactive plan members entitled to but not yet receiving benefits, for a total of 61,111.

As of June 30, 2022, there were 142,471 active plan members, 10,230 retired plan members or their beneficiaries currently receiving benefits, 8,625 inactive plan members entitled to but not yet receiving benefits, and 21,482 inactive plan members not eligible for refund or retirements, for a total of 182,808 OPSRP Pension Program members.

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Plan Benefits

Plan benefits of the System are established by the legislature pursuant to Oregon Revised Statute (ORS) Chapters 238 and 238A, and Internal Revenue Code Section 401(a).

Tier One/Tier Two Retirement Benefit (Chapter 238) - OPERS is a defined benefit pension plan that provides retirement and disability benefits, annual cost-of-living-adjustments, and death benefits to members and their beneficiaries. Benefits are established by state statute. This defined benefit pension plan is closed to new members hired on or after August 29, 2003.

Pension Benefits

The OPERS retirement allowance is payable monthly for life. It may be selected from 13 retirement benefit options that are actuarially equivalent to the base benefit. 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, 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 a formula plus annuity (for members who were contributing before August 21, 1981) or a money match computation if a greater benefit results.

A member is considered vested and will be eligible at minimum retirement age for a service retirement allowance if he or she has had a contribution in each of five calendar years or has reached at least 50 years of age before ceasing employment with a participating employer (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 One 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 Two members are eligible for full benefits at age 60. Police and Fire members may purchase increased benefits that are payable between the date of retirement and age 65.

Death Benefits

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

- Member was employed by a 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

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- Member was on an official leave of absence from a PERS-covered job at the time of death.

Disability Benefits

A member with 10 or more years of creditable service who becomes disabled from other than duty-connected causes may receive a non-duty disability benefit.

A disability resulting from a job-incurred injury or illness qualifies a member (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 monthly benefit.

Benefit Changes after Retirement

Members may choose to continue participation in their variable account after retiring and may experience annual benefit fluctuations caused by changes in the fair value of the underlying global equity investments of that account.

Under ORS 238.360 monthly benefits are adjusted annually through cost-of-living changes. The cap on the COLA in fiscal year 2015 and beyond will vary based on the amount of the annual benefit, in accordance with *Moro* decision. The COLA is capped at 2.0 percent.

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

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

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Death Benefits

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

Disability Benefits

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

Benefit Changes After Retirement

Under ORS 238A.210 monthly benefits are adjusted annually through cost-of-living changes. The cap on the COLA in fiscal year 2015 and beyond will vary based on the amount of the annual benefit, in accordance with *Moro* decision. The COLA is capped at 2.0 percent.

OPSRP Individual Account Program (OPSRP 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

An IAP member becomes vested on the date the employee account is established or on the date the rollover account was established. If the employer makes optional employer contributions for a member, the member becomes vested on the earliest of the following dates: the date the member completes 600 hours of service in each of five calendar years, the date the member reaches normal retirement age, the date the IAP is terminated, the date the active member becomes disabled, or the date the active member dies.

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

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.

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Contributions

OPERS funding policy provides for monthly employer contributions at actuarially determined rates. These contributions, expressed as a percentage of covered payroll, are intended to accumulate sufficient assets to pay benefits when due. This funding policy applies to the OPERS Defined Benefit Plan and the Other Postemployment Benefit Plans. Employer contribution rates during the period were based on the December 31, 2020 actuarial valuation, which became effective July 20, 2021. The State of Oregon and certain schools, community colleges, and political subdivisions have made unfunded actuarial liability payments, and their rates have been reduced. Member contributions are set by statute at six percent of salary and are remitted by participating employers. The contributions are either deducted from member salaries or paid by the employers on the members' behalf. As permitted, the District has opted to pick-up the contributions on behalf of its employees. Employer contributions for the year ended June 30, 2023 were \$67,379.

Annual Comprehensive Financial Report (ACFR)

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

<https://www.oregon.gov/pers/Documents/Financials/CAFR/2022-ACFR.pdf>

Actuarial Valuations

The employer contribution rates effective June 30, 2022 were set using the entry age normal actuarial cost method. For the Tier One/Tier Two component of the PERS Defined Benefit Plan, this method produced an employer contribution rate consisting of (1) an amount for normal cost (the estimated amount necessary to finance benefits earned by the employees during the current service year), (2) an amount for the amortization of unfunded actuarial accrued liabilities, which are being amortized over a fixed period with new unfunded actuarial accrued liabilities being amortized over 20 years. For the OPSRP Pension Program component of the PERS Defined Benefit Plan, this method produced an employer contribution rate consisting of (a) an amount for normal cost (the estimated amount necessary to finance benefits earned by the employees during the current service year), (b) an 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 liabilities being amortized over 16 years.

Actuarial Methods and Assumptions:

Valuation Date	December 31, 2020
Measurement Date	June 30, 2022

LEBANON AQUATIC DISTRICT
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Experience Study	2020, published July 20, 2021
<i>Actuarial Assumptions:</i>	
Actuarial Cost Method	Entry age normal
Inflation Rate	2.40 percent
Long-term Expected Rate of Return	6.90 percent
Discount Rate	6.90 percent
Projected Salary Increases	3.40 percent
Cost of living adjustment (COLA)	Blend of 2.00% COLA and graded COLA (1.25%/.15%) in accordance with <i>Moro</i> decision; blend based on service.
Mortality	<p>Health 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.</p> <p>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.</p> <p>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.</p>

Actuarial valuations of an ongoing plan involve estimates of the 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 methods and assumptions shown above are on the 2020 Experience Study, which reviewed experience for the four-year period ended December 31, 2020. There were no differences between the assumptions and plan provisions used for June 30, 2022 measurement date calculations compared to those shown above.

LEBANON AQUATIC DISTRICT
Lebanon, Oregon

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2023

Actuarial Methods and Assumptions

Assets are valued at their market value. Gains and losses between odd-year valuations are amortized as a level percentage of combined valuation payroll over 20 years from the odd-year valuation in which they are first recognized. For purposes of measuring the net pension liability, deferred outflows and inflows of resources related to pensions, and pension expense, information about the fiduciary net position of Oregon PERS and additions to/deductions from Oregon PERS' fiduciary net position have been determined on the same basis as they are reported by Oregon PERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Discount Rate

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

Depletion Date Projection

GASB 68 generally requires that a blended discount rate be used to measure the Total Pension Liability (the Actuarial Accrued Liability calculated using the Individual Entry Age Normal Cost Method). The long-term expected return on plan investments may be used to discount liabilities to the extent that the plan's Fiduciary Net Position is projected to cover benefit payments and administrative expenses. A 20-year high quality (AA/Aa or higher) municipal bond rate must be used for periods where the Fiduciary Net Position is not projected to cover benefit payments and administrative expenses. Determining the discount rate under GASB 68 will often require that the actuary perform complex projections of future benefit payments and pension plan investments. GASB 68 (paragraph 67) does allow for alternative evaluations of projected solvency if such evaluation can reliably be made. GASB does not contemplate a specific method for making an alternative evaluation of sufficiency; it is left to professional judgment. The following circumstances justify an alternative evaluation of sufficiency for OPERS:

- OPERS has a formal written policy to calculate an Actuarially Determined Contribution (ADC), which is articulated in the actuarial valuation report.
- The ADC is based on a closed, layered amortization period, which means that payment of the full ADC each year will bring the plan to a 100% funded position by the end of the amortization period if future experience follows assumption.

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- GASB 68 specifies that the projections regarding future solvency assume that plan assets earn the assumed rate of return and there are no future changes in the plan provisions or actuarial methods and assumptions, which means that the projections would not reflect any adverse future experience which might impact the plan’s funded position.

Based on these circumstances, it is our independent actuary’s opinion that the detailed depletion date projections outlined in GASB 68 would clearly indicate that the Fiduciary Net Position is always projected to be sufficient to cover benefit payments and administrative expenses.

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 2022 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. 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. For more information on the Plan’s portfolio, assumed asset allocation, and the long-term expected rate of return for each major asset class, calculated using both arithmetic and geometric means, see PERS’ audited financial statements at:

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

OIC Target and Actual Investment Allocation as of June 30, 2022

<u>Asset Class/Strategy</u>	<u>OIC Policy Low Range</u>	<u>OIC Policy High Range</u>	<u>OIC Target Allocation</u>	<u>Actual Allocation²</u>
Debt Securities	15.0%	25.0%	20.0%	19.8%
Public Equity	25.0%	35.0%	30.0%	21.2%
Real Estate	7.5%	17.5%	12.5%	13.6%
Private Equity	15.0%	27.5%	20.0%	28.0%
Risk Parity	0.0%	3.5%	2.5%	2.0%
Real Assets	2.5%	10.0%	7.5%	7.9%
Diversifying Strategies	2.5%	10.0%	7.5%	4.9%

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Opportunity Portfolio ¹	0.0%	5.0%	0.0%	2.6%
Total			100.0%	100.0%

¹Opportunity Portfolio is an investment strategy, and it may be invested up to 5% of total Fund assets.

² Based on the actual investment value at 6/30/2022.

³ October 2021, the Alternative Portfolio was split into Real Assets and Diversifying Strategies.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2023, the District reported a liability of \$442,482 for its proportionate share of the net pension liability. The net pension liability was measured at June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date.

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.

At June 30, 2023, the District's proportion was 0.00288977%. For the year ended June 30, 2023, the District recognized pension expense of \$68,891. At June 30, 2023, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
	<u> </u>	<u> </u>
Differences between expected and actual experience	\$ 21,479	\$ (2,759)
Changes of assumptions	69,428	(634)
Net difference between projected and actual earnings on investments	-	(79,107)
Changes in proportionate share	78,083	(26,476)
Differences between employer contributions and employer's proportionate share of system contributions	<u>-</u>	<u>(67,666)</u>
Total (prior to post-MD contributions)	168,990	(176,642)
Contributions subsequent to the MD	<u>67,379</u>	<u>-</u>
Total (subsequent to post-MD contributions)	<u>\$ 236,369</u>	<u>\$ (176,642)</u>

LEBANON AQUATIC DISTRICT
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NOTES TO BASIC FINANCIAL STATEMENTS

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Differences between expected and actual experience, changes in assumptions, and changes in employer proportion are amortized over the average remaining service lives of all plan participants, including retirees, determined as of the beginning of the respective measurement period. Employers are required to recognize pension expense based on the balance of the closed period “layers” attributable to each measurement period. The average remaining service life determined as of the beginning of the June 30, 2022 measurement period is 5.5 years.

Amounts reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in subsequent years as follows:

Employer subsequent fiscal years:	Deferred Outflow/(Inflow) of Resources (prior to post-measurement date contributions)
1st Fiscal Year	\$ 3,414
2nd Fiscal Year	(10,715)
3rd Fiscal Year	(28,920)
4th Fiscal Year	33,590
5th Fiscal Year	(5,023)

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 higher discount rate that is 1-percentage-point lower (5.90 percent) or 1-percentage-point higher (7.90 percent) than the current rate:

District’s proportionate share of the net pension liability (asset):

1% Decrease (5.90%)	Discount Rate (6.90%)	1% Increase (7.90%)
\$ 784,703	\$ 442,482	\$ 156,058

Changes Subsequent to the Measurement Date

We are not aware of any changes subsequent to the June 30, 2022 measurement date that meet this requirement and thus would require a brief description under GASB standard.

LEBANON AQUATIC DISTRICT
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NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2023

C. Other Post-Employment Benefits (GASB 75) RHIA - Oregon PERS Plan

1. Oregon Public Employees Retirement System (PERS) Retirement Health Insurance Account (RHIA) Other Post-Employment Benefit (OPEB) Plan (the Plan)

General Information about the OPEB Plan

The Oregon PERS RHIA consists of a single cost-sharing multiple-employer defined benefit OPEB plan for units of state government, political subdivisions, community colleges, and school districts, containing multiple actuarial pools. Plan assets may be used to pay the benefits of the employees of any employer that provides pensions through the Plan. As of June 30, 2022, there were 812 participating employers.

Plan Benefits - PERS RHIA (Chapter 238)

Plan benefits of the System are established by the legislature pursuant to Oregon Revised Statute (ORS) Chapters 238 and 238A, and the Internal Revenue Code Section 401(a).

OPEB Membership

RHIA was established by ORS 238.420 and authorizes a payment of up to \$60 from RHIA toward the monthly costs of health insurance. The Plan is closed to new members hired on or after August 29, 2003. 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 PERS at the time of retirement or receive a disability allowance as if the member had eight years or more of creditable service in PERS, (2) receive both Medicare Parts A and B coverage, and (C) enroll in a PERS-sponsored health plan. As of June 30, 2022, the inactive RHIA plan participants currently receiving benefits totaled 38,259 active and 12,409 inactive members who meet the requirements to receive RHIA benefits when they retire.

Basis of Accounting

Contributions for employers are recognized on the accrual basis of accounting.

Employer contributions to PERS are calculated based on creditable compensation for active members reported by employers. Employer contributions are accrued when due pursuant to legal requirements. These are amounts normally included in the employer statements cut off as of the fifth of the following month. The schedules of OPEB amounts by Employer does not reflect deferred outflows of resources related to contributions made by employers after the measurement date. Consistent with GASB Statement No. 75, paragraph 59(a), employer proportions are determined 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.

LEBANON AQUATIC DISTRICT
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NOTES TO BASIC FINANCIAL STATEMENTS

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Contributions

Employer contributions for the year ended June 30, 2023 were \$12.

OPEB RHIA Plan Annual Comprehensive Financial Report (ACFR)

All assumptions, methods, and plan provisions used in these calculations are described in the Oregon PERS RHIA Cost-Sharing Multiple-Employer OPEB Plan Schedules of Employer Allocations and OPEB Amounts by Employer report, as of and for 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/Documents/Financials/ACFR/2022-Annual-Comprehensive-Financial-Report.pdf>

Proportionate Share Allocation Methodology

The basis for the employer’s proportion 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. If the employer did not make contributions during the fiscal year, their proportionate share will be set to zero and the employer will be allocated no proportionate share of the OPEB amounts.

Actuarial Methods and Assumptions:

Valuation Date	December 31, 2020
Measurement Date	June 30, 2022
Experience Study	2020, published July 20, 2021
<i>Actuarial Assumptions:</i>	
Actuarial Cost Method	Entry age normal
Inflation Rate	2.40 percent
Long-term Expected Rate of Return	6.90 percent
Discount Rate	6.90 percent
Projected Salary Increases	3.40 percent
Retiree healthcare participation	Healthy retirees: 27.5%; disabled retirees: 15%
Mortality	Health 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.

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	<p>Active members: Pub-2010 Employees, sex distinct, generational with Unisex, Social Security Data Scale, with job category adjustments and set-backs as described in the valuation.</p> <p>Disabled retirees: Pub-2010 Disabled Retirees, sex distinct, generational with Unisex, Social Security Data Scale, with job category adjustments and set-backs as described in the valuation.</p>
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Actuarial valuations of an ongoing plan involve estimates of the value of projected benefits and assumptions about the probability of events far into the future. Actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future.

Experience studies are performed as of December 31 of even numbered years. The methods and assumptions shown above are on the 2020 Experience Study, which reviewed experience for the four-year period ended December 31, 2020. There were no differences between the assumptions and plan provisions used for June 30, 2022 measurement date calculations compared to those shown above, except as follows:

The H.R. 1865 Further Consolidated Appropriations Act, which was signed into law on December 20, 2019, repealed the Cadillac tax on high-cost health plans. The RHIPA Total OPEB asset as of the June 30, 2022 measurement date shown reflects the repeal of the Cadillac tax.

Discount Rate

The discount rate used to measure the total OPEB liability at June 30, 2022 was 6.90. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and those of the contributing employers are made at the contractually required rates, as actuarially determined. Based on those assumptions, the 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 was applied to all periods of projected benefit payments to determine the total OPEB liability.

Long-Term Expected Rate of Return

For GASB 74 and GASB 75, the long-term expected rate of return assumption is generally not required to be updated between a) the assumption used to develop liabilities at the actuarial valuation date and b) the roll-forward measurement date at which GASB liability are reported unless there is an indication that the assumption used on the actuarial valuation date is no longer supportable as of the GASB measurement date. The long-term expected rate of return used in the December 31, 2020 actuarial valuation for funding purposes was 6.90%.

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NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2023

After a public review process that commenced prior to June 30, 2022 and was based on capital market outlook models developed prior to that date, the PERS Board selected a lower long-term expected rate of investment return assumption of 6.90% on July 23, 2021 to be used in the December 31, 2020 and December 31, 2021 actuarial valuations for funding purposes. At the same time, the PERS Board reduced the inflation and payroll growth assumptions to 2.40% and 3.40%, respectively. We understand PERS has chosen to reflect these updated economic assumptions for the calculation of June 30, 2022 measurement date GASB liabilities. As such, the June 30, 2022 total OPEB Liability reflects a long-term expected rate of return of 6.90%, an inflation assumption of 2.40%, and a payroll growth assumption of 3.40%. For more information on the Plan's portfolio, assumed asset allocation, and the long-term expected rate of return for each major asset class, calculated using both arithmetic and geometric means, see PERS' audited financial statements at:

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

Depletion Date Projection

GASB 75 generally requires that a blended discount rate be used to measure the Total OPEB Liability (the Actuarial Accrued Liability calculated using the Individual Entry Age Normal Cost Method). The long-term expected return on plan investments may be used to discount liabilities to the extent that the plan's Fiduciary Net Position (fair market value of assets) is projected to cover benefit payments and administrative expenses. A 20-year high quality (AA/Aa or higher) municipal bond rate must be used for periods where the Fiduciary Net Position is not projected to cover benefit payments and administrative expenses. Determining the discount rate under GASB 75 will often require that the actuary perform complex projections of future benefit payments and pension plan investments. GASB 75 (paragraph 82) does allow for alternative evaluations of projected solvency if such evaluation can reliably be made. GASB does not contemplate a specific method for making an alternative evaluation of sufficiency; it is left to professional judgment. The following circumstances justify an alternative evaluation of sufficiency for OPEB Plan:

- OPERS has a formal written policy to calculate an Actuarially Determined Contribution (ADC), which is articulated in the actuarial valuation report.
- The ADC is based on a closed, layered amortization period, which means that payment of the full ADC each year will bring the plan to a 100% funded position by the end of the amortization period if future experience follows assumption.
- GASB 75 specifies that the projections regarding future solvency assume that plan assets earn the assumed rate of return and there are no future changes in the plan provisions or actuarial methods and assumptions, which means that the projections would not reflect any adverse future experience which might impact the plan's funded position.

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NOTES TO BASIC FINANCIAL STATEMENTS

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Based on these circumstances, it is our independent actuary's opinion that the detailed depletion date projections outlined in GASB 75 would clearly indicate that the Fiduciary Net Position is always projected to be sufficient to cover benefit payments and administrative expenses. There remains substantial uncertainty regarding the impact of COVID-19 on plan costs, including whether the pandemic will increase or decrease costs in the near and longer term. For example, health care expenditures unrelated to COVID-19 have decreased substantially since stay-at-home orders have been in place on account of physician practices closing for most visits and nonemergency surgeries being postponed. Some services will be postponed until a later date while others may never occur, and the drop in utilization for services unrelated to COVID-19 may offset potential increases in health costs related to COVID-19. Therefore, we have deferred making an adjustment to expected plan costs until more information is known. It is possible that the COVID-19 pandemic could have a material impact on the projected costs.

OPEB Assets, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

At June 30, 2023, the District reported an asset of \$2,197 for its proportionate share of the OPEB asset. The OPEB asset was measured at June 30, 2022, and the total OPEB asset used to calculate the net OPEB asset was determined by an actuarial valuation as of that date. The District's proportion of the net OPEB asset was based on a projection of the District's long-term share of contributions to the OPEB plan relative to the projected contributions of all participating employers, actuarially determined. At December 31, 2020 the District's proportion was 0.00061826%. For the year ended June 30, 2023, the District recognized OPEB expense of \$706.

At June 30, 2023, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ (60)
Changes of assumptions	17	(73)
Net difference between projected and actual earnings on investments	-	(168)
Changes in proportionate share	964	-
Total (prior to post-MD contributions)	981	(301)
Contributions subsequent to the MD	12	-
Total (subsequent to post-MD contributions)	\$ 993	\$ (301)

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Differences between expected and actual experience, changes in assumptions, and changes in employer proportion are amortized over the average remaining service lives of all plan participants, including retirees, determined as of the beginning of the respective measurement period. Employers are required to recognize OPEB expense based on the balance of the closed period “layers” attributable to each measurement period. The average remaining service life determined as of the beginning of the June 30, 2022 measurement period is 2.5 years.

Amounts reported as deferred outflows of resources related to OPEB resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB asset in the year ended June 30, 2023. Other amounts reported by the District as deferred outflows or inflows of resources related to OPEB will be recognized in OPEB expense in subsequent years as follows:

Employer subsequent fiscal years:	Deferred Outflow/(Inflow) of Resources (prior to post-measurement date contributions)
1st Fiscal Year	\$ 686
2nd Fiscal Year	47
3rd Fiscal Year	(106)
4th Fiscal Year	54
5th Fiscal Year	-

Sensitivity of the District’s Proportionate Share of the Net OPEB Asset to Changes in the Discount Rate

The following presents the District’s proportionate share of the net OPEB asset calculated using the discount rate of 6.90 percent, as well as what the District’s proportionate share of the net OPEB asset would be if it were calculated using a higher discount rate that is 1-percentage-point lower (5.90 percent) or 1-percentage-point higher (7.90 percent) than the current rate.

District’s proportionate share of the net OPEB (asset) liability:

1% Decrease (5.90%)	Discount Rate (6.90%)	1% Increase (7.90%)
\$ (1,980)	\$ (2,197)	\$ (2,383)

Changes Subsequent to the Measurement Date

We are not aware of any changes subsequent to the June 30, 2022 measurement date that meet the requirement requiring a brief description under the GASB standard.

LEBANON AQUATIC DISTRICT
Lebanon, Oregon

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2023

D. Commitments

Lebanon Aquatic District leases the pool facility from the Lebanon Community School District. The current lease is for a twenty-year period beginning July 1, 2003. The annual rent payment is \$1 per year.

E. New Pronouncements

For the fiscal year ended June 30, 2023, the District implemented the following new accounting standards:

GASB Statement No. 94, *Public-Private and Public-Public Partnerships and Availability of Arrangements* - This Statement is to improve financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs).

GASB Statement No. 96, *Subscription-Based Information Technology Arrangements* - This statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users.

GASB Statement No. 99, *Omnibus 2022*. This statement was issued April 2022 and enhances comparability in accounting and financial reporting to improve the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements. This Statement addresses a variety of topics including issues related to lease implementation, public-private and public-public partnerships and availability payment arrangements, and subscription-based information technology arrangements.

GASB Statement No. 101, *Compensated Absences*. This statement was issued to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures.

The District will implement applicable new GASB pronouncements no later than the required fiscal year. Management has not determined the effect on the financial statements for implementing any of the following pronouncements:

GASB Statement No. 99, *Omnibus 2022*. This statement was issued April 2022 and enhances comparability in accounting and financial reporting to improve the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements. This Statement addresses a variety of topics including issues related to financial guarantees and classification of derivatives.

LEBANON AQUATIC DISTRICT
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NOTES TO BASIC FINANCIAL STATEMENTS

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GASB Statement No. 100, Accounting Changes and Error Corrections. This statement was issued to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability.

F. Subsequent Events

Management has evaluated subsequent events through December 22, 2023, which was the date that the financial statements were available to be issued.

REQUIRED SUPPLEMENTARY INFORMATION

LEBANON AQUATIC DISTRICT
Lebanon, Oregon

SCHEDULES OF THE DISTRICT'S PROPORTIONATE SHARE OF THE
NET PENSION LIABILITY AND DISTRICT CONTRIBUTIONS

OREGON PERS SYSTEM

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 net pension liability (NPL)	(c) Employer's covered payroll	(b/c) NPL as a % of covered payroll	Plan fiduciary net position as a % of the total pension liability
2015	0.00301574%	\$ (68,358)	\$ 217,852	-31.38%	103.59%
2016	0.00241487%	\$ 138,649	\$ 185,238	74.85%	91.88%
2017	0.00211776%	\$ 317,925	\$ 176,548	180.08%	80.53%
2018	0.00212784%	\$ 286,834	\$ 189,354	151.48%	83.12%
2019	0.00241931%	\$ 366,494	\$ 224,001	163.61%	82.07%
2020	0.00264592%	\$ 457,681	\$ 235,745	194.14%	80.20%
2021	0.00224365%	\$ 489,642	\$ 219,930	222.64%	75.79%
2022	0.00289842%	\$ 346,839	\$ 293,266	118.27%	87.60%
2023	0.00288977%	\$ 442,482	\$ 302,978	146.04%	84.50%

Schedule of Contributions

Year Ended June 30,	Contractually required contribution	Contributions in relation to the contractually required contribution	Contribution deficiency (excess)	Employer's covered payroll	Contributions as a % of covered payroll
2015	\$ 15,387	\$ (15,387)	\$ -	\$ 217,852	7.06%
2016	\$ 18,161	\$ (18,161)	\$ -	\$ 269,024	6.75%
2017	\$ 28,824	\$ (28,824)	\$ -	\$ 287,079	10.04%
2018	\$ 36,624	\$ (36,624)	\$ -	\$ 229,238	15.98%
2019	\$ 37,365	\$ (37,365)	\$ -	\$ 214,921	17.39%
2020	\$ 55,134	\$ (55,134)	\$ -	\$ 248,625	22.18%
2021	\$ 44,773	\$ (44,773)	\$ -	\$ 232,463	19.26%
2022	\$ 52,143	\$ (52,143)	\$ -	\$ 225,861	23.09%
2023	\$ 67,379	\$ (67,379)	\$ -	\$ 313,228	21.51%

LEBANON AQUATIC DISTRICT
Lebanon, Oregon

SCHEDULES OF THE DISTRICT'S PROPORTIONATE SHARE OF THE
NET OPEB LIABILITY AND DISTRICT CONTRIBUTIONS

OREGON PERS SYSTEM RHIA

Schedule of the Proportionate Share of the Net OPEB RHIA

Year Ended June 30,	(a) Employer's proportion of the net OPEB RHIA liability (asset)	(b) Employer's proportionate share net OPEB RHIA liability (asset)	(c) Employer's covered payroll	(b/c) RHIA as a % of covered payroll	Plan fiduciary net position as a % of the total OPEB RHIA liability (asset)
2020	0.00192612%	\$ (3,722)	\$ 235,745	-1.58%	144.40%
2021	0.00193502%	\$ (3,943)	\$ 219,930	-1.79%	150.07%
2022	0.00091180%	\$ (3,131)	\$ 293,266	-1.07%	183.90%
2023	0.00061826%	\$ (2,197)	\$ 302,978	-0.73%	194.60%

Schedule of Contributions

Year Ended June 30,	Contractually required contribution	Contributions in relation to the contractually required contribution	Contribution deficiency (excess)	Employer's covered payroll	Contributions as a % of covered payroll
2020	\$ 138	\$ (138)	\$ -	\$ 248,625	0.50%
2021	\$ 24	\$ (24)	\$ -	\$ 232,463	0.02%
2022	\$ 15	\$ (15)	\$ -	\$ 225,861	0.02%
2023	\$ 12	\$ (12)	\$ -	\$ 313,288	0.02%

LEBANON AQUATIC DISTRICT
Lebanon, Oregon

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
 BUDGET AND ACTUAL

GENERAL FUND

For the Year Ended June 30, 2023

	Original and Final Budget	Variance with Final Budget Over (Under)	Actual GAAP Basis
REVENUES			
Charges for services	\$ 187,000	\$ 55,131	\$ 242,131
Property taxes	569,948	22,025	591,973
Investment earnings	1,000	1,538	2,538
Grants and contributions	500	3,204	3,704
Total revenues	758,448	81,898	840,346
EXPENDITURES			
Current			
Personnel services	576,900	(58,379)	518,521
Materials and services	198,900	(15,714)	183,186
Debt service	41,326	(1)	41,325
Capital outlay	10,500	(8,307)	2,193
Contingency	40,222	(40,222)	-
Total expenditures	867,848	(122,623)	745,225
Excess (deficiency) of revenues over (under) expenditures	(109,400)	204,521	95,121
OTHER FINANCING SOURCES (USES)			
Transfers out	(55,000)	-	(55,000)
Net change in fund balance	(164,400)	204,521	40,121
Fund balance - beginning	255,000	132,106	387,106
Fund balance - ending	\$ 90,600	\$ 336,627	\$ 427,227

LEBANON AQUATIC DISTRICT
Lebanon, Oregon

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
 BUDGET AND ACTUAL

SWIM CLUB FUND

For the Year Ended June 30, 2023

	<u>Original and Final Budget</u>	<u>Variance with Final Budget Over (Under)</u>	<u>Actual GAAP Basis</u>
REVENUES			
Charges for services	\$ 24,000	\$ (6,690)	\$ 17,310
Miscellaneous	<u>11,000</u>	<u>(1,343)</u>	<u>9,657</u>
Total revenues	<u>35,000</u>	<u>(8,033)</u>	<u>26,967</u>
EXPENDITURES			
Current			
Personnel services	40,200	(5,764)	34,436
Materials and services	17,300	(7,727)	9,573
Contingency	<u>2,500</u>	<u>(2,500)</u>	<u>-</u>
Total expenditures	<u>60,000</u>	<u>(15,991)</u>	<u>44,009</u>
Excess (deficiency) of revenues over (under) expenditures	(25,000)	7,958	(17,042)
Fund balance - beginning	<u>25,000</u>	<u>(8,654)</u>	<u>16,346</u>
Fund balance - ending	<u>\$ -</u>	<u>\$ (696)</u>	<u>\$ (696)</u>

OTHER SUPPLEMENTARY INFORMATION

LEBANON AQUATIC DISTRICT
Lebanon, Oregon

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
 BUDGET AND ACTUAL

RESERVE FUND

For the Year Ended June 30, 2023

	<u>Original and Final Budget</u>	<u>Variance with Final Budget Over (Under)</u>	<u>Actual GAAP Basis</u>
REVENUES	\$ -	\$ -	\$ -
EXPENDITURES			
Current			
Materials and services	<u>-</u>	<u>9,801</u>	<u>9,801</u>
Excess (deficiency) of revenues over (under) expenditures	-	(9,801)	(9,801)
OTHER FINANCING SOURCES (USES)			
Transfers in	<u>55,000</u>	<u>-</u>	<u>55,000</u>
Net change in fund balance	55,000	(9,801)	45,199
Fund balance - beginning	<u>40,620</u>	<u>(15,000)</u>	<u>25,620</u>
Fund balance - ending	<u>\$ 95,620</u>	<u>\$ (24,801)</u>	<u>\$ 70,819</u>

OTHER FINANCIAL SCHEDULES

LEBANON AQUATIC DISTRICT

Lebanon, Oregon

SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL

GENERAL FUND

For the Year Ended June 30, 2023

	Original and Final Budget	Variance with Final Budget Over (Under)	Actual GAAP Basis
EXPENDITURES			
Current			
Personnel services			
Salaries			
Administrator	\$ 79,850	\$ 874	\$ 80,724
Custodian	26,500	(7,636)	18,864
Office Manager	56,250	(144)	56,106
Pool operator	47,915	(9,910)	38,005
Head lifeguard	33,850	(7,558)	26,292
Part-time temporary	189,500	(27,748)	161,752
Coaching	-	513	513
Fringe benefits			
PERS	61,500	6,731	68,231
Payroll taxes	41,035	(11,046)	29,989
Workers compensation	5,000	2,521	7,521
Employees insurance	35,500	(4,976)	30,524
Total personnel services	576,900	(58,379)	518,521
Materials and services			
Advertising	3,450	7,158	10,608
Communications	4,300	1,498	5,798
Computer expenses	2,150	(2,150)	-
Contract services	56,580	(18,849)	37,731
Dues and subscriptions	1,450	(553)	897
Election cost	7,000	(7,000)	-
Education	2,150	(1,198)	952
Events	300	(230)	70
Insurance	8,450	(187)	8,263
Licenses	2,020	(581)	1,439
Maintenance - building	36,000	(14,805)	21,195
Maintenance - equipment	-	6	6
Meeting and conferences	1,400	526	1,926
Printing services	300	(216)	84
Postage	625	(202)	423
Supplies	38,475	17,193	55,668
Travel	450	(450)	-
Utilities	33,800	4,326	38,126
Total materials and services	198,900	(15,714)	183,186

(Continued)

LEBANON AQUATIC DISTRICT
Lebanon, Oregon

SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL

GENERAL FUND

For the Year Ended June 30, 2023

(Continued)	Original and Final Budget	Variance with Final Budget Over (Under)	<u>Actual GAAP Basis</u>
EXPENDITURES			
Debt service			
Loan principal and interest	\$ 41,326	\$ (1)	\$ 41,325
Capital outlay			
Building	5,500	(3,307)	2,193
Equipment	<u>5,000</u>	<u>(5,000)</u>	<u>-</u>
Total Capital outlay	10,500	(8,307)	2,193
Transfers out	55,000	-	55,000
Contingency	<u>40,222</u>	<u>(40,222)</u>	<u>-</u>
Total expenditures	<u>\$ 922,848</u>	<u>\$ (119,316)</u>	<u>\$ 800,225</u>

LEBANON AQUATIC DISTRICT
Lebanon, Oregon

SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL

SWIM CLUB FUND

For the Year Ended June 30, 2023

	Original and Final Budget	Variance with Final Budget Over (Under)	Actual GAAP Basis
EXPENDITURES			
Current			
Personnel services			
Salaries			
Swim coaches	\$ 33,000	\$ (6,469)	\$ 26,531
Fringe benefits			
PERS	2,100	2,241	4,341
Health insurance	2,600	(1,146)	1,454
Payroll taxes	2,500	(390)	2,110
	40,200	(5,764)	34,436
Total personnel services			
Materials and services			
Coach background checks	300	(282)	18
Coach clinics	450	(450)	-
Coach mileage	800	(399)	401
Coach meet expenditures	250	(250)	-
Coach registrations	700	(308)	392
Coach t-shirts	300	(177)	123
Swimmers Awards/Prizes	200	(200)	-
Miscellaneous supplies	3,500	(1,349)	2,151
Hosting	300	(300)	-
Oregon Swim registration	1,000	(786)	214
Record board name plate	150	(150)	-
Swim meet entry fees	4,000	651	4,651
Swim meet equipment	300	(300)	-
Team apparel	300	57	357
Team t-shirts	-	119	119
Team Unity	1,200	(101)	1,099
USA registrations	3,500	(3,452)	48
Website registrations	50	(50)	-
	17,300	(7,727)	9,573
Total materials and services			
Contingency	2,500	(2,500)	-
	60,000	(15,991)	44,009
Total expenditures	\$ 60,000	\$ (15,991)	\$ 44,009

**AUDIT COMMENTS AND DISCLOSURES REQUIRED BY
STATE REGULATIONS**



**INDEPENDENT AUDITOR'S REPORT
REQUIRED BY OREGON STATE REGULATIONS**

Board of Directors
Lebanon Aquatic District
Lebanon, Oregon 97355

We have audited the basic financial statements of Lebanon Aquatic District as of and for the year ended June 30, 2023 and have issued our report thereon dated December 22, 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 Lebanon Aquatic District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, including the provisions of Oregon Revised Statutes, as specified in Oregon Administrative Rules 162-010-0000 through 162-010-0320 of the Minimum Standards for Audits of Oregon Municipal Corporations, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion.

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

Deposit of public funds with financial institutions (ORS Chapter 295)

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)

In connection with our testing, nothing came to our attention that caused us to believe the District was not in substantial compliance with certain provisions of laws, contracts, and grants, including the provisions of Oregon Revised Statutes, as specified in Oregon Administrative Rules 162-010-0000 through 162-010-0320 of the Minimum Standards for Audits of Oregon Municipal Corporations, except as follows:

A. Excess of Expenditures Over Appropriations

During the year ended June 30, 2023, the District expended funds in excess of appropriations as follows:

<u>Fund</u>	<u>Function</u>	<u>Appropriation</u>	<u>Expenditure</u>	<u>Excess</u>
Reserve Fund	Materials and services	\$ -	\$ 9,801	\$ 9,801

OAR 162-010-0230 Internal Control

In planning and performing our audit, we considered Lebanon Aquatic District’s 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 Lebanon Aquatic District’s internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Lebanon Aquatic District’s internal control over financial reporting.

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



Accuity, LLC
December 22, 2023