

***LAKE OSWEGO SCHOOL
DISTRICT NO. 7J
CLACKAMAS COUNTY, OREGON
FINANCIAL REPORT
For the Fiscal Year Ended June 30, 2022***

Prepared by:
Business Services Department
* * * * *

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Assistant Superintendent of Business Services
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LAKE OSWEGO SCHOOL DISTRICT NO. 7J
CLACKMAS COUNTY, OREGON
JUNE 30, 2022

BOARD OF DIRECTORS

| <u><i>Name</i></u> | <u><i>Title</i></u> | <u><i>Term Expires</i></u> |
|--------------------|---------------------|----------------------------|
| Kirsten Aird | Chair | June 30, 2023 |
| Neelam Gupta | Vice Chair | June 30, 2025 |
| Brian Bills | Member | June 30, 2025 |
| Liz Hartman | Member | June 30, 2025 |
| John Wallin | Member | June 30, 2023 |

The above Board Members receive mail at the address below:

ADMINISTRATION

Lake Oswego School District No.7J
PO Box 70
Lake Oswego, Oregon 97034

Dr. Jennifer Schiele, Superintendent

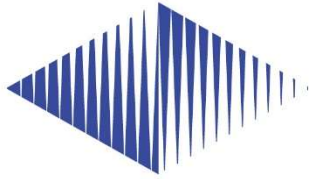
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CLACKAMAS COUNTY, OREGON
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CLACKAMAS COUNTY, OREGON
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INDEPENDENT AUDITOR'S REPORT

School Board
Lake Oswego School District No. 7J
Lake Oswego, Oregon

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Lake Oswego School District No. 7J (the District), as of and for the year ended June 30, 2022, 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 accompanying financial statements present fairly, in all material respects, the respective financial position of the governmental activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Lake Oswego School District No. 7J as of June 30, 2022, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Emphasis of Matter

As discussed in the notes to the financial statements, the District has implemented Governmental Accounting Standards Board (GASB) Statement No. 87, *Leases*, in the current period, which resulted in changes to the presentation of lease related activity. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS, we:

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

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

Required Supplementary Information

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

The budgetary comparison information presented as required supplementary information, is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The other supplementary information and statistical section, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis, as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements

The other supplementary information and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information Included in the Annual Financial Report (AFR)

Management is responsible for the other information included in the AFR. The other information comprises the statistical section but does not include the financial statements and our auditor's report thereon. Our opinions on the financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon. In connection with our audit of the financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Reports on Other Legal and Regulatory Requirements

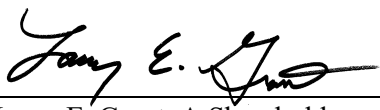
Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 3, 2023 on our consideration of Lake Oswego School District No. 7J's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Other Reporting Required by Oregon Minimum Standards

In accordance with Minimum Standards for Audits of Oregon Municipal Corporations, we have issued our report dated March 3, 2023, on our consideration of the District's compliance with certain provisions of laws and regulations, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules. The purpose of that report is to describe the scope of our testing of compliance and the results of that testing and not to provide an opinion on compliance.

GROVE, MUELLER & SWANK, P.C.
CERTIFIED PUBLIC ACCOUNTANTS

By: 
Larry E. Grant, A Shareholder
March 3, 2023

LAKE OSWEGO SCHOOL DISTRICT NO. 7J, CLACKAMAS COUNTY, OREGON Management's Discussion and Analysis

As management of the Lake Oswego School District No. 7J, Clackamas County, Oregon (Lake Oswego School District or the District), we offer readers this narrative overview and analysis of the financial activities of the Lake Oswego School District for the fiscal year ended June 30, 2022.

Financial Highlights

- The liabilities and deferred inflows of resources exceeded the assets and deferred outflows of resources of Lake Oswego School District at the close of the most recent fiscal year by \$2,677,419 at June 30, 2022. Of this amount, \$70,746,330 is invested in capital assets, net of related debt, and the remainder, \$(73,423,749), is unrestricted. The negative unrestricted portion of net position is due primarily to the District's postemployment benefit and net pension liabilities recorded under generally accepted accounting principles as well as the fact that government entities tend to raise resources when the liabilities are expected to be paid rather than when they are incurred.
- Net position increased by \$354,457 from the prior year's balance, due primarily to continued strong revenues and lower operating costs as result of the pandemic, offset by a \$4.6 million loss recorded on the disposal of the undepreciated balance of the old River Grove Elementary School buildings.
- At June 30, 2022, the District's governmental funds reported combined ending fund balances of \$225,281,160. This substantial balance is due primarily to the unexpended portion of \$165.6 million of general obligation bond proceeds received following approval by District voters to issue up to \$180 million in new bonds at the November 2021 election to replace Lake Oswego Middle School and River Grove Elementary School and make capital improvements throughout the District.
- At June 30, 2022, the General Fund had an unassigned fund balance of \$17,810,992, a decrease of \$3.1 million from the prior year's unassigned fund balance of \$20,928,343. This decrease was due primarily to transfers to other funds to stabilize pension debt costs and artificial turf field replacement costs. Additional information can be found in the Economic Factors and Next Year's Budget discussion near the end of this analysis.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the Lake Oswego School District's basic financial statements. The 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 required and other supplementary information in addition to the basic financial statements themselves.

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 total assets and deferred outflows and total liabilities and deferred inflows with the difference between the two 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, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes, and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). As is typical for a school district, the District has governmental activities, which include instruction, support services, enterprise and community services, facilities, depreciation and amortization, and interest and other charges. The District currently does not have any business-type activities.

The government-wide financial statements can be found on pages 13 - 14 of this report.

Fund Financial Statements are designed to demonstrate compliance with finance-related legal requirements overseeing the use of fund accounting. A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities and objectives. All of the funds of the District are governmental funds.

Governmental funds are used to account for 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 a government'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 *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 fund balance sheet and the governmental fund 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 four major governmental funds. Information is presented separately in the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, the Grants Fund, the Debt Service Fund, and the Capital Projects Fund, all of which are considered to be major funds. Data from the other four governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds at the fund appropriation level is provided in the form of *combining statements* elsewhere in this report.

The District adopts an annual appropriated budget for all of its funds. A budgetary comparison statement has been provided for each fund, individually presented to demonstrate compliance with their budgets.

The governmental fund financial statements can be found on pages 15 - 18 of this report.

Notes To Basic Financial Statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 19 - 53 of this report.

The Combining Statements referred to earlier in connection with nonmajor governmental funds are presented following the notes to the financial statements and required supplementary information along with individual fund schedules.

Government-Wide Financial Analysis

Net position. As noted earlier, net position may serve over time as a useful indicator of the District's financial position. In the case of Lake Oswego School District, assets and deferred outflows of resources were exceeded by liabilities and deferred inflows of resources by \$2,677,419 at the close of the most recent fiscal year. A condensed Statement of Net Position for the current and prior fiscal year-end follows:

Condensed Statement of Net Position

| | Statements of Net Position | |
|--|-----------------------------------|-----------------------|
| | June 30, | |
| | 2022 | 2021 |
| Assets | | |
| Current and Other Assets | \$ 245,453,258 | \$ 100,865,375 |
| Net Capital Assets | 272,099,161 | 263,688,624 |
| Total Assets | <u>517,552,419</u> | <u>364,553,999</u> |
| Deferred Outflows of Resources | <u>29,100,366</u> | <u>31,066,260</u> |
| Total Assets and Deferred Outflows of Resources | <u>546,652,785</u> | <u>395,620,259</u> |
| Liabilities | | |
| Other Liabilities | 18,904,468 | 18,897,393 |
| Long-Term Debt | 429,166,141 | 277,525,318 |
| Pension and OPEB Liabilities | 59,789,233 | 94,583,775 |
| Total Liabilities | <u>507,859,842</u> | <u>391,006,486</u> |
| Deferred Inflows of Resources | <u>41,470,362</u> | <u>7,645,649</u> |
| Total Liabilities and Deferred Inflows of Resources | <u>549,330,204</u> | <u>398,652,135</u> |
| Net Position | | |
| Net Investment in Capital Assets | 70,746,330 | 70,669,229 |
| Restricted | - | 364,256 |
| Unrestricted | (73,423,749) | (74,065,361) |
| Total Net Position | <u>\$ (2,677,419)</u> | <u>\$ (3,031,876)</u> |

Current and other assets increased due primarily to the receipt of \$165.6 million in bond sale proceeds for districtwide facility improvements funded by the \$180 million in general obligation debt approved by District voters in November 2021. Long-term debt obligations have increased by \$151.6 million due to bond sale proceeds of \$165.6 million, comprised of \$152.7 million of bonds at par plus an additional \$12.9 million in bond sale premiums, less normal annual principal payments.

Pension and OPEB liabilities decreased due to pension plan results through June 30, 2021 under GASBS No. 68 and District OPEB results through June 30, 2022 under GASBS No. 75. These liabilities and the related deferred outflows and deferred inflows of resources represent the District's estimated portion of the state PERS pension obligations recorded in the District's statement of net position as more fully discussed in the footnotes beginning at page 35, plus the OPEB liabilities as more fully discussed in the footnotes beginning at page 45. Net capital assets have increased due to the various facility improvements that are underway financed primarily by the new 2022 general obligation debt.

By far the largest portion of the District's net position is its investment in capital assets (e.g., land, buildings, vehicles, and equipment), less any related debt used to acquire those assets that is still outstanding. The District uses these capital assets for classrooms and supporting services for providing K-12 education; consequently, these assets are not available for future spending. Although the District's investment in 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. The source is primarily property taxes levied for debt service.

As previously noted, due primarily to an increase in the District's property tax revenues, continued strong state revenues and lower operating costs as a result of the pandemic, offset by a \$4.6 million loss on the disposal of the old River Grove buildings, the net position of the District increased by \$354,457 during the current fiscal year.

At the end of the current fiscal year, the District's net position - unrestricted shows a deficit balance of \$73,423,749. The government-wide statement of net position recognizes a liability as soon as an obligation is incurred, even though the payment may not be made until some future period, including pension related balances. As governments tend to raise resources when the liabilities are expected to be paid rather than when they are incurred, most governments do not have sufficient current resources to cover long-term liabilities. This is the case for the District.

The revenues and expenses shown below explain changes in net position for the fiscal years ended June 30, 2022 and 2021.

| | 2022 | | 2021 | |
|---|-----------------------|---------|-----------------------|---------|
| Revenues | | | | |
| Program Revenues | | | | |
| Charges for Services | \$ 6,380,267 | 5.16% | \$ 2,785,192 | 2.41% |
| Grants and Contributions | 15,564,540 | 12.59% | 8,445,348 | 7.32% |
| Total Program Revenues | 21,944,807 | 17.75% | 11,230,540 | 9.74% |
| General Revenues | | | | |
| Property Taxes | 72,126,663 | 58.35% | 69,305,066 | 60.08% |
| State Revenue Sharing | 33,279,377 | 26.92% | 34,442,932 | 29.86% |
| Other Federal, State and Local Sources | 1,475,391 | 1.19% | 2,397,018 | 2.08% |
| Investment Earnings | (571,964) | -0.46% | 649,298 | 0.56% |
| Net Gain (Loss) on Disposal of Capital Assets | (4,635,783) | -3.75% | (2,665,496) | -2.31% |
| Total General Revenues | 101,673,684 | 82.25% | 104,128,818 | 90.26% |
| Total Revenues | 123,618,491 | 100.00% | 115,359,358 | 100.00% |
| Expenses | | | | |
| Instruction | 64,027,769 | 51.94% | 65,235,209 | 56.20% |
| Support Services | 34,812,580 | 28.24% | 31,265,908 | 26.94% |
| Community Services | 4,723,038 | 3.83% | 2,872,054 | 2.47% |
| Facilities | (64,613) | -0.05% | 35,937 | 0.03% |
| Depreciation and Amortization | 7,254,539 | 5.89% | 5,840,350 | 5.03% |
| Interest and Other Charges | 12,510,721 | 10.15% | 10,827,296 | 9.33% |
| Total Expenses | 123,264,034 | 100.00% | 116,076,754 | 100.00% |
| Change in Net Position | 354,457 | | (717,396) | |
| Net Position - Beginning | (3,031,876) | | (2,314,480) | |
| Net Position - Ending | \$ (2,677,419) | | \$ (3,031,876) | |

Revenues. Since the District's mission is to provide a free and appropriate public education for K-12 students within its boundaries, the District may not charge for its core services. Therefore, as expected, general revenues typically provide over 80% of the funding required for governmental programs. Property taxes and State Revenue Sharing combined account for 104% and 100% of general revenues and approximately 82% and 90% of total revenues for the 2022 and 2021 fiscal years, respectively. State Revenue Sharing has continued to be strong despite the pandemic, due in large part to unprecedented amounts of taxable federal stimulus funds. Property taxes have also continued to show strong growth, continuing a trend that began in 2014. Charges for services have rebounded following significant declines in fiscal year 2021 due to significant operating constraints due to the pandemic. They are comprised of the following items for which it is appropriate to charge tuition or fees:

| | <u>2022</u> | <u>2021</u> |
|---|----------------------------|----------------------------|
| Community services charges for enrichment and extended day care programs | \$ 1,949,448 | \$ 370,351 |
| Food services charges not only for lunch and breakfast, but also for catering and contract services | 27,840 | 3,236 |
| Tuition and fees are charged for participation in various extra-curricular activities and out-of-district students and use of district facilities | <u>4,402,979</u> | <u>2,411,605</u> |
| Total Charges for Services: | <u><u>\$ 6,380,267</u></u> | <u><u>\$ 2,785,192</u></u> |

Charges for services had decreased in fiscal year 2021 due to the ongoing effects of the pandemic, but have since rebounded. Grants and contributions represent 12.6% and 7.3% of total revenues for the 2022 and 2021 fiscal years, respectively. Grants increased in 2022 due to the state's new Student Investment Account (SIA) funded by the new Corporate Activity Tax passed into law during the 2019 Oregon legislative session, plus federal stimulus funds provided to counter negative effects of the pandemic. Included in this category is \$3,304,852 and \$1,288,743 for federal reimbursement and subsidy under the school lunch program for the 2022 and 2021 fiscal years, respectively. Other federal, state, and other grants for designated programs totaled \$10,820,557 and \$6,529,555, respectively, with the increase coming primarily from higher federal stimulus funds and Student Investment Account (SIA) funds received under the Student Success Act. The balance is comprised primarily of contributions through the Lake Oswego School District Foundation, which was \$925,000 in fiscal year 2022 and \$815,000 in fiscal year 2021, as well as donations from parents and each school's booster organization.

Investment earnings have declined due to recognition of unrealized losses on investments brought about by significant increases in market interest rates following the purchase of District investments. The District will hold all investments to maturity such that no realized losses on its investments are expected.

Expenses. Expenses related to governmental activities are presented in five broad functional categories. Costs of direct classroom instruction activities account for 52% and 56% of the total expenses of \$123,264,034 and \$116,076,754 for the 2022 and 2021 fiscal years, respectively. In addition, approximately half of the costs in supporting services relate to students, instructional staff and school administration.

| | <u>Total Cost of Services</u> | <u>Net Cost of Services</u> | <u>Total Cost of Services</u> | <u>Net Cost of Services</u> |
|-----------------------------------|-------------------------------|------------------------------|-------------------------------|------------------------------|
| | <u>2022</u> | <u>2022</u> | <u>2021</u> | <u>2021</u> |
| Instruction | \$ 64,027,769 | \$ 50,118,764 | \$ 65,235,209 | \$ 58,493,502 |
| Support Services | 34,812,580 | 32,451,357 | 31,265,908 | 29,066,454 |
| Enterprise and Community Services | 4,723,038 | (585,701) | 2,872,054 | 1,181,579 |
| Facilities | (64,613) | (430,453) | 35,937 | (439,862) |
| Depreciation and Amortization | 7,254,539 | 7,254,539 | 5,840,350 | 5,840,350 |
| Interest and Other Charges | 12,510,721 | 12,510,721 | 10,827,296 | 10,704,191 |
| Total | <u><u>\$ 123,264,034</u></u> | <u><u>\$ 101,319,227</u></u> | <u><u>\$ 116,076,754</u></u> | <u><u>\$ 104,846,214</u></u> |

Total costs of services rebounded slightly in fiscal year 2022, having decreased in fiscal year 2021 as a result of the pandemic. Net costs of services decreased in fiscal year 2022 due primarily to increases in grants and resumption of some fee for service programs that could not operate in fiscal year 2021 due to the pandemic.

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 and to better evaluate the financial results of certain of its programs. The focus of the District's *governmental funds* is to provide information on near-term inflows, outflows, and balances of *spendable* resources. Such information is useful in assessing the District's financing requirements. In particular, *fund balance* may serve as a useful measure of the District's net resources available for spending at the end of the fiscal year.

As of June 30, 2022, the District's governmental funds reported combined ending fund balances of \$225,281,160. Additionally, \$201,728 is unspendable inventories and prepaid costs for use by various funds. \$2,491,284 is committed in the Special Revenue Funds, which is primarily the fund balance for the Student Activity Fund. These fund balances are committed to programs congruent with the nature of the special revenue source. \$1,629,413 is restricted for debt service and \$203,147,743 is restricted for capital projects. The remaining \$17,810,992 constitutes *unassigned fund balance*, which is available for spending at the District's discretion.

The General Fund is the chief operating fund of the District. At the end of the current fiscal year, unassigned fund balance of the General Fund was \$17,810,992, a decrease of \$3.1 million from the prior year. This decrease was due primarily to \$3.5 million in transfers to other funds, \$3 million of which was for new funds to stabilize pension debt and artificial turf replacement costs and the rest to offset operating deficits in fee programs and certain grants.

The Grants Fund accounts for revenues and expenditures of grants, primarily from state or federal sources, for specific educational projects or programs. It is a special revenue fund; expenditures and revenues are generally consistent with each other and having no ending fund balance is standard given the restricted nature of the funding.

The Debt Service Fund had an ending fund balance restricted for debt service of \$1,629,413 at the end of the current fiscal year. Property taxes are the primary revenue source and are relatively stable, so taxes are levied at the minimum amount sufficient for meeting current debt service obligations.

The Capital Projects Fund had an ending fund balance restricted for capital projects of \$203,147,743. This fund balance was created primarily with the sale of \$152.7 million of bonds at par under the District's bond authority of \$180 million approved by voters in the November 2021 election, plus remaining funds from the district's sale of bonds in 2017 and 2020 under a \$187 million bond measure approved by district voters in May 2017. Except for a new pool to be built as part of a joint recreational facility with the City of Lake Oswego that is expected to be completed in 2024, capital improvements funded by the 2017 bond are expected to conclude the summer of 2023. Capital improvements funded by the 2022 bond are currently expected to be ongoing into 2025.

Budgetary Highlights

The General Fund is usually the largest fund of the governmental funds. Due to the continued strong real estate market and the May 2019 increase from \$1.39 to \$1.64 per thousand in the District's Local Option property tax authority, property tax revenues increased by \$1.69 million and exceeded budgeted amounts of \$52.75 million by \$590,000. State revenue sources were short of budgeted amounts by \$2.1 million due primarily to lower enrollment and lower reimbursable transportation costs. There was a positive variance of \$4.5 million above the \$13.3 million budgeted for the ending fund balance. Spending was within authorized appropriations.

The differences between the original budget and the final amended budgets of the governmental funds were one budget transfer of \$300,000 from the Grants Fund's community services appropriation category to the instruction services appropriation category to cover increased pandemic-caused operating costs and four supplemental appropriations: 1. \$5.95 million increase in the General Fund Beginning Fund Balance for the actual audited ending fund balance as of June 30, 2021, \$3 million of which was appropriated in the interfund transfer appropriation category, 2. \$750,000 in the Grants Fund for additional state grants used for support services category expenditures, 3. \$167,600,000 in a supplemental appropriation in the Capital Projects Funds for bond sale proceeds, \$600,000 of which was appropriated to the debt service appropriation category, and 4. a \$1.5 million increase in the Food Services Fund's federal revenues due to the extension of free first meals for all of the 2021-22 school year, \$1 million of which was appropriated in the community services appropriation category.

Capital Asset and Debt Administration

Capital assets. The District’s investment in capital assets for its governmental activities as of June 30, 2022, amounts to \$272,099,161, an increase of \$8.4 million from the prior year amount of \$263,688,624 (net of accumulated depreciation). This investment in capital assets includes land and land improvements, buildings and improvements, equipment and furniture, and construction in progress. The District’s investment in capital assets for the current fiscal year increased by 3.2% due to capital improvements funded by the new bond approved in May 2017, offset by removal of the old River Grove School buildings and ongoing regular annual depreciation.

| Capital Assets (Net of Depreciation) | Governmental Activities Total School District | | Percentage Change |
|--------------------------------------|--|-----------------------|----------------------|
| | 2022 | 2021 | |
| Land | \$ 9,297,870 | \$ 9,297,870 | 0.00% |
| Buildings and Improvements | 223,228,258 | 233,934,144 | (4.58)% |
| Vehicles and Equipment | 9,945,442 | 10,770,577 | -7.66% |
| Construction in Progress | 29,627,591 | 9,686,033 | 205.88% |
| Total | \$ 272,099,161 | \$ 263,688,624 | 3.19% |

Major capital asset events during the current fiscal year included the following:

- Major planning and design work for renovation or rebuilding projects that began in 2022 or will begin in 2023 or 2024, primarily the rebuild of the River Grove Elementary and Lake Oswego Middle Schools.
- Demolition and removal of the old River Grove Elementary School buildings.

Additional information on the District’s capital assets can be found in the notes to the basic financial statements.

Long-term debt. At the end of the current fiscal year, the District had total debt outstanding of \$429,166,141, which does not include its pension or other postemployment benefit liabilities that total \$59,789,233. Of this \$429,166,141, \$411,890,141 is comprised of general obligation debt and pension obligation debt net of unaccrued discounts and unamortized premiums and discounts, and \$17,276,000 comprises debts backed by the full faith and credit of the District. The District’s total long-term debt increased by \$151.6 million during fiscal year 2022 due to bond sale proceeds of \$165.6 million from its voter approved 2021 bond measure, offset by normal scheduled principal payments.

| | Outstanding Long-Term Debt Total School District | | Percentage Change |
|----------------------|---|-----------------------|----------------------|
| | 2022 | 2021 | |
| Bonded Debt | \$ 411,890,141 | \$ 258,836,318 | 59.1% |
| Other Long-Term Debt | 17,276,000 | 18,689,000 | -7.6% |
| Total | \$ 429,166,141 | \$ 277,525,318 | 54.6% |

The District maintains an Aa2 rating from Moody’s Investors Service and a AA+ rating from S & P Global Ratings, their second highest rating possible, for its outstanding general obligation bonds.

District voters approved a \$180 million bond measure at the November 2, 2021 general election. The District issued \$152.7 million of bonds under this approved measure in the spring of 2022 and expects to issue the balance in 2025. State statutes limit the amount of general obligation debt a school district may issue based on a formula using a percentage of the Real Market Value of all taxable properties within the District. The District’s general obligation bond debt capacity is \$1.26 billion, calculated as 7.95% of Real Market Value of \$15.8 billion. This limit is significantly in excess of the District’s June 30, 2022 outstanding general obligation debt of \$353,590,000. Additional information on the District’s long-term debt can be found in the notes to the basic financial statements.

Economic Factors and Next Year's Budget

The State of Oregon has no sales tax so funding for public schools essentially relies on a combination of income taxes collected at the state level and property taxes collected at the local level. These resources are aggregated under a state-wide formula and distributed to school districts based on each district's attendance and various weighting of certain factors. Since the implementation of two state-wide measures in the 1990's that reduced property tax levies, property taxes now provide approximately one third of the resources distributed via this state-wide formula. Prior to the implementation of these two state-wide measures, property taxes accounted for almost two thirds of the resources in this formula. This increased reliance on income tax receipts introduced a greater measure of volatility in State School Fund (SSF) revenues. The state budget, including K-12 funding, experienced significant reductions in the wake of the 2001-02 and 2008-09 recessions. While initially slow, the Oregon economy has steadily improved over the past several years. State of Oregon funding for public K-12 education for the 2017-19 biennium improved to \$8.2 billion from the \$7.4 billion provided in the prior biennium. The SSF was \$9 billion for the recent 2019-21 biennium, but a special legislative session was required in August 2020 to use \$400 million in state reserves to preserve that level of funding in the wake of the pandemic. 2021-23 SSF was approved at \$9.3 billion. An additional roughly \$2 billion in state funds for Oregon public school districts is being provided during the current biennium under the 2019 Student Success Act's Student Investment Account (SIA). With that as context, the following additional observations regarding economic factors and the budget for the next year are provided to highlight noteworthy issues:

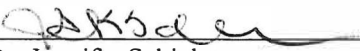
The \$300 million increase to \$9.3 billion in SSF for the 2021-23 biennium was smaller than desired, but is aided by a 2% decrease in PERS pension rates effective July 1, 2021. Additionally, the District received \$4.9 million in SIA funds in fiscal year 2021-22 and will receive \$5.1 million in fiscal year 2022-23 through the Student Success Act. State funding for the District's regular operations is presently estimated to be over \$34 million for fiscal year 2023, which, in combination with Foundation fund-raising and local-option property tax revenues, will allow the District to retain and slightly expand its current program offerings and end the 2023 fiscal year with a healthy positive fund balance. The \$2.5 million in federal stimulus funds awarded the District in 2020 and 2021 to aid its response to the ongoing pandemic was largely spent as of June 30, 2022. As discussed more fully below, the District expects General Fund expenditures to exceed revenues by roughly \$2 million in fiscal year 2023.

- In June 2022, the Board adopted the District budget for fiscal year 2022-23. The adopted budget for the General Fund for that period is \$112 million, an increase of \$5.4 million over the 2021-22 budget. A three year summary of General Fund budgets is included in the Statistical Section of this report. Due to cost increases exceeding expected increases in total revenues, the District expects General Fund expenditures will exceed revenues by approximately \$2 million in fiscal year 2022-23, and that its June 30, 2023 General Fund ending fund balance will be close to the upper range of its upper fund balance target as more fully discussed below.
- Partially offsetting the loss of state funding or supplementing it has been very successful volunteer fund-raising efforts by the independent private non-profit Foundation. As a result of its efforts and the generosity of the Lake Oswego community, for the eight years from fiscal years 2011 through 2020, the Foundation provided a total of \$13.5 million to the District, plus, \$925,000 for fiscal year 2022 and \$815,000 in fiscal year 2021. The Foundation expects to provide just under \$1 million for fiscal year 2023.
- In addition to vital Foundation and City support, with voter approval, the District raises additional property tax revenues using a local-option tax levy. First implemented in 2000, District voters authorized a 25 cent increase and an additional 5 years of this levy in May 21, 2019. Beginning in fiscal year 2020, the rate increase provides an additional \$2 million annually to fund increased staff, primarily for innovation lab programs and social emotional supports for students. The levy will provide local-option tax revenues to the District each year through fiscal year 2024. Local-option tax revenues were \$10.97 million in fiscal year 2019, \$10.17 million in fiscal year 2018, and \$9.64 million in fiscal year 2017. Due primarily to the rate increase, the revenues generated by this local-option tax increased to \$14.8 million, \$13.8 million and \$13.15 million in fiscal years 2022, 2021 and 2020, respectively, and are expected to provide approximately \$15.2 million in property taxes in fiscal year 2023.


- The District and City finalized an Inter-Governmental Agreement to form a partnership to leverage their respective resources for a new pool to replace the current undersized 50-year-old District pool and add City recreational programming space. The District will provide \$15 million from bond funds towards the \$33 million estimated cost; work is expected to begin in 2023 with completion in 2024.
- The District's licensed staff are represented by the Lake Oswego Education Association and its classified staff by the Lake Oswego School Employees Association under separate agreements that were ratified in June 2022 and effective July 1, 2022; both expire on June 30, 2024. Principal terms of the new agreements are cost of living increases that range from 5% to 6% for the first year of each agreement and a 4% cost of living increase for the second year, plus health benefit and other enhancements.
- Effective July 1, 2021, the District saw a decrease in its PERS rates of 2% on average, representing approximately \$1 million in lower annual PERS contribution expenditures annually for fiscal years 2022 and 2023. This follows an increase in PERS rates on July 1, 2019 of 4% on average. The decrease was due to PERS reforms passed in the state's 2019 legislative session. PERS rates, benefits and policies are set at the state level and the District is mandated by state law to participate.
- Administration and the School Board are actively involved in strategic planning to continue to lead the District in a fiscally responsible manner. A fund balance policy was adopted in March 2015 which, among other things, established a minimum General fund balance target of 8% of General Fund adopted expenditures and a maximum of 15% for the ensuing fiscal year. Ending fund balances projected to be outside these ranges require a corrective plan of action for the School Board's consideration. The General fund balance at June 30, 2022 is 18% of adopted 2021-22 expenditures and is expected to be at or below 15% by June 30, 2023; administration is evaluating options, but is moving cautiously due to ongoing uncertainty caused by the pandemic. Long-term strategic plans are in process to guide the District as major decisions are made.
- June 30, 2022 marked Dr. Jennifer Schiele's one year anniversary as superintendent. She and the school board completed a new five year strategic plan in fiscal year 2022 that will ensure "The work of creating a culture of belonging and ensuring educational excellence is the most important work we are doing in LOSD."

Requests for Information

This financial report is designed to provide a general overview of the Lake Oswego School District's finances for all those with such an interest. Questions concerning any of the information provided in the report or requests for additional financial information should be addressed to the Assistant Superintendent of Business Services, Lake Oswego School District, P.O. Box 70, Lake Oswego, Oregon 97034.



 Dr. Jennifer Schiele
 Superintendent



 Stuart Ketzler, CPA
 Assistant Superintendent of Business Services

BASIC FINANCIAL STATEMENTS

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LAKE OSWEGO SCHOOL DISTRICT NO. 7J
CLACKAMAS COUNTY, OREGON
STATEMENT OF NET POSITION
JUNE 30, 2022

| | PRIMARY GOVERNMENT | COMPONENT UNIT |
|---|-----------------------|-------------------|
| ASSETS: | | |
| Cash and Investments | \$ 231,155,484 | \$ - |
| Intergovernmental Receivables | - | 631,869 |
| Property Taxes and Other Receivables | 12,929,962 | 8,588 |
| Prepays | 112,771 | - |
| Inventories | 88,957 | - |
| Capital Assets Not Being Depreciated | 38,925,461 | - |
| Capital Assets, Net of Accumulated Depreciation | 233,173,700 | - |
| Net RHIA OPEB Asset | 1,166,084 | - |
| Total Assets | <u>517,552,419</u> | <u>640,457</u> |
| DEFERRED OUTFLOWS OF RESOURCES | | |
| Deferred Outflows Related to OPEB | 2,276,189 | - |
| Deferred Outflows Related to Stipend Pension | 243,347 | - |
| Deferred Outflows Related to PERS Pension | 26,580,830 | - |
| Total Deferred Outflows of Resources | <u>29,100,366</u> | <u>-</u> |
| Total Assets and Deferred Outflows of Resources | <u>546,652,785</u> | <u>640,457</u> |
| LIABILITIES: | | |
| Accounts and Retainage Payable | 6,815,670 | 10,080 |
| Accrued Payroll, Taxes, and Employee Withholdings | 7,003,058 | - |
| Intergovernmental Payables | 631,869 | - |
| Unearned Revenue | 1,330,998 | - |
| Accrued Interest and Matured Coupons Payable | 2,443,130 | - |
| Vested Compensated Absences Payable | 679,743 | - |
| Long-term Liabilities: | | |
| Long-term debt: | | |
| Due Within One Year | 17,159,707 | - |
| Due in More Than One Year | 412,006,434 | - |
| Pension and OPEB Liabilities Due in More Than One Year: | | |
| Net Pension Liability | 45,650,296 | - |
| Total Stipend Pension Liability | 1,826,769 | - |
| Total Other Postemployment Benefits Liability | 12,312,168 | - |
| Total Liabilities | <u>507,859,842</u> | <u>10,080</u> |
| DEFERRED INFLOWS OF RESOURCES | | |
| Deferred Inflows Related to OPEB | 2,195,387 | - |
| Deferred Inflows Related to Stipend Pension | 652,579 | - |
| Deferred Inflows Related to PERS Pension | 37,708,924 | - |
| Deferred Inflows Related to Lease Receivables | 913,472 | - |
| Total Deferred Inflows of Resources | <u>41,470,362</u> | <u>-</u> |
| Total Liabilities and Deferred Inflows of Resources | <u>549,330,204</u> | <u>10,080</u> |
| NET POSITION: | | |
| Net Investment in Capital Assets | 70,746,330 | - |
| Unrestricted | (73,423,749) | 630,377 |
| Total Net Position | <u>\$ (2,677,419)</u> | <u>\$ 630,377</u> |

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

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LAKE OSWEGO SCHOOL DISTRICT NO. 7J
CLACKAMAS COUNTY, OREGON
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2022

| FUNCTIONS | EXPENSES | FUNCTION REVENUES | | | NET (EXPENSE) REVENUE AND CHANGES IN NET POSITION | |
|---|----------------|----------------------|------------------------------------|----------------------------------|---|----------------|
| | | CHARGES FOR SERVICES | OPERATING GRANTS AND CONTRIBUTIONS | CAPITAL GRANTS AND CONTRIBUTIONS | PRIMARY GOVERNMENT | COMPONENT UNIT |
| Governmental Activities: | | | | | | |
| Instruction | \$ 64,027,769 | \$ 3,318,059 | \$ 10,590,946 | \$ - | \$ (50,118,764) | \$ - |
| Support Services | 34,812,580 | 1,084,920 | 1,276,303 | - | (32,451,357) | - |
| Community Services | 4,723,038 | 1,977,288 | 3,331,451 | - | 585,701 | - |
| Facilities Acquisition | (64,613) | - | - | 365,840 | 430,453 | - |
| Depreciation and Amortization | 7,254,539 | - | - | - | (7,254,539) | - |
| Interest and Other Charges | 12,510,721 | - | - | - | (12,510,721) | - |
| Total Governmental Activities - Primary Government | \$ 123,264,034 | \$ 6,380,267 | \$ 15,198,700 | \$ 365,840 | (101,319,227) | - |
| Component Unit - Lake Grove Park | \$ 197,413 | \$ 11,128 | \$ - | \$ - | - | (186,285) |
| General Revenues | | | | | | |
| Taxes: | | | | | | |
| Property Taxes, Levied for General Purposes | | | | | 54,399,598 | 235,850 |
| Property Taxes, Levied for Debt Service | | | | | 17,727,065 | - |
| State Revenue Sharing | | | | | 33,279,377 | - |
| Grants and Contributions Not Restricted to Specific Programs: | | | | | | |
| Federal | | | | | 32,953 | - |
| State and Local Grants | | | | | 1,442,438 | - |
| Interest and Investment Earnings | | | | | (571,964) | 33 |
| Net Gain (Loss) on Disposal of Capital Assets | | | | | (4,635,783) | - |
| Total General Revenues | | | | | 101,673,684 | 235,883 |
| Changes in Net Position | | | | | 354,457 | 49,598 |
| Net Position - Beginning | | | | | (3,031,876) | 580,779 |
| Net Position - Ending | | | | | \$ (2,677,419) | \$ 630,377 |

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

LAKE OSWEGO SCHOOL DISTRICT NO.7J
CLACKAMAS COUNTY, OREGON
BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2022

| | GENERAL FUND | SPECIAL REVENUE GRANTS FUND |
|---|-----------------|--------------------------------|
| ASSETS: | | |
| Cash and Investments | \$ 30,345,423 | \$ 500 |
| Interfund Receivables | - | - |
| Receivables: | | |
| Taxes | 1,967,500 | - |
| Accounts | 686,345 | 7,563,883 |
| Leases Receivable | 913,472 | - |
| Accrued Interest | 612 | - |
| Prepays | 21,154 | - |
| Inventories | 40,747 | - |
| | <hr/> | <hr/> |
| Total Assets | \$ 33,975,253 | \$ 7,564,383 |
| | <hr/> <hr/> | <hr/> <hr/> |
| LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES: | | |
| Liabilities | | |
| Interfund Payables | \$ 4,167,143 | \$ 7,470,712 |
| Intergovernmental Payable | 631,869 | - |
| Accrued Payroll and Benefits Payable | 7,003,058 | - |
| Accounts and Retainage Payable | 1,630,159 | 75,309 |
| Unearned Revenue | 14,935 | 18,362 |
| Matured Bond and Coupons Payable | - | - |
| | <hr/> | <hr/> |
| Total Liabilities | 13,447,164 | 7,564,383 |
| | <hr/> | <hr/> |
| Deferred Inflows of Resources | | |
| Unavailable Revenue - Property Taxes | 1,741,724 | - |
| Unavailable Revenue - Leases Receivable | 913,472 | - |
| | <hr/> | <hr/> |
| Total Deferred Inflows of Resources | 2,655,196 | - |
| | <hr/> | <hr/> |
| Fund Balances: | | |
| Nonspendable: | | |
| Prepays | 21,154 | - |
| Inventories | 40,747 | - |
| Restricted for: | | |
| Debt Service | - | - |
| Capital Projects | - | - |
| Committed to: | | |
| Community Support | - | - |
| Student Activities | - | - |
| Unassigned | 17,810,992 | - |
| | <hr/> | <hr/> |
| Total Fund Balances | 17,872,893 | - |
| | <hr/> | <hr/> |
| Total Liabilities, Deferred Inflows of Resources and Fund Balances | \$ 33,975,253 | \$ 7,564,383 |
| | <hr/> <hr/> | <hr/> <hr/> |

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

| DEBT SERVICE FUND | CAPITAL PROJECTS FUND | OTHER NONMAJOR FUNDS | TOTAL GOVERNMENTAL FUNDS |
|-------------------------|-----------------------------|----------------------------|--------------------------------|
| \$ 555,329 | \$ 198,747,874 | \$ 1,506,358 | \$ 231,155,484 |
| 1,000,000 | 8,392,236 | 2,245,619 | 11,637,855 |
| 643,105 | - | - | 2,610,605 |
| - | 458,777 | 140,817 | 8,849,822 |
| - | - | - | 913,472 |
| 202 | 555,249 | - | 556,063 |
| - | 91,617 | - | 112,771 |
| - | - | 48,210 | 88,957 |
| <u>\$ 2,198,636</u> | <u>\$ 208,245,753</u> | <u>\$ 3,941,004</u> | <u>\$ 255,925,029</u> |
| \$ - | \$ - | \$ - | \$ 11,637,855 |
| - | - | - | 631,869 |
| - | - | - | 7,003,058 |
| - | 5,006,393 | 103,809 | 6,815,670 |
| - | - | 1,297,701 | 1,330,998 |
| 244 | - | - | 244 |
| <u>244</u> | <u>5,006,393</u> | <u>1,401,510</u> | <u>27,419,694</u> |
| 568,979 | - | - | 2,310,703 |
| - | - | - | 913,472 |
| <u>568,979</u> | <u>-</u> | <u>-</u> | <u>3,224,175</u> |
| - | 91,617 | - | 112,771 |
| - | - | 48,210 | 88,957 |
| 1,629,413 | - | - | 1,629,413 |
| - | 203,147,743 | - | 203,147,743 |
| - | - | 985,576 | 985,576 |
| - | - | 1,505,708 | 1,505,708 |
| - | - | - | 17,810,992 |
| <u>1,629,413</u> | <u>203,239,360</u> | <u>2,539,494</u> | <u>225,281,160</u> |
| <u>\$ 2,198,636</u> | <u>\$ 208,245,753</u> | <u>\$ 3,941,004</u> | <u>\$ 255,925,029</u> |

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

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LAKE OSWEGO SCHOOL DISTRICT NO. 7J

CLACKAMAS COUNTY, OREGON

RECONCILIATION OF GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET POSITION

JUNE 30, 2022

Total Fund Balances - Governmental Funds \$ 225,281,160

The cost of capital assets (land, buildings and improvements, furniture and equipment) purchased or constructed is reported as an expenditure in governmental funds. The Statement of Net Position includes those capital assets among the assets of the District as a whole.

Net Capital Assets 272,099,161

Long-term pension or OPEB assets or liabilities not payable in the current year are not reported as governmental fund liabilities. Deferred outflows and inflows or resources related to pensions or OPEBs are applicable to future periods and, therefore, are not reported in the funds.

| | | |
|--|-------------------|--------------|
| Total/Net OPEB asset (liability) | \$ (11,146,084) | |
| Total/Net Stipend and PERS pension asset (liability) | (47,477,065) | |
| Deferred inflows of resources related to pensions and OPEBs | (40,556,890) | |
| Deferred outflows of resources related to pensions and OPEBs | <u>29,100,366</u> | |
| | | (70,079,673) |

Long-term liabilities applicable to the District's governmental activities are not due and payable in the current period and accordingly are not reported as fund liabilities. All liabilities, both current and long term, are reported in the Statement of Net Position.

| | | |
|----------------------------------|----------------------|---------------|
| Long Term Liabilities | | |
| Compensated Absences Payable | (679,743) | |
| FF & C's Payable | (17,276,000) | |
| Accrued Interest Payable | (2,442,886) | |
| PERS Bonds Payable | (24,665,565) | |
| General Obligation Bonds Payable | <u>(353,590,000)</u> | |
| | | (398,654,194) |

Unamortized Premiums on Issuance of Long-Term Debt (33,634,576)

Unavailable Revenue Related to:

| | |
|----------------|------------------|
| Property Taxes | <u>2,310,703</u> |
|----------------|------------------|

Net Position \$ (2,677,419)

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

LAKE OSWEGO SCHOOL DISTRICT NO.7J**CLACKAMAS COUNTY, OREGON****STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -****GOVERNMENTAL FUNDS****YEAR ENDED JUNE 30, 2022**

| | <u>GENERAL FUND</u> | <u>SPECIAL REVENUE GRANTS FUND</u> |
|---|-------------------------|--|
| REVENUES: | | |
| Local Sources: | | |
| Taxes | \$ 53,341,698 | \$ - |
| Earnings on Investments | 234,718 | - |
| Other Local Sources | 2,288,496 | 4,100 |
| Intermediate Sources | 1,025,585 | 222,291 |
| State Sources | 33,466,694 | 7,124,486 |
| Federal Sources | 32,953 | 3,469,680 |
| | <u>90,390,144</u> | <u>10,820,557</u> |
| Total Revenues | | |
| EXPENDITURES: | | |
| Current: | | |
| Instruction | 54,277,138 | 6,307,574 |
| Support Services | 30,056,772 | 4,371,283 |
| Enterprise and Community Services | - | - |
| Capital Outlay | 66,623 | - |
| Debt Service: | | |
| Principal | 3,369,428 | - |
| Interest and Other Charges | 2,194,262 | 442,718 |
| | <u>89,964,223</u> | <u>11,121,575</u> |
| Total Expenditures | | |
| Excess (Deficiency) of Revenues Over Expenditures | <u>425,921</u> | <u>(301,018)</u> |
| OTHER FINANCING SOURCES (USES): | | |
| Proceeds from Issuance of Long-term Debt | - | - |
| Premium on Sale of Long-Term Debt | - | - |
| Sale/Compensation For Loss of Capital Assets | 4,939 | - |
| Transfers In | - | 301,018 |
| Transfers Out | (3,548,127) | - |
| | <u>(3,543,188)</u> | <u>301,018</u> |
| Total Other Financing Sources, (Uses) | | |
| Increase (Decrease) in Inventories | <u>(6,980)</u> | - |
| Net Change in Fund Balance | (3,124,247) | - |
| FUND BALANCE, Beginning of Year | <u>20,997,140</u> | - |
| FUND BALANCE, End of Year | <u>\$ 17,872,893</u> | <u>\$ -</u> |

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

| DEBT SERVICE FUND | CAPITAL PROJECTS FUND | OTHER NONMAJOR FUNDS | TOTAL GOVERNMENTAL FUNDS |
|-------------------------|-----------------------------|----------------------------|--------------------------------|
| \$ 17,595,363 | \$ 632,000 | \$ - | \$ 71,569,061 |
| 34,550 | (841,232) | - | (571,964) |
| - | 365,840 | 5,367,999 | 8,026,435 |
| - | - | - | 1,247,876 |
| - | - | 26,599 | 40,617,779 |
| - | - | 3,304,852 | 6,807,485 |
| <u>17,629,913</u> | <u>156,608</u> | <u>8,699,450</u> | <u>127,696,672</u> |
| - | 89,535 | 3,102,644 | 63,776,891 |
| - | 249,514 | 35,434 | 34,713,003 |
| - | - | 4,708,907 | 4,708,907 |
| - | 20,140,641 | 31,072 | 20,238,336 |
| 8,385,000 | 291,667 | - | 12,046,095 |
| 9,353,669 | 715,766 | 80,000 | 12,786,415 |
| <u>17,738,669</u> | <u>21,487,123</u> | <u>7,958,057</u> | <u>148,269,647</u> |
| <u>(108,756)</u> | <u>(21,330,515)</u> | <u>741,393</u> | <u>(20,572,975)</u> |
| 5,354 | 152,709,646 | - | 152,715,000 |
| - | 12,884,662 | - | 12,884,662 |
| - | - | - | 4,939 |
| 1,000,000 | 2,000,000 | 247,109 | 3,548,127 |
| - | - | - | (3,548,127) |
| <u>1,005,354</u> | <u>167,594,308</u> | <u>247,109</u> | <u>165,604,601</u> |
| - | - | (2,619) | (9,599) |
| 896,598 | 146,263,793 | 985,883 | 145,022,027 |
| 732,815 | 56,975,567 | 1,553,611 | 80,259,133 |
| <u>\$ 1,629,413</u> | <u>\$ 203,239,360</u> | <u>\$ 2,539,494</u> | <u>\$ 225,281,160</u> |

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

LAKE OSWEGO SCHOOL DISTRICT NO. 7J

CLACKAMAS COUNTY, OREGON

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2022**

| | | | |
|--|----|---------------------|-----------------------|
| Total Net Changes in Fund Balances - Governmental Funds | | \$ | 145,022,027 |
| Repayment of bond and note payable principal and compensated absences is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position. Additions to compensated absences is an expense for the Statement of Net Position, but not the governmental funds. | | | 13,059,703 |
| Proceeds from issuance of long-term debt are reported as other financing sources in the governmental funds. In the Statement of Net Position, this debt increases liabilities. | | | (165,599,662) |
| Payments capitalized are reported in governmental funds as capital outlay expenditures. However, in the Statement of Activities, the cost of those assets is capitalized and allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlay exceeds depreciation. | | | |
| Capitalized Assets | \$ | 20,305,798 | |
| Depreciation Expense | | <u>(7,254,539)</u> | |
| | | | 13,051,259 |
| Disposals of fixed assets are not reported in governmental funds unless there are proceeds, which is reported as an other financing source. However, in the Statement of Activities, proceeds are applied to the net capital assets disposed of or sold to arrive at a gain or (loss) on the sale or disposal of fixed assets. | | | (4,640,722) |
| In the Statement of Activities, pension expense is adjusted based on the actuarially determined contribution changes. | | | |
| Net Change in Pension and OPEB liabilities/assets | | 34,507,559 | |
| Net Change in Pension and OPEB deferred outflows of resources | | (1,965,894) | |
| Net Change in Pension and OPEB deferred inflows of resources | | <u>(32,911,241)</u> | |
| | | | (369,576) |
| In the Statement of Activities, interest is accrued on long-term debt, discounts are accreted and premiums are amortized, whereas in the governmental funds it is recorded as an expense when due. | | | (726,174) |
| Property tax and lease revenue in the Statement of Activities differs from the amount reported in the governmental funds. In the governmental funds, which are on the modified accrual basis, the District recognizes unavailable revenue for all property taxes levied but not received, however in the Statement of Activities, there is no unavailable revenue and the full property tax receivable is accrued. | | | <u>557,602</u> |
| Change in Net Position of Governmental Activities | \$ | | <u><u>354,457</u></u> |

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

LAKE OSWEGO SCHOOL DISTRICT NO. 7J
CLACKAMAS COUNTY, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2022

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Lake Oswego School District 7J (the District) is a municipal corporation governed by a separately elected five-member Board of Directors. Administrative officials are approved by the Board. The daily functioning of the District is under the supervision of the Superintendent. As required by accounting principles generally accepted in the United States of America, all activities of the District have been included in the basic financial statements.

The District qualifies as a primary government since it has a separately elected governing body, is a legally separate entity, and is fiscally independent. The financial reporting entity consists of (a) the primary government, (b) organizations for which the primary government is financially accountable, and (c) governmental organizations for which the primary government is not financially accountable, but for which the nature and significance of their financial relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

Component units are legally separate organizations for which the elected officials of the primary government are financially accountable. In addition, component units can be governmental organizations for which the primary government is not financially accountable, but for which the nature and significance of their financial relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. The District has one component unit, the Lake Grove Park District. The Lake Grove Park District is included in the School District's reporting entity because the Board of Directors of the District is financially accountable for the Lake Grove Park District.

The Lake Grove Park District's financial statements appear as a discretely presented component unit in the financial statements. They are presented as a separate column to emphasize that they are legally separate from the School District. The Park District was organized under provisions of Oregon Revised Statutes Chapter 390 for the purpose of operating a park district. It is restricted by deed to use by residents of the former Lake Grove School District No. 106. Detailed information about the Park District's budgetary compliance and compliance with laws and regulations is contained in the component unit financial report of Lake Grove Park District. The Park District's address is the same as Lake Oswego School District No. 7J.

Private citizens of the Lake Oswego School District area formed the Lake Oswego School District Foundation in 1986 as a separate, independent non-profit corporation. The Foundation is not a component unit of the District, but it does raise money for the benefit of the District. Included in the Special Revenue Funds' local revenues are Foundation contributions totaling \$925,000 for the year ended June 30, 2022.

Basis of Presentation

Government-wide Financial Statements

The Statement of Net Position and the Statement of Activities display information about the District. These statements include the governmental financial activities of the overall District. Eliminations have been made to minimize the double counting of internal activities. Governmental activities are financed primarily through property taxes, intergovernmental revenues, and charges for services.

The Statement of Activities presents a comparison between direct expenses and program revenues for each of its functions/programs. Direct expenses are those that are specifically associated with a function and, therefore, are clearly identifiable to that function. Eliminations have been made to minimize the double counting of internal activities in the Statement of Activities, except that interfund services are not eliminated. Program revenues include:

LAKE OSWEGO SCHOOL DISTRICT NO. 7J
CLACKAMAS COUNTY, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS (Continued)
YEAR ENDED JUNE 30, 2022

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of Presentation (Continued)

Government-wide Financial Statements (Continued)

(1) charges to students or others for tuition, fees, rentals, material, supplies or services provided and (2) operating grants and contributions. Revenues that are not classified as program revenues, including property taxes and state support, are presented as general revenues.

Net position is reported as restricted when constraints placed on the use of net assets are either externally restricted, imposed by creditors (such as through grantors, contributors or laws) or through constitutional provisions or enabling resolutions.

Fund Financial Statements

The fund financial statements provide information about the District's funds. Separate statements for each governmental fund category are presented. The emphasis of fund financial statements is on major governmental funds, each being displayed in a separate column. All remaining governmental funds are aggregated and reported as other governmental funds.

The District reports the following major governmental funds:

General Fund - This is the District's primary operating fund and accounts for all revenues and expenditures except those required to be accounted for in another fund. Principal revenue sources are an apportionment from the State of Oregon and property taxes.

Grants Fund - This fund accounts for revenues and expenditures of federal, state or local sources that are restricted to specific educational projects or programs.

Debt Service Fund - This fund accounts for the payment of principal and interest on general obligation bonded debt. Principal revenue sources are property taxes plus a \$1 million transfer from the General Fund on June 30, 2022 as seed funding for the payment of principal and interest on PERS bonded debt effective July 1, 2022.

Capital Projects Fund - This fund is used to account for the District's major construction projects. Proceeds from the sale of bonds and Full Faith and Credit obligations are the main source of funding.

In addition, the District reports the following as nonmajor governmental funds:

Special Revenue Funds

Community Contributions Fund - This fund accounts for revenues and expenditures of contributions from various community groups and the Lake Oswego Schools Foundation which are designated for specific educational projects or programs.

Community Services Fund - This fund accounts for fee-based programs designated to enhance educational opportunities for members of the community. The primary source of revenues are fees charged to participants.

LAKE OSWEGO SCHOOL DISTRICT NO. 7J
CLACKAMAS COUNTY, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS (Continued)
YEAR ENDED JUNE 30, 2022

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of Presentation (Continued)

Special Revenue Funds (Continued)

Student Activity Fund - This fund accounts for certain fee-based extracurricular activities at each of the District's schools. The primary source of revenues are fees charged to participants and fundraising.

Food Service Fund - This fund accounts for the various food service programs provided by the District. The sale of food and federal subsidies administered by the State are the major revenue sources.

Measurement Focus and Basis of Accounting

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 at the time liabilities are incurred, regardless of when the related cash flows take place. Non-exchange transactions, in which the District receives value without giving equal value in exchange, include property taxes, grants, entitlements and donations. On the accrual basis of accounting, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Under terms of grant agreements, the District funds certain programs by a combination of specific cost-reimbursement grants and general revenues. Thus, when program expenses are incurred, there are both net position - restricted and net position - unrestricted available to finance the program. It is the District's policy to first apply cost-reimbursement grant resources to such programs and then general resources.

Governmental fund financial statements are reported using the current financial resources measurement focus and modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The District considers all revenues reported in the governmental funds to be available if they are collected within sixty days after year-end. Property taxes and interest are considered to be susceptible to accrual. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt and claims and judgments, which are recognized as expenditures to the extent they have matured. Capital asset acquisitions are reported as expenditures in the governmental funds and proceeds from general long-term debt and acquisitions under capital leases are reported as other financing sources.

Cash and Investments

The District's investments consist of U.S. Treasury obligations, U.S. Government Agency securities, and the State of Oregon Treasurer's Local Government Investment Pool (LGIP). U.S. Treasury obligations and Government Agency securities are stated at fair market value except in the budgetary statements where they are stated at cost. The LGIP is stated at cost which approximates fair value. Unrealized gains or losses on investments are a reconciling item between the GAAP and budgetary statements.

The Oregon State Treasury administers the LGIP. It is an open-ended, no-load, diversified portfolio offered to any agency, political subdivision or public corporation of the State that by law is made the custodian of, or has control of, any fund. The LGIP is commingled with the State's short term funds. In seeking to best serve local governments of Oregon, the Oregon legislature established the Oregon Short Term Fund Board. The purpose of the Board is to advise the Oregon State Treasury in the management and investment options of the LGIP.

LAKE OSWEGO SCHOOL DISTRICT NO. 7J
CLACKAMAS COUNTY, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS (Continued)
YEAR ENDED JUNE 30, 2022

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Property Taxes Receivable

Property taxes are levied and become a lien on July 1. Collection dates are November 15, February 15, and May 15 following the lien date. Discounts are allowed if the amount due is received by November 15. Taxes unpaid and outstanding on May 16 are considered delinquent.

Uncollected property taxes are recorded on the statement of net position. Uncollected taxes are deemed to be substantially collectible or recoverable through liens; therefore, no allowance for uncollectible taxes has been established. All property taxes receivable are due from property owners within the District.

Accounts and Other Receivables

Accounts and other receivables are comprised primarily of State school support and claims for reimbursement of costs under various federal and state grants. No allowance for doubtful accounts is deemed necessary.

Lease Receivables

Lease receivables are recognized at the net present value of the lease assets at a borrowing rate implicitly determined by the District, reduced by principal payments received.

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net 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 assets that applies to a future period(s) so will not be recognized as an outflow of resources (expense) until that time. The District has three items that qualify for reporting in this category, arising only under the accrual basis of accounting. As such, these items, *PERS and Stipend Pension deferred outflows* and *OPEB deferred outflows*, which relate to pension and OPEB contributions, only appear on the statement of net position.

In addition to liabilities, the statement of net position and balance sheet 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 assets that applies to a future period(s) so will not be recognized as an inflow of resources (revenue) until that time. The District has five items that qualify for reporting in this category. Two items, *PERS and Stipend Pension deferred inflows* and *OPEB deferred inflows*, arise only under a full accrual basis of accounting and only appear on the statement of net position. One item, *unavailable revenue – property taxes*, only arises under a modified accrual basis of accounting and as such, is reported only in the governmental funds balance sheet. The last item, *unavailable revenue-lease receivables*, appears in both the statement of net position and the governmental funds balance sheet. These amounts are deferred and recognized as an inflow of resources in the period the amounts become available.

Grants and Unearned Revenue

Unreimbursed expenditures due from grantor agencies are reflected in the basic financial statements as receivables and revenues. Grant revenues are recorded at the time eligible expenditures are incurred. Grant monies received prior to the occurrence of qualifying expenditures are recorded as unearned revenue on the statement of net position and the balance sheet.

LAKE OSWEGO SCHOOL DISTRICT NO. 7J
CLACKAMAS COUNTY, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS (Continued)
YEAR ENDED JUNE 30, 2022

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Inventories

School operating supplies, maintenance supplies, and food and other cafeteria supplies are stated at average invoice cost. Commodities purchased from the United States Department of Agriculture (USDA) in the Food Service Fund are included in the District's inventories at USDA wholesale value. The District accounts for the inventory based on the purchase method. Under this method, inventory is recorded as an expenditure when purchased. Inventory amounts at year-end are recorded on the governmental funds balance sheet as non-spendable fund balance. Donated commodities consumed during the year are reported as revenues and expenditures. The amount of unused, donated commodities at the balance sheet date is considered immaterial for reporting purposes.

Capital Assets

Capital assets are recorded at original or estimated original cost. Donated capital assets are recorded at their estimated fair market value on the date donated. The District defines capital assets as assets with an initial, individual cost of more than \$2,500 and an estimated life in excess of one year. Capital assets are depreciated using the straight-line method over the following useful lives:

| | |
|----------------------------|----------------|
| Buildings and improvements | 20 to 50 years |
| Vehicles and equipment | 5 to 15 years |

Retirement Plans

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

Other Postemployment Benefits (OPEB)

Permanent employees who have 10-15 years of regular service in the District may be eligible for supplemental post-employment benefits under the terms of certain bargained agreements. Access to healthcare insurance benefits based on group rates are also available to former employees under Oregon Revised Statutes (ORS) 243.303, which requires that, for the purposes of establishing healthcare insurance premiums, the rate must be based on all plan members, including both active employees and retirees. Benefits under these agreements and ORS 243.303 are funded on a current basis in the General Fund. For the purpose of measuring the OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB pension expense, information about the net position of OPEB and additions to/deductions from OPEB's net position have been determined on the basis of a June 30, 2021 actuarial valuation. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms. Investments, if any, are reported at fair value.

Compensated Absences

It is the District's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. There is no liability for unpaid accumulated sick leave since the District does not have a policy to pay any amounts when employees separate from service with the District. All unused vacation pay is accrued when earned in the government-wide financial statements. A liability for these amounts is reported in the governmental funds only if

LAKE OSWEGO SCHOOL DISTRICT NO. 7J
CLACKAMAS COUNTY, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS (Continued)
YEAR ENDED JUNE 30, 2022

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Compensated Absences (Continued)

they have matured, for example, as a result of employee resignations and retirements. Compensated absences will be paid from general revenues and are expected to be paid out within 12 months.

Definitions of Governmental Fund Types

The General Fund is used to account for all financial resources not accounted for in another fund. In addition, certain funds budgeted as Special Revenue Funds may be reported as part of the General Fund because their source of funds is primarily transfers from the General Fund.

Special Revenue Funds are used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. The term “proceeds of specific revenues sources” means that the revenue sources for the fund must be from restricted or committed sources, specifically that a substantial portion of the revenue must be from these sources and be expended in accordance with those requirements.

Capital Projects Funds are used to account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets.

Debt Service Funds are used to account for and report financial resources that are restricted, committed, or assigned to expenditure for principal and interest. Debt service funds should be used to report resources if legally mandated. Financial resources that are being accumulated for principal and interest maturing in future years should also be reported in debt service funds.

Use of Restricted Resources

When an expense is incurred that can be paid using either restricted or unrestricted resources (net position), the District’s policy is to first apply the expense toward restricted resources and then toward unrestricted resources. In governmental funds, the District’s policy is to first apply the expenditure toward restricted fund balance and then to other, less-restrictive classifications – committed and then assigned fund balances before using unassigned fund balances.

Long-term Debt

In the government-wide financial statements long-term debt is reported as a liability in the Statement of Net Position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the bonds outstanding method, which approximates the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are expensed when incurred.

In the fund financial statements bond premiums and discounts, as well as bond issuance costs, are recognized when incurred and not deferred. The face amount of the debt issued, premiums received on debt issuances, and discounts are reported as other financing sources and uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

LAKE OSWEGO SCHOOL DISTRICT NO. 7J
CLACKAMAS COUNTY, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS (Continued)
YEAR ENDED JUNE 30, 2022

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Budget

A budget is prepared and legally adopted for each governmental fund type on the modified accrual basis of accounting. The budgetary basis of accounting is the same as accounting principles generally accepted in the United States of America for the governmental fund types except that capital outlay expenditures, including items below the District's capitalization level, are budgeted by major function in governmental fund types. The resolution authorizing appropriations for each fund sets the level by which expenditures cannot legally exceed appropriations.

Appropriations are established at the major function level (instruction, support services, enterprise and community services, facilities acquisition and construction, debt service, operating contingency and transfers) for each fund. The detail budget document, however, is required to contain more specific, detailed information for the aforementioned expenditure categories. The budget is adopted, appropriations made, and the tax levy declared no later than June 30 each year. Unexpected additional resources may be added to the budget through the use of a supplemental budget or appropriation resolution.

Supplemental budgets less than 10% of a fund's original budget may be adopted by the Board at a regular 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. Original and supplemental budgets may be modified by the use of appropriation transfers between the levels of control (major function levels) with Board approval. During the year, two supplemental appropriations and one appropriation transfer were approved and made. Appropriations lapse at the end of each fiscal year.

Use of Estimates

The preparation of basic financial statements, in conformity with accounting principles generally accepted in the United States of America, requires management to make estimates and assumptions that effect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the basic financial statements and reported amounts of revenues and expenses/expenditures during the reporting period. Actual results may differ from those estimates.

CASH AND INVESTMENTS

The District maintains an internal cash and investments pool that is available for use by all funds. Each fund type's portion of the pool is displayed in the basic financial statements as Cash and Investments or Amounts Due To/From Other Funds. Checks presented to the bank are covered by transfers from the Local Government Investment Pool on at least a weekly basis.

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

Cash and Investments

| | |
|--------------------------------------|-----------------------|
| Cash on hand | \$ 8,055 |
| Deposits with financial institutions | 610,432 |
| Investments | 230,536,997 |
| | <u>\$ 231,155,484</u> |

LAKE OSWEGO SCHOOL DISTRICT NO. 7J
CLACKAMAS COUNTY, OREGON
 NOTES TO BASIC FINANCIAL STATEMENTS (Continued)
 YEAR ENDED JUNE 30, 2022

CASH AND INVESTMENTS (Continued)

Deposits

The District's deposits with various financial institutions had a bank value of \$2,199,208 and a book value of \$610,432 at year-end. The difference is due to transactions in process. Deposits are secured to legal limits by federal deposit insurance. The remaining amount is secured in accordance with ORS 295 under a collateral program administered by the Oregon State Treasurer.

Custodial Credit Risk - Deposits

This is the risk that in the event of a bank failure, the District's deposits may not be returned. The Federal Depository Insurance Corporation (FDIC) provides insurance for the District's deposits with financial institutions for up to \$250,000 each for the aggregate of all demand deposits and the aggregate of all time deposit and savings accounts at each financial institution. Deposits in excess of FDIC coverage are with institutions participating in the Oregon Public Funds Collateralization Program (PFCP). The PFCP is a shared liability structure for participating bank depositories, better protecting public funds though still not guaranteeing that all funds are 100% protected. Barring any exceptions, a bank depository is required to pledge collateral valued at least 10% of their quarter-end public fund deposits if they are well capitalized, 25% of their quarter-end public fund deposits if they are adequately capitalized or 110% of their quarter-end public fund deposits if they are 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. As of June 30, 2022, \$1,699,208 of the District's bank balances were covered by the PFCP.

Investments

As of June 30, 2022, the District held the following investments and maturities:

| Investment type | <i>Fair Value</i> | <i>Weighted Average Maturity in years</i> | <i>% of portfolio</i> |
|----------------------------------|-----------------------|---|-----------------------|
| US Treasury Notes & Bonds | \$ 171,385,412 | 1.579 | 74.3% |
| US Obligations | 2,601,017 | 0.195 | 1.1% |
| Government Agency Securities | 2,594,484 | 0.677 | 1.1% |
| Local Government Investment Pool | 53,956,084 | 0.806 | 23.4% |
| | <u>\$ 230,536,997</u> | <u>1.370</u> | <u>100.0%</u> |

The District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of an asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. Investments in U.S. Treasury and U.S. Agency securities are valued using pricing models maximizing the use of observable inputs for similar securities (Level 2 inputs).

LAKE OSWEGO SCHOOL DISTRICT NO. 7J
CLACKAMAS COUNTY, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS (Continued)
YEAR ENDED JUNE 30, 2022

CASH AND INVESTMENTS (Continued)

Investments (Continued)

The District's investment objective is foremost to preserve capital and protect investment principal, to conform with federal, state, and other legal requirements, to maintain sufficient liquidity to meet operating requirements, to diversify to avoid unreasonable risks regarding security instruments or individual institutions, and to attain a reasonable rate of return.

With the exception of pass-through funds, the maximum amount of pooled investments to be placed in the Local Government Investment Pool is limited by Oregon Statute to approximately \$52.7 million, which will increase proportionately to the Portland Consumer Price Index. The limit can be temporarily exceeded for ten business days and does not apply either to pass-through funds or to funds invested on behalf of another governmental unit.

Custodial Credit Risk - Investments

For an investment, this is the risk that, in the event of the failure of the counterparty, the District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. All of the investments above, except for the investment in the Local Government Investment Pool which is not evidenced by securities, are held in safekeeping by the financial institution counterparty in the financial institution's general customer account name.

Credit Risk

State of Oregon statutes restrict the types of investments in which the District may invest. Authorized investments include obligations of the United States Government and its agencies, certain bonded obligations of Oregon municipalities, bank repurchase agreements, bankers' acceptances, time certificates of deposit, certain commercial paper and the State of Oregon Treasurer's Local Government Investment Pool. The District's policy, which adheres to State of Oregon law, is to limit its investments to the following: Issuers within Oregon must be rated "AA" or better (bonds) or A-1/P-1 (commercial paper) or better by a nationally recognized statistical rating organization.

The Oregon State Treasurer maintains the Oregon Short Term Fund, of which the Local Government Investment Pool (LGIP) is a part. Participation by local governments is voluntary. The State of Oregon investment policies are governed by statute and the Oregon Investment Council. In accordance with Oregon Statutes, funds are invested as a prudent investor would, exercising reasonable care, skill and caution. The Oregon Short Term Fund is the LGIP for local governments and was established by the State Treasurer. It was created to meet the financial and administrative responsibilities of federal arbitrage regulations. LGIP was created to offer a short-term investment alternative to Oregon local governments. The investments are regulated by the Oregon Short Term Board and approved by the Oregon Investment Council (ORS 294.805 to 294.895). At June 30, 2022, the fair value of the position in the Oregon State Treasurer's Short Term Investment Pool was approximately equal to the value of the pool shares. Separate financial statements for the Oregon Short Term Fund are available from the Oregon State Treasurer. The LGIP is not rated for credit risk.

LAKE OSWEGO SCHOOL DISTRICT NO. 7J
CLACKAMAS COUNTY, OREGON
 NOTES TO BASIC FINANCIAL STATEMENTS (Continued)
 YEAR ENDED JUNE 30, 2022

CASH AND INVESTMENTS (Continued)

Interest Rate Risk

The District minimizes interest rate risk, which is the risk that the market value of securities in the portfolio will fall due to changes in market interest rates, by structuring the investment portfolio so that securities mature to meet the cash requirement for ongoing operations, thereby avoiding the need to sell securities in the open market, and invest operating funds primarily in shorter-term securities, liquid asset funds, money market funds, or similar investment pools and limit the average maturity in accordance with the District's cash requirements.

Concentration of Credit Risk

The District minimizes concentration of credit risk, which is the risk of loss attributed to the magnitude of the District's investment in a single issuer, by diversifying the investment portfolio so that the impact of potential losses from any one type of security or issuer will be minimized.

The District's policy for investing in individual issuers varies depending on the type of investments. U.S. treasury obligations do not have restrictions regarding concentration with any one issuer. U.S. agency securities are limited to no more than one-third of the portfolio and may be invested in any specific agency. Bankers Acceptances must be purchased from an Oregon chartered financial institution. Certificates of deposit of commercial banks shall not represent more than 10% of the total portfolio at settlement. Investments in commercial paper or corporate indebtedness with any one issuer may not exceed 5% of the total portfolio at settlement date.

As a means to comply with the District's investment objectives, the policy limits investments as follows:

| <i>General Investment Type</i> | <i>Maximum % of Portfolio</i> | <i>Maximum length to maturity</i> |
|---|-------------------------------|-----------------------------------|
| Certificates of Deposit | 100% | 2 years |
| U.S. Treasury Obligations (Bills, Notes, Bonds) | 100% | 2 years |
| Local Government Investment Pool | 100% | 1 day |
| Federal Agency Securities | 50% | 2 years |
| Repurchase Agreements | 25% | 2 years |
| Banker's Acceptances | 50% | 2 years |
| <i>Bond Proceed Investment Type</i> | <i>Maximum % of Portfolio</i> | <i>Maximum length to maturity</i> |
| Certificates of Deposit | 100% | 3 years |
| U.S. Treasury Obligations (Bills, Notes, Bonds) | 100% | 3 years |
| Local Government Investment Pool | 100% | 1 day |
| Banks Deposits (Bank Deposits and LGIP minimum of 10% of Portfolio) | 100% | 1 day |
| Federal Agency Securities | 33% | 3 years |
| Repurchase Agreements | 25% | 3 years |
| Banker's Acceptances | 50% | 3 years |

LAKE OSWEGO SCHOOL DISTRICT NO. 7J
CLACKAMAS COUNTY, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS (Continued)
YEAR ENDED JUNE 30, 2022

ACCOUNTS AND OTHER RECEIVABLES

Accounts and Other Receivables are comprised of the following as of June 30, 2022:

| | |
|--|-----------------------------|
| Property taxes receivable | |
| General Fund | \$ 1,967,500 |
| Debt Service Fund | 643,105 |
| Total property taxes receivable | <u>2,610,605</u> |
| Accounts, grants and accrued interest receivable | |
| General Fund | 686,957 |
| Grants Fund | 7,563,883 |
| Debt Service Fund | 202 |
| Capital Projects Fund | 1,014,026 |
| Other Nonmajor Governmental Funds | <u>140,817</u> |
| Total accounts, grants and accrued interest receivable | <u>9,405,885</u> |
| Leases Receivable | |
| General Fund | <u>913,472</u> |
| Total | <u><u>\$ 12,929,962</u></u> |

Leases Receivable are comprised of the following as of June 30, 2022:

| | <u>Original Amount</u> | <u>(Restated) Outstanding June 30, 2021</u> | <u>Additions</u> | <u>Decreases</u> | <u>Outstanding June 30, 2022</u> |
|---|----------------------------|---|--------------------|--------------------------|--------------------------------------|
| Cell Tower bare land leases with varying terms, 5% interest, current aggregate monthly payments of \$16,803, varying end dates through July, 2027 | \$ 1,101,891 | \$ 900,481 | \$ - | \$ 201,631 | \$ 698,850 |
| Transportation center lease, 5% interest, current monthly payment of \$6,913 through June, 2025 | <u>372,365</u> | <u>294,390</u> | <u>-</u> | <u>79,768</u> | <u>214,622</u> |
| Totals | <u><u>\$ 1,474,256</u></u> | <u><u>\$ 1,194,871</u></u> | <u><u>\$ -</u></u> | <u><u>\$ 281,399</u></u> | <u><u>\$ 913,472</u></u> |

LAKE OSWEGO SCHOOL DISTRICT NO. 7J
CLACKAMAS COUNTY, OREGON
 NOTES TO BASIC FINANCIAL STATEMENTS (Continued)
 YEAR ENDED JUNE 30, 2022

ACCOUNTS AND OTHER RECEIVABLES (Continued)

Future maturities of leases receivable are as follows:

| Fiscal Year | Principal | Interest |
|-------------|-------------------|------------------|
| 2022-2023 | \$ 269,899 | \$ 14,205 |
| 2023-2024 | 237,668 | 12,509 |
| 2024-2025 | 215,907 | 11,364 |
| 2025-2026 | 117,520 | 6,185 |
| 2026-2027 | 70,135 | 3,691 |
| 2027-2028 | 2,343 | 123 |
| | <u>\$ 913,472</u> | <u>\$ 48,077</u> |

INTERFUND RECEIVABLES AND PAYABLES

The composition of interfund receivable and payable balances as of June 30, 2022 is as follows:

| | <i>Due from Other Funds</i> | <i>Due to Other Funds</i> |
|-----------------------------------|---------------------------------|-------------------------------|
| General | \$ - | \$ 4,167,143 |
| Grants Fund | - | 7,470,712 |
| Debt Service | 1,000,000 | - |
| Capital Projects | 8,392,236 | - |
| Other Nonmajor Governmental Funds | 2,245,619 | - |
| Total | <u>\$ 11,637,855</u> | <u>\$ 11,637,855</u> |

Interfund receivables and payables arise during normal processing of receipts and disbursements for all funds through a single checking account and do not represent interfund loans.

LAKE OSWEGO SCHOOL DISTRICT NO. 7J
CLACKAMAS COUNTY, OREGON
 NOTES TO BASIC FINANCIAL STATEMENTS (Continued)
 YEAR ENDED JUNE 30, 2022

CAPITAL ASSETS

Capital assets activity for the year was as follows:

| | <i>Balances July 1, 2021</i> | <i>Increases</i> | <i>Decreases</i> | <i>Balances June 30, 2022</i> |
|--|--------------------------------------|----------------------|-----------------------|---------------------------------------|
| Capital assets not being depreciated: | | | | |
| Land | \$ 9,297,870 | \$ - | \$ - | \$ 9,297,870 |
| Construction in progress | 9,686,033 | 19,941,558 | - | 29,627,591 |
| <i>Total Capital Assets Not Being Depreciated</i> | <u>18,983,903</u> | <u>19,941,558</u> | <u>-</u> | <u>38,925,461</u> |
| Capital assets being depreciated: | | | | |
| Buildings and improvements | 290,658,711 | - | (6,402,763) | 284,255,948 |
| Vehicles and equipment | 16,632,977 | 364,240 | - | 16,997,217 |
| <i>Total Capital Assets Being Depreciated</i> | <u>307,291,688</u> | <u>364,240</u> | <u>(6,402,763)</u> | <u>301,253,165</u> |
| Less accumulated depreciation for: | | | | |
| Buildings and improvements | (56,724,567) | (6,065,164) | 1,762,041 | (61,027,690) |
| Vehicles and equipment | (5,862,400) | (1,189,375) | - | (7,051,775) |
| <i>Total Accumulated Depreciation</i> | <u>(62,586,967)</u> | <u>(7,254,539)</u> | <u>1,762,041</u> | <u>(68,079,465)</u> |
| <i>Total Capital Assets Being Depreciated, net</i> | <u>244,704,721</u> | <u>(6,890,299)</u> | <u>(4,640,722)</u> | <u>233,173,700</u> |
| <i>Total Capital Assets, net</i> | <u>\$ 263,688,624</u> | <u>\$ 13,051,259</u> | <u>\$ (4,640,722)</u> | <u>\$ 272,099,161</u> |

As part of the project to construct the new River Grove Elementary School, capital assets relating to the original construction and various improvements for the former River Grove Elementary School buildings, with an original cost of \$6,402,763 and related accumulated depreciation of \$1,762,041, were disposed of during the year ended June 30, 2022. After accounting for unrelated proceeds of \$4,939 related to losses of other assets, this resulted in recognition of a \$4,635,783 loss on the disposal of capital assets in the Statement of Activities for the year ended June 30, 2022.

LAKE OSWEGO SCHOOL DISTRICT NO. 7J
CLACKAMAS COUNTY, OREGON
 NOTES TO BASIC FINANCIAL STATEMENTS (Continued)
 YEAR ENDED JUNE 30, 2022

LONG-TERM DEBT

The following is a summary and changes of long-term debt during the year ended June 30, 2022:

| | <u>Original Issue</u> | <u>Outstanding July 1, 2021</u> | <u>Issued</u> | <u>Matured and Redeemed</u> | <u>Outstanding June 30, 2022</u> | <u>Amounts Due in One Year</u> |
|--|---------------------------|-------------------------------------|-----------------------|-------------------------------------|--------------------------------------|------------------------------------|
| General obligation bonds used for | | | | | | |
| Capital Purposes: | | | | | | |
| August 4, 2005 | \$ 80,740,000 | \$ 31,785,000 | \$ - | \$ (6,380,000) | \$ 25,405,000 | \$ 6,970,000 |
| August 24, 2017 | 160,000,000 | 150,815,000 | - | (1,615,000) | 149,200,000 | 1,985,000 |
| April 2, 2020 | 27,000,000 | 26,660,000 | - | (390,000) | 26,270,000 | 430,000 |
| April 2, 2022 | 152,715,000 | - | 152,715,000 | - | 152,715,000 | 1,325,000 |
| Total G.O. Bonds | | <u>209,260,000</u> | <u>152,715,000</u> | <u>(8,385,000)</u> | <u>353,590,000</u> | <u>10,710,000</u> |
| Pension Bonds: | | | | | | |
| October 1, 2002 | 23,926,732 | 16,219,999 | - | (1,809,999) | 14,410,000 | 2,040,000 |
| April 1, 2003 | 16,302,037 | 9,710,752 | - | (438,095) | 9,272,657 | 432,657 |
| Total Pension Bonds | | <u>25,930,751</u> | <u>-</u> | <u>(2,248,094)</u> | <u>23,682,657</u> | <u>2,472,657</u> |
| Total | | <u>235,190,751</u> | <u>152,715,000</u> | <u>(10,633,094)</u> | <u>377,272,657</u> | <u>13,182,657</u> |
| Unamortized premiums | | 21,895,111 | 12,884,662 | (1,145,197) | 33,634,576 | 1,543,142 |
| Unaccreted discounts | | <u>1,750,456</u> | <u>234,321</u> | <u>(1,001,869)</u> | <u>982,908</u> | <u>982,908</u> |
| Total bonds payable | | 258,836,318 | 165,833,983 | (12,780,160) | 411,890,141 | 15,708,707 |
| Direct Borrowings: | | | | | | |
| 2019 Full faith and credit obligations | 15,000,000 | 13,295,000 | - | (875,000) | 12,420,000 | 895,000 |
| 2015 Full faith and credit obligations | 8,371,000 | <u>5,394,000</u> | <u>-</u> | <u>(538,000)</u> | <u>4,856,000</u> | <u>556,000</u> |
| Total | | <u>\$ 277,525,318</u> | <u>\$ 165,833,983</u> | <u>\$ (14,193,160)</u> | <u>\$ 429,166,141</u> | <u>\$ 17,159,707</u> |
| General obligation bonds - issued August 4, 2005, due in annual installments of \$2,555,000 to \$8,275,000 plus interest paid semi-annually at 4.13 to 5.5 through 2026. | | | | | \$ 25,405,000 | |
| General obligation bonds - issued August 24, 2017, due in annual installments of \$1,985,000 to \$13,415,000 plus interest paid semi-annually at 4 to 5 through 2043. | | | | | 149,200,000 | |
| General obligation bonds - issued April 2, 2020 due in annual installments of \$430,000 to \$4,110,000 plus interest paid semi-annually at 4 to 5 through 2039. | | | | | 26,270,000 | |
| General obligation bonds - issued April 13, 2022, due in annual installments of \$1,325,000 to \$13,485,000 plus interest paid semi-annually at 4 to 5 through 2047. | | | | | 152,715,000 | |
| Pension obligation bonds - issued October 9, 2002, due in annual installments of \$1,480,000 to \$3,175,000 plus interest paid semi-annually at 2.1 to 6.1 through 2028. | | | | | 14,410,000 | |
| Pension obligation bonds - issued April 3, 2003, due in annual installments of \$432,658 to \$2,250,000 plus interest paid semi-annually at 1.5 to 6.27 through 2028. | | | | | 9,272,657 | |
| Unamortized premiums and unaccreted discounts. | | | | | 34,617,484 | |
| Full faith and credit obligations - issued June 18, 2019 due in annual installments of \$895,000 to \$1,185,000 plus interest paid semiannually at 2.56 through 2034. | | | | | 12,420,000 | |
| Full faith and credit obligations - issued June 2, 2015 due in annual installments of \$556,000 to \$662,000 plus interest paid semiannually at 2.545 through 2030. | | | | | 4,856,000 | |
| Total long-term debt | | | | | <u>\$ 429,166,141</u> | |

LAKE OSWEGO SCHOOL DISTRICT NO. 7J
CLACKAMAS COUNTY, OREGON
 NOTES TO BASIC FINANCIAL STATEMENTS (Continued)
 YEAR ENDED JUNE 30, 2022

LONG-TERM DEBT (Continued)

Future maturities on bonds are as follows:

| <i>Fiscal Year Ending June 30,</i> | <i>Principal</i> | <i>Interest</i> | <i>Total</i> |
|--|-----------------------|-----------------------|-----------------------|
| 2023 | \$ 13,182,657 | \$ 18,328,004 | \$ 31,510,661 |
| 2024 | 16,940,000 | 15,767,539 | 32,707,539 |
| 2025 | 18,925,000 | 14,883,709 | 33,808,709 |
| 2026 | 12,980,000 | 13,895,574 | 26,875,574 |
| 2027 | 11,800,000 | 13,239,293 | 25,039,293 |
| 2028-2032 | 49,710,000 | 58,336,631 | 108,046,631 |
| 2033-2037 | 78,155,000 | 44,735,925 | 122,890,925 |
| 2038-2042 | 103,345,000 | 26,097,313 | 129,442,313 |
| 2043-2047 | 72,235,000 | 7,864,037 | 80,099,037 |
| | <u>\$ 377,272,657</u> | <u>\$ 213,148,025</u> | <u>\$ 590,420,682</u> |

General obligation bonds are direct obligations and pledge the full faith and credit of the District. The District issues general obligation bonds to provide funds for the acquisition and construction of District school facilities. The general obligation bonds will be paid from general property tax revenues from the Debt Service Fund.

Pension obligation bonds are paid from resources of each fund based on their pro-rata share of each year's pension obligation debt service. The pro-rata share is determined on the basis of each fund's annual PERS contribution expenditures as a percentage of total annual PERS contribution expenditures.

The pension bonds are subject to an intercept agreement of state school revenues. The intercept payment provides accumulations of a portion of direct payments from the Oregon Department of Education of pledged revenues in amounts sufficient to pay principal and interest due on the pension bonds. Accumulations, held until payments are due, are invested in restricted cash equivalent investments managed by a trustee.

The debt service on the 2015 Full Faith and Credit obligation is paid from the General Fund. In the event of default, the lender may exercise any remedy available at law or in equity, except for acceleration. The lender may also declare that the principal amount then outstanding shall bear interest at 5.545 %.

In June 2019, the District issued \$15 million in Full Faith and Credit Obligations with various maturities through 2034 with interest at 2.56 % per annum. Proceeds paid for acquisition of two separate parcels of real property and planned future improvements thereon and \$5 million for targeted athletic facility improvements. The debt service on the athletic facility improvements is paid from construction excise tax receipts in the Capital Projects Funds; the debt service on the remaining \$10 million is paid from the General Fund. In the event of default, the lender may exercise any remedy available at law or in equity, except for acceleration.

LAKE OSWEGO SCHOOL DISTRICT NO. 7J
CLACKAMAS COUNTY, OREGON
 NOTES TO BASIC FINANCIAL STATEMENTS (Continued)
 YEAR ENDED JUNE 30, 2022

LONG-TERM DEBT (Continued)

Future debt service requirements on full faith and credit obligations are as follows:

| <i>Fiscal Year Ending June 30,</i> | <i>Principal</i> | <i>Interest</i> | <i>Total</i> |
|--|----------------------|---------------------|----------------------|
| 2023 | \$ 1,451,000 | \$ 441,537 | \$ 1,892,537 |
| 2024 | 1,490,000 | 404,475 | 1,894,475 |
| 2025 | 1,528,000 | 366,417 | 1,894,417 |
| 2026 | 1,568,000 | 327,387 | 1,895,387 |
| 2027 | 1,606,000 | 287,336 | 1,893,336 |
| 2028-2032 | 7,293,000 | 816,818 | 8,109,818 |
| 2033-2034 | 2,340,000 | 110,240 | 2,450,240 |
| | <u>\$ 17,276,000</u> | <u>\$ 2,754,210</u> | <u>\$ 20,030,210</u> |

Compensated absences activity for the year is as follows:

| | <i>Outstanding July 1, 2021</i> | <i>Increases</i> | <i>Decreases</i> | <i>Outstanding June 30, 2022</i> | <i>Amount Due in One Year</i> |
|----------------------|-------------------------------------|------------------|------------------|--------------------------------------|-----------------------------------|
| Compensated absences | \$ 691,483 | \$ 679,743 | \$ (691,483) | \$ 679,743 | \$ 679,743 |

Compensated absences will be paid from general revenues and paid from the General Fund.

INTERFUND TRANSFERS

Interfund transfers for the year ended June 30, 2022 are as follows:

| | <i>Transfers In</i> | <i>Transfers Out</i> |
|-----------------------------------|---------------------|----------------------|
| General | \$ - | \$ 3,548,127 |
| Grants | 301,018 | - |
| Debt Service | 1,000,000 | - |
| Capital Projects | 2,000,000 | - |
| Other Nonmajor Governmental Funds | 247,109 | - |
| Total | <u>\$ 3,548,127</u> | <u>\$ 3,548,127</u> |

Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them, (2) move receipts restricted to debt service from the funds collecting the receipts to the debt service fund as debt service payments become due, and (3) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authori ations. The District transferred funds to its Grants Fund and Community Services Fund to cover operating deficits in their programs and to maintain compliance with local budget law that limits instances under which a fund may not have a deficit fund balance. Transfers to the Debt Services and Capital Projects Funds were to provide seed funds for new funds established June 30, 2022.

PENSION PLAN

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

<http://www.oregon.gov/PERS/pages/financials/Actuarial-Financial-Information.aspx>.

PERS Pension (Chapter 238)

The ORS Chapter 238 Defined Benefit Plan is closed to new members hired on or after August 29, 2003.

Pension Benefits. The PERS retirement allowance is payable monthly for life. It may be selected from 13 retirement benefit options. These options include survivorship benefits and lump-sum refunds. The basic benefit is based on years of service and final average salary. A percentage (2.0 percent for police and fire employees, and 1.67 percent for general service employees) is multiplied by the number of years of service and the final average salary. Benefits may also be calculated under either a formula plus annuity (for members who were contributing before August 21, 1981) or a money match computation if a greater 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. The ORS Chapter 238 Defined Benefit Pension Plan is closed to new members hired on or after August 29, 2003. Members hired after that date are eligible for the a new plan under ORS Chapter 238A as more fully explained on the next page.

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

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

Disability Benefits. A member with 10 or more years of creditable service who becomes disabled from other than duty-connected causes may receive a non-duty disability benefit. A disability resulting from a job-incurred injury or illness qualifies a member (including PERS judge members) for disability benefits regardless of the length of PERS-covered service. Upon qualifying for either a non-duty or duty disability, service time is computed to age 58 (55 for police and fire members) when determining the monthly benefit.

PENSION PLAN (Continued)

Benefit Changes After Retirement. Members may choose to continue participation in a variable equities investment account after retiring and may experience annual benefit fluctuations due to changes in the market value equity investments. Under ORS 238.360 monthly benefits are adjusted annually through cost-of-living changes. The cap on the COLA will vary based on the amount of the annual benefit.

Oregon Public Service Retirement Plan Pension Program (OPSRP DB)

The ORS Chapter 238A Defined Benefit Pension Program provides benefits to members hired on or after August 29, 2003. The 2003 Oregon Legislature passed PERS reform legislation that essentially created a new retirement plan for employees hired on or after August 29, 2003. These employees became members of the Oregon Public Service Retirement Plan (OPSRP). OPSRP is a hybrid retirement plan with two components: the Pension Program (defined benefit plan) and the Individual Account Program (defined contribution; established and maintained as a tax-qualified governmental defined contribution plan). OPSRP is administered by PERS.

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

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

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

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

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 will vary based on the amount of the annual benefit.

LAKE OSWEGO SCHOOL DISTRICT NO. 7J
CLACKAMAS COUNTY, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS (Continued)
YEAR ENDED JUNE 30, 2022

PENSION PLAN (Continued)

Contributions

PERS funding policy provides for monthly employer contributions at actuarially determined rates. These contributions, expressed as a percentage of covered payroll, are intended to accumulate sufficient assets to pay benefits when due. The funding policy applies to the PERS Defined Benefit Plan and the Other Postemployment Benefit Plans. Employer contribution rates during the period were based on the December 31, 2019 actuarial valuation, which became effective July 1, 2021. The state of Oregon and certain schools, community colleges, and political subdivision have made unfunded actuarial liability payments and their rates have been reduced. Employer contributions for the year ended June 30, 2022 were \$6,259,997, excluding amounts to fund employer specific liabilities. Employer PERS pension expense of \$396,664 was recognized during the reporting period.

At June 30, 2022, the District reported a net pension liability of \$45,650,296 for its proportionate share of the net pension liability. The pension liability was measured as of June 30, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2019. 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, 2021, the District's proportion was 0.381 percent, an increase from June 30, 2020's proportion of 0.370 percent.

| | <i>Deferred Outflow of Resources</i> | <i>Deferred (Inflow) of Resources</i> |
|--|--|---|
| Difference between expected and actual experience | \$ 4,273,166 | \$ - |
| Changes in assumptions | 11,427,644 | (120,141) |
| Net difference between projected and actual earnings on pension plan investments | - | (33,794,560) |
| Changes in proportionate share | 4,620,023 | (99,103) |
| Difference between employer contributions and employer's proportionate share of system contributions | - | (3,695,120) |
| Subtotal - Amortized Deferrals | 20,320,833 | (37,708,924) |
| District contributions subsequent to measurement date | 6,259,997 | - |
| Total deferred outflow (inflow) of resources | <u>\$ 26,580,830</u> | <u>\$ (37,708,924)</u> |
| Net deferred outflow (inflow) of resources | | <u>\$ (11,128,094)</u> |
| Net Amortized Deferrals (below) | | <u>\$ (17,388,091)</u> |

LAKE OSWEGO SCHOOL DISTRICT NO. 7J
CLACKAMAS COUNTY, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS (Continued)
YEAR ENDED JUNE 30, 2022

PENSION PLAN (Continued)

Deferred outflows of resources related to PERS of \$6,259,997 resulting from the District's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2023. Other amounts reported as deferred outflow or inflow of resources related to PERS will be recognized in pension expense as follows:

| <i>Year ending June 30,</i> | <u><i>Amount</i></u> |
|-----------------------------|------------------------|
| 2023 | \$ (2,692,427) |
| 2024 | (3,298,903) |
| 2025 | (4,517,933) |
| 2026 | (7,964,826) |
| 2027 | 1,085,998 |
| Total | <u>\$ (17,388,091)</u> |

All assumptions, methods and plan provisions used in these calculations are described in the Oregon PERS system-wide GASB Statement No. 68 reporting summary dated March 1, 2022.

Actuarial Valuations

The employer contribution rates effective July 1, 2021 through June 30, 2023, were set using the entry age normal actuarial cost method. For the Tier One/Tier Two component of the PERS Defined Benefit Plan, this method produced an employer contribution rate consisting of (1) an amount for normal cost (estimated amount necessary to finance benefits earned by employees during the current service year), and (2) an amount for the amortization unfunded actuarial accrued liabilities, which are being amortized over a fixed period with new unfunded actuarial liabilities being amortized over 20 years.

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

LAKE OSWEGO SCHOOL DISTRICT NO. 7J
CLACKAMAS COUNTY, OREGON
 NOTES TO BASIC FINANCIAL STATEMENTS (Continued)
 YEAR ENDED JUNE 30, 2022

PENSION PLAN (Continued)

Actuarial Methods and Assumptions

| | |
|-----------------------------------|---|
| Valuation date | December 31, 2019 |
| Measurement date | June 30, 2021 |
| Experience study | 2018, published July 24, 2019 |
| Actuarial cost method | Entry age normal |
| Actuarial Assumptions | |
| Inflation Rate | 2.4% |
| Long-term expected rate of return | 6.90% |
| Discount rate | 6.90% |
| Projected salary increases | 3.40% |
| Cost of living adjustments (COLA) | Blend of 2.00% COLA and graded COLA (1.25%/0.15%) in accordance with Moro decision; blend based on service. |
| Mortality | <p>Healthy retirees and beneficiaries: PUB-2010 Healthy retiree, sex-distinct, generational with Unisex, SSD 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, SSD Scale, with job category adjustments and set-backs as described in the valuation.</p> <p>Disabled retirees: PUB-2010 Disable Retiree, sex-distinct, generational with Unisex, SSD with job category adjustments and set-backs as described in the valuation.</p> |

(Source: June 30, 2021 PERS Annual Comprehensive Financial Report; page 71)

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

Discount Rate - The discount rate used to measure the total pension liability was 6.90 percent for the Defined Benefit Pension Plan, a reduction approved by the PERS' Board from 7.20 percent in the prior valuation. The projection of cash flows used to determine the discount rate assumed that contributions from the plan members and those of the contributing employers are made at the contractually required rates, as actuarially determined. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments for the Defined Benefit Pension Plan was applied to all periods of projected benefit payments to determine the total pension liability.

LAKE OSWEGO SCHOOL DISTRICT NO. 7J
CLACKAMAS COUNTY, OREGON
 NOTES TO BASIC FINANCIAL STATEMENTS (Continued)
 YEAR ENDED JUNE 30, 2022

PENSION PLAN (Continued)

Depletion Date Projection – GASB 67 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 (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 67 will often require that the actuary perform complex projections of future benefit payments and asset values. GASB 67 (paragraph 43) 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 Oregon PERS:

- Oregon PERS 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 67 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 PERS' actuary's opinion that the detailed depletion date projections outlined in GASB 67 would clearly indicate that the Fiduciary Net Position is always projected to be sufficient to cover benefit payments and administrative expenses.

(Source: June 30, 2021 PERS Annual Comprehensive Financial Report; page 70)

Assumed Asset Allocation

| Asset Class/Strategy | OIC Policy Range | Current Year Target (%) |
|-----------------------|------------------|-------------------------|
| Debt Securities | 15.0 - 25.0 | 20.0 |
| Public Equity | 27.5 - 37.5 | 32.5 |
| Real Estate | 9.5 - 15.5 | 12.5 |
| Private Equity | 14.0 - 21.0 | 17.5 |
| Alternative Equity | 7.5 - 17.5 | 15.0 |
| Opportunity Portfolio | 0.0 - 5.0 | 0.0 |
| Risk Parity | 0.0 - 2.5 | 2.5 |
| Total | | 100 |

(Source: June 30, 2021 PERS Annual Comprehensive Financial Report; page 104)

LAKE OSWEGO SCHOOL DISTRICT NO. 7J
CLACKAMAS COUNTY, OREGON
 NOTES TO BASIC FINANCIAL STATEMENTS (Continued)
 YEAR ENDED JUNE 30, 2022

PENSION PLAN (Continued)

Long-Term Expected Rate of Return

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

(Source: June 30, 2021 PERS Annual Comprehensive Financial Report; page 70)

| Asset Class | Target Allocation * | Annual Arithmetic Return | 20-Year Annualized (Geometric) Return | Standard Deviation |
|-------------------------------------|---------------------|--------------------------|---------------------------------------|--------------------|
| Global Equity | 30.62 % | 7.11 % | 5.85 % | 17.05 % |
| Private Equity | 25.50 | 11.35 | 7.71 | 30.00 |
| Core Fixed Income | 23.75 | 2.80 | 2.73 | 3.85 |
| Real Estate | 12.25 | 6.29 | 5.66 | 12.00 |
| Master Limited Partnerships | 0.75 | 7.65 | 5.71 | 21.30 |
| Infrastructure | 1.50 | 7.24 | 6.26 | 15.00 |
| Commodities | 0.63 | 4.68 | 3.10 | 18.85 |
| Hedge Fund of Funds - Multistrategy | 1.25 | 5.42 | 5.11 | 8.45 |
| Hedge Fund Equity - Hedge | 0.63 | 5.85 | 5.31 | 11.05 |
| Hedge Fund - Macro | 5.62 | 5.33 | 5.06 | 7.90 |
| US Cash | (2.50) | 1.77 | 1.76 | 1.20 |
| Assumed Inflation - Mean | | | 2.40 % | 1.65 % |

(Source: June 30, 2021 PERS Annual Comprehensive Financial Report; page 74)

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

| | <i>1% Decrease</i> <i>(5.90%)</i> | <i>Discount Rate</i> <i>(6.90%)</i> | <i>1% Increase</i> <i>(7.90%)</i> |
|---|--|--|--|
| District's proportionate share of the net pension liability (asset) | \$ 89,646,261 | \$ 45,650,296 | \$ 8,841,641 |

LAKE OSWEGO SCHOOL DISTRICT NO. 7J
CLACKAMAS COUNTY, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS (Continued)
YEAR ENDED JUNE 30, 2022

PENSION PLAN (Continued)

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 at the website below:

<http://www.oregon.gov/PERS/pages/index.aspx>

OPSRP Individual Account Program (OPSRP IAP)

Plan Description – ORS Chapter 238A created the Oregon Public Service Retirement Plan (OPSRP), which consists of the Defined Benefit Pension Program and the Individual Account Program (IAP). Membership includes public employees hired on or after August 29, 2003. PERS members retain their existing defined benefit plan accounts, but member contributions are deposited into the member’s IAP account. OPSRP is part of Oregon PERS, and is administered by the Oregon PERS 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.

Contributions – The District pays the 6 percent of regular employee's covered payroll. Total District paid contributions were \$3,027,167 for the year ended June 30, 2022. The District did not make any optional contributions to member IAP accounts for the year ended June 30, 2022.

Early Retirement Program

The District sponsors an early retirement program with two main plans: stipend benefits and medical benefits. Both plans are valued on an actuarial basis. The most recent actuarial valuation date was June 30, 2021. As of June 30, 2021, program participants included 801 active employees and 72 retired employees or beneficiaries currently receiving benefits.

Early Retirement Incentives

Description - The District maintains a single-employer early retirement supplement program for teachers or administrators who retire with 10 to 15 years of regular service to the District. The program provides a stipend that, depending on age and years of service at retirement, ranges from \$200 to \$475 per month for a full-time employee for up to 7 years or age 65, whichever occurs first. This pension-type benefit is required to be valued under GASB Statement No. 73. The District does not issue a standalone report for this plan.

LAKE OSWEGO SCHOOL DISTRICT NO. 7J
CLACKAMAS COUNTY, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS (Continued)
YEAR ENDED JUNE 30, 2022

PENSION PLAN (Continued)

Funding Policy

The District provides payments in accordance with current contracts on a pay-as-you-go basis. At June 30, 2022, the District was providing early retirement pension benefits to 24 former teachers or administrators.

The District did not establish an irrevocable trust (or equivalent arrangement) to account for the plan. Instead, the activities of the plan are reported in the Governmental Funds as the incentive payments are paid. During the year ended June 30, 2022, governmental fund expenditures related to early retirement stipend benefits totaled \$124,868.

Total Stipend Pension Liability

The District's total stipend pension liability as of June 30, 2022 of \$1,826,769 was measured as of June 30, 2022, and was determined by an actuarial valuation as of June 30, 2021 using the Entry Age Normal Level Percent of Pay Cost Method.

Actuarial assumptions and other inputs

The total stipend pension liability in the June 30, 2021 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

| | |
|--|-------|
| Inflation rate | 2.50% |
| Salary increases, average, including inflation | 3.50% |
| Discount rate | 2.16% |

- The discount rate is based on a yield for 20-year tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The index used is the Bond Buyer 20-Year GO Municipal Bond Index.
- Employer funding policy is on a pay-as-you-go cash basis.
- Mortality rates were generally the same rates as used in the December 31, 2019 PERS actuarial valuation.
- The actuarial assumptions used in the June 30, 2021 valuation were based on the results of an actuarial experience study for the period July 1, 2020 to June 30, 2021.

Changes in the Total Stipend Pension Liability

| | Total Stipend Pension Liability |
|-------------------------------------|------------------------------------|
| Balance at July 1, 2021 | \$ 1,828,035 |
| Changes for the year: | |
| Service cost | 88,171 |
| Interest on Total Pension Liability | 38,108 |
| Benefit payments - Stipends | (127,545) |
| Net changes | (1,266) |
| Balance at June 30, 2022 | \$ 1,826,769 |

LAKE OSWEGO SCHOOL DISTRICT NO. 7J
CLACKAMAS COUNTY, OREGON
 NOTES TO BASIC FINANCIAL STATEMENTS (Continued)
 YEAR ENDED JUNE 30, 2022

There were no significant changes in assumptions or benefit terms since the valuation date.

The following presents the total stipend pension liability of the District, as well as what the District's total stipend pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (1.16 percent) or 1-percentage-point higher (3.16 percent) than the current discount rate:

Sensitivity of the Total Stipend Pension Liability to Changes in the Discount Rate

| | <u>1% Decrease (1.16%)</u> | <u>Discount Rate (2.16%)</u> | <u>1% Increase (3.16%)</u> |
|---------------------------------|--------------------------------|----------------------------------|--------------------------------|
| Total Stipend Pension Liability | \$ 1,926,472 | \$ 1,826,769 | \$ 1,730,033 |

Pension Expense and Deferred Outflow of Resources and Deferred Inflows of Resources Related to Stipends

For the year ended June 30, 2022, the District recognized a stipend pension expense credit of \$33,808. At June 30, 2022, the District reported deferred outflow of resources and deferred inflow of resources related to the stipend plan from the following sources:

| | <u>Deferred Outflow of Resources</u> | <u>Deferred (Inflow) of Resources</u> |
|---|--|---|
| Net difference between projected and actual earnings on investments | \$ 46,639 | \$ (533,437) |
| Changes of assumptions and other inputs | 196,708 | (119,142) |
| Total deferred outflow (inflow) of resources | <u>\$ 243,347</u> | <u>\$ (652,579)</u> |
| Net deferred outflow (inflow) of resources, amortized below | | <u>\$ (409,232)</u> |

Amounts reported as deferred outflow of resources and deferred inflow of resources related to stipends will be recognized in pension expense as follows:

| <u>Year ending June 30,</u> | <u>Amount</u> |
|-----------------------------|---------------------|
| 2023 | \$ (92,471) |
| 2024 | (92,471) |
| 2025 | (92,471) |
| 2026 | (92,471) |
| 2027 | (67,173) |
| Thereafter | 27,825 |
| Total | <u>\$ (409,232)</u> |

LAKE OSWEGO SCHOOL DISTRICT NO. 7J
CLACKAMAS COUNTY, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS (Continued)
YEAR ENDED JUNE 30, 2022

OTHER POST EMPLOYMENT BENEFITS (OPEBs)

The District contributes to a retirement health insurance account through the Oregon Public Employee Retirement System and maintains a post-employment health insurance subsidy benefit for its eligible employees. The following summarizes the June 30, 2022, components of the OPEB asset/liability and the deferred inflows/outflows for each.

| | Retirement Health | Retirement Health | |
|--------------------------------|--------------------------|--------------------------|--------------|
| | Insurance Account | Insurance Subsidy | Total |
| Net OPEB Asset | \$ 1,166,084 | \$ - | \$ 1,166,084 |
| Total OPEB Liability | - | 12,312,168 | 12,312,168 |
| Deferred Outflows of Resources | 489,075 | 1,787,114 | 2,276,189 |
| Deferred Inflows of Resources | 481,575 | 1,713,812 | 2,195,387 |
| OPEB Expense (Revenue) | (104,705) | 947,708 | 843,003 |

Retirement Health Insurance Account

Plan Description – As a member of Oregon Public Employees Retirement System (OPERS) the District contributes to the Retirement Health Insurance Account (RHIA) for each of its eligible employees. RHIA is a cost-sharing multiple-employer defined benefit other postemployment benefit plan administered by the OPERS. RHIA pays a monthly contribution toward the cost of Medicare companion health insurance premiums of eligible retirees. The plan, which was established under Oregon Revised Statutes (ORS) 238.420, provides for a payment of up to \$60 per month toward the costs of Medicare companion health insurance for eligible retirees. An Annual Comprehensive Financial Report of the funds administered by the OPERS may be obtained by writing to Oregon Public Employees Retirement System, PO Box 23700, Tigard, Oregon 97281-3700 or by accessing the PERS website at www.oregon.gov/PERS/.

Funding Policy – Participating school districts are contractually required to contribute at a rate assessed each year by the OPERS: rates for the year ended June 30, 2022 were 0.06% of annual covered OPERF payroll and 0.00% of covered OPSRP payroll. The OPERS Board of Trustees sets the rates based on the annual required contribution (ARC) of the employers, an amount actuarially determined. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) of the plan over a period not to exceed thirty years. The District’s contributions to RHIA for the years ended June 30, 2022, 2021, and 2020 were \$8,054, \$9,086, and \$50,926, which equaled the required contributions each year.

At June 30, 2022, the District reported a net OPEB liability/(asset) of (\$1,166,084) for its proportionate share of the net OPEB liability/(asset). The OPEB liability/(asset) was measured as of June 30, 2021, and the total OPEB liability/(asset) used to calculate the net OPEB liability/(asset) was determined by an actuarial valuation as of December 31, 2019. Consistent with GASB Statement No. 75, paragraph 59(a), the District’s proportion of the net OPEB liability/(asset) is determined by comparing the employer’s actual, legally required contributions made during the fiscal year to the Plan with the total actual contributions made in the fiscal year of all employers. As of the measurement date of June 30, 2021, the District’s proportion was 0.34 percent. OPEB expense related to RHIA for the year ended June 30, 2022 was a credit of \$104,705. The major actuarial assumptions and long-term expected rate of return for the RHIA OPEB liability/(asset) are essentially the same as the major assumptions for the PERS plan. Except for information on discount rate sensitivity and deferred outflows and inflows of resources, the other standard GASB disclosures for the RHIA OPEB are immaterial and accordingly are not disclosed.

LAKE OSWEGO SCHOOL DISTRICT NO. 7J
CLACKAMAS COUNTY, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS (Continued)
YEAR ENDED JUNE 30, 2022

OTHER POST EMPLOYMENT BENEFITS (OPEBs) (Continued)

At June 30, 2022, the District reported deferred outflow of resources and deferred inflow of resources related to the RHIA OPEB from the following sources:

| | <i>Deferred Outflow of Resources</i> | <i>Deferred (Inflow) of Resources</i> |
|---|--|---|
| Difference between expected and actual experience | \$ - | \$ (32,443) |
| Changes of assumptions | 22,944 | (17,347) |
| Net difference between projected and actual earnings on investments | - | (277,123) |
| Change in proportionate share | 458,077 | (154,662) |
| Subtotal - Amortized Deferrals | 481,021 | (481,575) |
| District contributions subsequent to measurement date | 8,054 | - |
| Total deferred outflow (inflow) of resources | <u>\$ 489,075</u> | <u>\$ (481,575)</u> |
| Net deferred outflow (inflow) of resources | | <u>\$ 7,500</u> |
| Net Amortized Deferrals (below) | | <u>\$ (554)</u> |

Deferred outflows of resources related to RHIA OPEB of \$8,054 resulting from the District's contributions subsequent to the measurement date will be recognized as either a reduction of the net OPEB liability or an increase in the net OPEB asset in the year ended June 30, 2023. Other amounts reported as deferred outflow of resources and deferred inflow of resources related to the RHIA OPEB will be recognized in OPEB expense as follows:

| <u>Year ending June 30,</u> | <u>Amount</u> |
|-----------------------------|-----------------|
| 2023 | \$ 17,532 |
| 2024 | 132,721 |
| 2025 | (63,268) |
| 2026 | (87,539) |
| Total | <u>\$ (554)</u> |

The following presents the District's proportionate share total of the net RHIA OPEB liability/(asset), as well as what the District's proportionate share would be if it were calculated using a discount rate that is 1-percentage-point lower (5.9 percent) or 1-percentage-point higher (7.9 percent) than the current discount rate:

| | <u>1% Decrease (5.9%)</u> | <u>Discount Rate (6.9%)</u> | <u>1% Increase (7.9%)</u> |
|--|-------------------------------|---------------------------------|-------------------------------|
| District's proportionate share of the Net OPEB Liability (Asset) | <u>\$ (1,031,231)</u> | <u>\$ (1,166,084)</u> | <u>\$ (1,281,282)</u> |

Sensitivity of the District's proportionate share of the net RHIA OPEB liability (asset) to changes in the healthcare cost rate

The net OPEB liability/(asset) for the District's Retirement Health Insurance Account is (\$1,166,084). The ORS stipulates a \$60 monthly payment, so there would be no change to the total OPEB liability if it were calculated using health care cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current rates.

OTHER POST EMPLOYMENT BENEFITS (OPEBs) (Continued)

Early Retirement Program

Postemployment Healthcare Benefits

Description - The District, as a result of collective bargaining agreements, offers postemployment health care benefits for qualified employees as described in the summary of significant accounting policies section of this report. The District does not issue a standalone report for this plan.

Funding Policy

The District provides payments in accordance with current employee contracts on a pay-as-you-go basis. At June 30, 2022, the District was providing early retirement incentive health care benefits to 74 former employees.

The District did not establish an irrevocable trust (or equivalent arrangement) to account for the plan. Instead, the activities of the plan are reported in the Governmental Funds as the insurance benefits are paid. Governmental fund expenditures related to early retirement insurance benefits totaled \$542,792 during the year ended June 30, 2022.

The actuarially determined total Health Insurance OPEB liability is recorded in the Statement of Net Position as more fully described below.

Postemployment Health Insurance Subsidy

Plan Description - The District operates a single-employer retiree benefit plan that provides postemployment health, dental and vision insurance benefits to eligible employees and their spouses. The most recent valuation was June 30, 2021. As of the most recent valuation date, program participants included 72 retired members in the plan and 801 active members who were or will become eligible to participate in the plan, assuming they meet eligibility requirements by the time they retire. Benefits and eligibility for members are established through bargaining agreements and state law.

Funding Policy

The level of benefits provided by the plan is generally the same as that afforded to active employees. Coverage is provided to retirees, spouses, and domestic partners until they become eligible for Medicare, typically age 65, and eligible dependents until age 26. The District's post-retirement healthcare subsidy plan was established in accordance with Oregon Revised Statutes (ORS) 243.303, which stipulates that for establishing healthcare premiums, the rate must be based on all plan members, including both active employees and retirees. The difference between retiree claims costs (which, because of the effect of age, is generally higher in comparison to all plan members) and the amount of retiree healthcare premiums represents the District's implicit rate subsidy.

The District did not establish an irrevocable trust (or equivalent arrangement) to account for the plan. Instead, the activities of the plan are reported in the Governmental Funds.

The benefits from this program are paid by either the District or the retired employees on a contributory or self-pay basis. Required contributions are financed on a pay-as-you go basis. There is no obligation on the part of the District to fund these benefits in advance.

LAKE OSWEGO SCHOOL DISTRICT NO. 7J
CLACKAMAS COUNTY, OREGON
 NOTES TO BASIC FINANCIAL STATEMENTS (Continued)
 YEAR ENDED JUNE 30, 2022

OTHER POST EMPLOYMENT BENEFITS (OPEBs) (Continued)

Total Health Insurance OPEB Liability

The District's total health insurance OPEB liability of \$12,312,168 was measured as of June 30, 2022, and was determined by an actuarial valuation as of June 30, 2021 using the Entry Age Normal Level Percent of Pay Cost Method.

Actuarial assumptions and other inputs

The total health insurance OPEB liability in the June 30, 2021 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

| | |
|---|-------|
| Inflation rate | 2.50% |
| Salary increases, average, including inflation | 3.50% |
| Discount rate | 2.16% |
| Healthcare cost trend rates 4% for all medical plans for all years | 4.00% |

- The discount rate is based on a yield for 20-year tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The index used is the Bond Buyer 20-Year GO Municipal Bond Index.
- Employer funding policy is on a pay-as-you-go cash basis.
- Mortality rates were generally the same rates as used in the December 31, 2019 PERS actuarial valuation.
- The actuarial assumptions used in the June 30, 2021 valuation were based on the results of an actuarial experience study for the period July 1, 2020 to June 30, 2021.

Changes in the Total Health Insurance OPEB Liability

| | Total Health Insurance OPEB Liability |
|-------------------------------------|---|
| | <u> </u> |
| Balance at July 1, 2021 | \$ 12,090,059 |
| Changes for the year: | |
| Service cost | 745,702 |
| Interest on Total OPEB Liability | 252,761 |
| Benefit payments - Medical premiums | (456,956) |
| Benefit payments - Implicit subsidy | (319,398) |
| Net changes | <u>222,109</u> |
| Balance at June 30, 2022 | <u>\$ 12,312,168</u> |

There were no significant changes in assumptions and benefit terms since the last valuation date.

LAKE OSWEGO SCHOOL DISTRICT NO. 7J
CLACKAMAS COUNTY, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS (Continued)
YEAR ENDED JUNE 30, 2022

OTHER POST EMPLOYMENT BENEFITS (OPEBs) (Continued)

Sensitivity of the Total Health Insurance OPEB Liability to Changes in the Discount Rate

The following presents the total health insurance OPEB liability of the District, as well as what the District's total Health Insurance OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (1.16 percent) or 1-percentage-point higher (3.16 percent) than the current discount rate:

| | <u>1% Decrease</u> <u>(1.16%)</u> | <u>Discount Rate</u> <u>(2.16%)</u> | <u>1% Increase</u> <u>(3.16%)</u> |
|--|--------------------------------------|--|--------------------------------------|
| Total Health Insurance OPEB Liability on June 30, 2022 | \$ 13,223,759 | \$ 12,312,168 | \$ 11,450,328 |

Sensitivity of the Total Health Insurance OPEB Liability to Changes in the Healthcare Trend Rates

The following presents the total health insurance OPEB liability of the District, as well as what the District's total health insurance OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rates:

| | <u>1% Decrease</u> | <u>Current Healthcare</u> <u>Trend Rates</u> | <u>1% Increase</u> |
|--|--------------------|---|--------------------|
| Total Health Insurance OPEB Liability on June 30, 2022 | \$ 11,413,800 | \$ 12,312,168 | \$ 13,386,079 |

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Healthcare

For the year ended June 30, 2022, the District recognized health insurance related OPEB expense of \$947,708. At June 30, 2022, the District reported deferred outflows of resources and deferred inflows of resources related to the health insurance benefits plan from the following sources:

| | <u>Deferred Outflow</u> <u>of Resources</u> | <u>Deferred Inflow</u> <u>of Resources</u> |
|---|--|---|
| Difference between expected and actual experience | \$ - | \$ (1,684,318) |
| Changes of assumptions and other inputs | 1,787,114 | (29,494) |
| Total deferred outflow (inflow) of resources | <u>\$ 1,787,114</u> | <u>\$ (1,713,812)</u> |
| Net deferred outflow (inflow) of resources | | <u>\$ 73,302</u> |

LAKE OSWEGO SCHOOL DISTRICT NO. 7J
CLACKAMAS COUNTY, OREGON
 NOTES TO BASIC FINANCIAL STATEMENTS (Continued)
 YEAR ENDED JUNE 30, 2022

OTHER POST EMPLOYMENT BENEFITS (OPEBs) (Continued)

Amounts reported as deferred outflow of resources and deferred inflow of resources related to medical benefits will be recognized in OPEB expense as follows:

| <u>Year ending June 30,</u> | <u>Amount</u> |
|-----------------------------|------------------|
| 2023 | \$ (50,755) |
| 2024 | (50,755) |
| 2025 | (50,755) |
| 2026 | 44,957 |
| 2027 | 61,835 |
| Thereafter | 118,775 |
| Total | <u>\$ 73,302</u> |

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; injuries to employees; and natural disasters for which the District purchases commercial insurance. There were no significant reductions in insurance coverage from coverage in prior years in any of the major categories of risk. The amounts of any settlements have not exceeded insurance coverage for the past three fiscal years.

The District is self-insured for costs of unemployment insurance and costs up to maximum out-of-pocket (MOP) limits between \$1,100 to \$3,300 for medical insurance plans that otherwise would have MOP of \$4,500 to \$6,550 per person.

Liabilities are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. Liabilities include an amount for claims that have been incurred but not reported (IBNRs). Claim liabilities are calculated considering the effects of inflation, recent claim settlement trends including frequency and amount of pay-outs and other economic and social factors.

The District's unemployment claims and MOP are recorded as a payable in the District's General Fund. Claims activity, including estimated incurred but not reported claims, for the fiscal years ended June 30, 2022, 2021, and 2020 are as follows:

| | <u>2022</u> | <u>2021</u> | <u>2020</u> |
|------------------------------------|---------------------|---------------------|---------------------|
| Beginning accrued claims liability | \$ 1,342,655 | \$ 1,601,955 | \$ 1,462,787 |
| Claims liability adjustments | (775,000) | (550,000) | (930,000) |
| Incurred claims (including IBNRs) | 937,575 | 1,033,064 | 1,634,117 |
| Claims payments | <u>(473,076)</u> | <u>(742,364)</u> | <u>(564,949)</u> |
| Accrued claims liability, June 30 | <u>\$ 1,032,154</u> | <u>\$ 1,342,655</u> | <u>\$ 1,601,955</u> |

LAKE OSWEGO SCHOOL DISTRICT NO. 7J
CLACKAMAS COUNTY, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS (Continued)
YEAR ENDED JUNE 30, 2022

BUDGET COMPLIANCE

Budgetary Basis of Accounting

While the District reports financial position, results of operations and changes in fund balance on the basis of generally accepted accounting principles (GAAP), the budgetary basis as provided by law is based upon accounting for certain transactions on a basis of cash receipts and disbursements. The detailed Schedules of Revenues, Expenditures and Changes in Fund Balances – Budget (Non-GAAP Basis) and Actual presented as RSI for the General and each major special revenue fund and other supplementary information for major debt service and capital projects funds and nonmajor governmental funds is presented on the budgetary basis to provide a meaningful comparison of actual results with the budget. The differences between the budget basis and GAAP basis are as follows:

| | <u><i>General Fund</i></u> | <u><i>Capital Projects Fund</i></u> | <u><i>Other Nonmajor Funds</i></u> |
|----------------------------------|--------------------------------|---|--|
| Budget basis ending fund balance | \$ 17,832,146 | \$ 204,954,521 | \$ 2,491,284 |
| Adjustments: | | | |
| Unrealized loss on investments | - | (1,715,161) | - |
| Inventories | 40,747 | - | 48,210 |
| | <u>\$ 17,872,893</u> | <u>\$ 203,239,360</u> | <u>\$ 2,539,494</u> |
| GAAP basis ending fund balance | | | |

TAX ABATEMENTS

Tax abatements result from agreements between Clackamas County and others, which reduced the District’s levied property taxes. For the year ended June 30, 2022, the District was not materially affected by tax abatement agreements.

NEW PRONOUNCEMENTS

For the fiscal year ended June 30, 2022, the District implemented GASB Statement No. 87 “Leases.” This Statement addresses the accounting and financial reporting for leases by governments, requiring recognition of certain lease assets and liabilities for leases that were previously classified as operating leases.

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 from implementing any of the following pronouncements.

GASB Statement No. 96 “Subscription-Based Information Technology Arrangements”, (SBITA). This Statement uses standards based on Statement No. 87 “Leases.”, as amended, to require, among other things, capitalization in a right-to-use subscription asset and a corresponding subscription liability. This statement is effective for fiscal years beginning after June 15, 2022.

LAKE OSWEGO SCHOOL DISTRICT NO. 7J
CLACKAMAS COUNTY, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS (Continued)
YEAR ENDED JUNE 30, 2022

CLAIMS AND LITIGATION

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, principally the federal and state governments. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amounts, if any, or expenditures which may be disallowed by the grantor agencies cannot be determined at this time although the District expects such amounts, if any, to be immaterial.

Management has represented that, except as disclosed in the following paragraph, there are no contingent liabilities that require disclosure or recognition in accordance with FASC section 450 and/or GASB Statement No. 10. Such contingent liabilities would include, but would not be confined to: notes or accounts receivable which have been discounted; pending suits; proceedings, hearings, or negotiations possibly involving retroactive adjustments; unsatisfied judgments or claims; taxes in dispute; endorsements or guarantees; and options.

The District is named as a defendant in two legal actions arising in the normal course of its activities. Both actions are still in the discovery phase of litigation; the District believes it has substantial defenses against both actions. A settlement or adverse judgement in these two matters, if any, would be covered by the District's insurance.

COMMITMENTS AND CONTINGENCIES

The District has remaining commitments under various service contracts of approximately \$2.3 million at June 30, 2022. The contracts relate primarily to design and construction management services for various facility improvement projects that are or will be undertaken by the District over the course of the next several years. The District has remaining commitments under construction contracts of approximately \$7 million at June 30, 2022.

Under an Intergovernmental Agreement (IGA) with the City of Lake Oswego dated April 11, 2022, the District has committed to pay up to \$15 million from a portion of the District's proceeds from its \$187 million 2017 general obligation bond authorization to the City for their construction of a new Lake Oswego Recreation and Aquatics Center (LORAC). As of June 30, 2022, the District has remaining commitments under this IGA of \$14.7 million. LORAC construction will commence in the spring of 2023 and is currently estimated to cost \$36 million with the project to be completed in 2024.

The District receives a substantial portion of its operating funding from the State of Oregon. State funding is allocated to individual school districts based on pupil counts and other factors in the State School Fund (SSF) revenue formula. SSF funding is appropriated on a biennial basis, currently ending June 30, 2023. The SSF funding level for K-12 schools is not guaranteed and has fluctuated significantly in prior years. The COVID-19 pandemic had caused reductions in total State revenues and the District's 2020-21, 2021-22 and 2022-23 school year pupil counts. If student enrollment remains at current levels for the 2022-23 school year, and current SSF revenue allocation factors do not change, the District would see a reduction of approximately \$1 million of SSF revenues in fiscal year 2022-23. However, as there are many variables that influence SSF allocations each year, the extent to which future biennial SSF appropriations or the pandemic may ultimately impact the amount of state funding the District receives is not yet determinable.

LAKE OSWEGO SCHOOL DISTRICT NO. 7J
CLACKAMAS COUNTY, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS (Continued)
YEAR ENDED JUNE 30, 2022

RELATED ORGANIZATIONS

In addition to the Lake Oswego Schools Foundation discussed in the Summary of Significant Accounting Policies footnote, the District has one charter school, Harmony Academy, a recovery high school, that was formed in 2019 as a legally separate tax exempt organization. For the year ended June 30, 2022, the charter school had average daily membership of 27 students. Under the charter school agreement, the district recognized expenditures of \$162,824 for District payments to the charter school, the portion of District SSF revenues attributable to the charter school. The charter school is not included as a component unit of the District as it does not meet the definition of a component unit under the reporting requirements set forth by GASB.

SUBSEQUENT EVENTS

The District entered into a construction contract of \$41.6 million in October, 2022 for the construction of a new River Grove Elementary School. The project is anticipated to be finished early spring 2024 and is funded by the \$180 million general obligation bond authorization approved by voters in November 2021.

REQUIRED SUPPLEMENTARY INFORMATION

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LAKE OSWEGO SCHOOL DISTRICT NO. 7J**CLACKAMAS COUNTY, OREGON****SCHEDULE OF THE PROPORTIONATE SHARE OF THE NET PENSION LIABILITY FOR PERS****JUNE 30, 2022**

| <i>Year Ended June 30,</i> | <i>Employer's proportion of the net pension liability (NPL)</i> | <i>Employer's proportionate share of the net pension liability (NPL) (1)</i> | <i>Employer's covered payroll (2)</i> | <i>NPL as a percentage of covered payroll</i> | <i>Plan fiduciary net position as a percentage of the total pension liability</i> |
|--------------------------------|---|--|---|---|---|
| 2022 (7) | 0.38% | \$ 45,650,296 | \$ 46,650,597 | 97.9% | 87.6% |
| 2021 | 0.37% | 80,665,681 | 46,787,588 | 172.4% | 75.8% |
| 2020 | 0.35% | 59,728,707 | 42,618,897 | 140.1% | 80.2% |
| 2019 (6) | 0.35% | 52,609,596 | 39,436,556 | 133.4% | 82.1% |
| 2018 | 0.32% | 42,674,444 | 36,337,121 | 117.4% | 83.1% |
| 2017 (5) | 0.31% | 46,194,321 | 34,002,920 | 135.9% | 80.5% |
| 2016 (4) | 0.29% | 16,722,378 | 32,142,790 | 52.0% | 91.9% |
| 2015 (3) | 0.30% | (6,730,334) | 30,660,107 | -22.0% | 103.6% |
| 2014 | 0.30% | 15,152,274 | 30,731,648 | 49.3% | 92.0% |

Notes:

- (1) The amounts presented for each fiscal year were actuarially determined at December 31 and rolled forward to the measurement date.
- (2) Amounts for covered payroll use the prior year's data to match the measurement date used by the pension plan for each fiscal year.
- (3) The June 30, 2015 NPL reflects benefit changes from Senate Bills 822 and 861.
- (4) The June 30, 2016 NPL reflects benefit changes from the Oregon Supreme Court's ruling in *Moro v. State of Oregon*, which overturned portions of Senate Bills 822 and 861.
- (5) The June 30, 2017 NPL reflects assumption changes reducing inflation rate from 2.75% to 2.50%, the long-term expected rate of return from 7.75% to 7.50%, the discount rate from 7.75% to 7.50% and the projected salary increases from 3.75% to 3.50%.
- (6) The June 30, 2019 NPL reflects an assumption change to reduce the long-term expected rate of return and the discount rate from 7.50% to 7.20%.
- (7) The June 30, 2022 NPL reflects an assumption change to reduce the long-term expected rate of return and the discount rate from 7.20% to 6.90%.

This schedule is required to show information for 10 years. However, until a full 10-year trend has been compiled, information is presented only for the years for which the required supplementary information is available.

LAKE OSWEGO SCHOOL DISTRICT NO. 7J
CLACKAMAS COUNTY, OREGON
SCHEDULE OF CONTRIBUTIONS FOR PERS
YEAR ENDED JUNE 30, 2022

| <i>Year Ended June 30,</i> | <i>Statutorily required contribution</i> | <i>Contributions in relation to the statutorily required contribution</i> | <i>Contribution deficiency (excess)</i> | <i>Employer's covered payroll</i> | <i>Contributions as a percent of covered payroll</i> |
|--------------------------------|--|---|---|---|--|
| 2022 | \$ 6,259,997 | \$ 6,259,997 | \$ - | \$ 50,925,714 | 12.3% |
| 2021 | 6,831,303 | 6,831,303 | - | 46,650,597 | 14.6% |
| 2020 | 6,306,144 | 6,306,144 | - | 46,787,588 | 13.5% |
| 2019 | 4,021,847 | 4,021,847 | - | 42,618,897 | 9.4% |
| 2018 | 3,448,515 | 3,448,515 | - | 39,436,556 | 8.7% |
| 2017 | 1,831,393 | 1,831,393 | - | 36,337,121 | 5.0% |
| 2016 | 1,966,103 | 1,966,103 | - | 34,002,920 | 5.8% |
| 2015 | 3,157,554 | 3,157,554 | - | 32,142,790 | 9.8% |
| 2014 | 3,037,840 | 3,037,840 | - | 30,660,107 | 9.9% |

Notes:

(1) The amounts presented for each fiscal year were actuarially determined at December 31 and rolled forward to the measurement date.

This schedule is required to show information for 10 years. However, until a full 10-year trend has been compiled, information is presented only for the years for which the required supplementary information is available.

LAKE OSWEGO SCHOOL DISTRICT NO. 7J**CLACKAMAS COUNTY, OREGON****SCHEDULE OF THE PROPORTIONATE SHARE OF THE NET OPEB LIABILITY FOR RHIA****JUNE 30, 2022**

| <i>Year Ended June 30,</i> | <i>District's Proportion of the net OPEB liability</i> | <i>District's proportionate share of the net OPEB liability (NOL) ¹</i> | <i>District's covered payroll ²</i> | <i>NOL as a percentage of covered payroll</i> | <i>Plan fiduciary net portion as a percentage of the total OPEB liability</i> |
|--------------------------------|--|--|--|---|---|
| 2022 | 0.34% | \$ (1,166,084) | \$ 46,650,597 | -2.50% | 183.9% |
| 2021 | 0.71% | (1,453,067) | 46,787,588 | -3.11% | 150.1% |
| 2020 | 0.39% | (760,402) | 42,618,897 | -1.78% | 144.4% |
| 2019 | 0.38% | (426,717) | 39,436,556 | -1.08% | 124.0% |
| 2018 | 0.38% | (160,170) | 36,337,121 | -0.44% | 108.9% |
| 2017 | 0.36% | 97,099 | 34,002,920 | 0.29% | 94.1% |

LAKE OSWEGO SCHOOL DISTRICT NO 7J**CLACKAMAS COUNTY, OREGON****SCHEDULE OF CONTRIBUTIONS FOR RHIA****YEAR ENDED JUNE 30, 2022**

| <i>Year Ended June 30,</i> | <i>Statutorily required contribution</i> | <i>Contributions in relation to the statutorily required contribution</i> | <i>Contribution deficiency (excess)</i> | <i>Covered payroll</i> | <i>Contributions as a percent of covered payroll</i> |
|--------------------------------|--|---|---|----------------------------|--|
| 2022 | \$ 8,054 | \$ 8,054 | \$ - | \$ 50,925,714 | 0.02% |
| 2021 | 9,086 | 9,086 | - | 46,650,597 | 0.02% |
| 2020 | 50,926 | 50,926 | - | 46,787,588 | 0.11% |
| 2019 | 195,031 | 195,031 | - | 42,618,897 | 0.46% |
| 2018 | 185,096 | 185,092 | - | 39,436,556 | 0.47% |
| 2017 | 178,408 | 178,408 | - | 36,337,121 | 0.49% |

Notes:

- (1) The amounts presented for each fiscal year were actuarilly determined at December 31 and rolled forward to the measurement date.
- (2) Amounts for covered payroll use the prior year's data to match the measurement date used by the pension plan for each fiscal year.

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

LAKE OSWEGO SCHOOL DISTRICT NO. 7J**CLACKAMAS COUNTY, OREGON****SCHEDULE OF CHANGES IN THE TOTAL PENSION LIABILITY AND RELATED RATIOS FOR STIPEND BENEFITS****YEAR ENDED JUNE 30, 2022*****Stipend Benefits***

| | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 |
|---|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| Service cost | \$ 88,171 | \$ 85,189 | \$ 60,583 | \$ 58,534 | \$ 69,334 | \$ 66,989 |
| Interest on Total Pension Liability | 38,108 | 35,889 | 59,398 | 64,927 | 68,297 | 104,020 |
| Differences between expected and actual experience | - | (95,035) | - | 68,851 | 95,825 | (1,028,202) |
| Changes in assumptions or other inputs | - | 221,214 | - | (175,878) | (2,127) | 22,822 |
| Benefit payments - Stipends | <u>(127,545)</u> | <u>(161,463)</u> | <u>(149,652)</u> | <u>(199,164)</u> | <u>(275,152)</u> | <u>(145,505)</u> |
| Net changes | (1,266) | 85,794 | (29,671) | (182,730) | (43,823) | (979,876) |
| Total Pension Liability at beginning of the year | <u>1,828,035</u> | <u>1,742,241</u> | <u>1,771,912</u> | <u>1,954,642</u> | <u>1,998,465</u> | <u>2,978,341</u> |
| Total Pension Liability at end of the year | <u>\$ 1,826,769</u> | <u>\$ 1,828,035</u> | <u>\$ 1,742,241</u> | <u>\$ 1,771,912</u> | <u>\$ 1,954,642</u> | <u>\$ 1,998,465</u> |
| | | | | | | |
| Estimated covered employee payroll | \$ 37,278,000 | \$ 35,093,000 | \$ 33,800,000 | \$ 30,500,000 | \$ 28,954,000 | \$ 28,954,000 |
| | | | | | | |
| Total Pension Liability as a percentage of covered employee payroll | 4.90% | 5.21% | 5.15% | 5.81% | 6.75% | 6.90% |
| | | | | | | |
| Discount Rate | 2.16% | 2.16% | 3.50% | 3.50% | 3.58% | 3.58% |

Notes:

There are no assets accumulated in a trust that meets the criteria in GASB Statement No. 73, paragraph 4, to pay related benefits.

This schedule is required to show information for 10 years. However, until a full 10-year trend has been compiled, information is presented only for the years for which the required supplementary information is available.

LAKE OSWEGO SCHOOL DISTRICT NO. 7J**CLACKAMAS COUNTY, OREGON****SCHEDULE OF CHANGES IN THE TOTAL OPEB LIABILITY AND RELATED RATIOS FOR HEALTH INSURANCE BENEFITS****YEAR ENDED JUNE 30, 2022****Health Insurance**

| | <u>2022</u> | <u>2021</u> | <u>2020</u> | <u>2019</u> | <u>2018</u> | <u>2017</u> |
|--|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| Service cost | \$ 745,702 | \$ 720,485 | \$ 486,710 | \$ 470,251 | \$ 470,656 | \$ 454,740 |
| Interest on Total OPEB Liability | 252,761 | 248,096 | 402,464 | 384,015 | 391,476 | 422,738 |
| Differences between expected and actual experience | - | (1,495,749) | - | (200,957) | 103,226 | (944,510) |
| Changes in assumptions or other inputs | - | 1,553,373 | - | 808,515 | 9,364 | (85,678) |
| Benefit payments - Medical premiums | (456,956) | (471,508) | (548,755) | (524,892) | (552,684) | (497,385) |
| Benefit payments - Implicit subsidy | (319,398) | (372,590) | (411,652) | (384,089) | (301,657) | (201,896) |
| Net changes | 222,109 | 182,107 | (71,233) | 552,843 | 120,381 | (851,991) |
| Total OPEB Liability at beginning of the year | <u>12,090,059</u> | <u>11,907,952</u> | <u>11,979,185</u> | <u>11,426,342</u> | <u>11,305,961</u> | <u>12,157,952</u> |
| Total OPEB Liability at end of the year | <u>\$ 12,312,168</u> | <u>\$ 12,090,059</u> | <u>\$ 11,907,952</u> | <u>\$ 11,979,185</u> | <u>\$ 11,426,342</u> | <u>\$ 11,305,961</u> |
| | | | | | | |
| Estimated covered employee payroll | \$ 45,890,000 | \$ 44,338,000 | \$ 45,832,000 | \$ 41,952,000 | \$ 39,227,000 | \$ 35,982,000 |
| | | | | | | |
| Total OPEB Liability as a percentage of covered employee payroll | 26.83% | 27.27% | 25.98% | 28.55% | 29.13% | 31.42% |
| | | | | | | |
| Discount Rate | 2.16% | 2.16% | 3.50% | 3.50% | 3.58% | 3.58% |

Notes:

There are no assets accumulated in a trust that meets the criteria in GASB Statement No. 75, paragraph 4, to pay related benefits.

This schedule is required to show information for 10 years. However, until a full 10-year trend has been compiled, information is presented only for the years for which supplementary information is available.

LAKE OSWEGO SCHOOL DISTRICT NO 7J**CLACKAMAS COUNTY, OREGON****SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -****ACTUAL AND BUDGET (BUDGETARY BASIS) - GENERAL FUND****YEAR ENDED JUNE 30, 2022**GENERAL FUND

| | <u>ACTUAL</u> | <u>ORIGINAL BUDGET</u> | <u>FINAL BUDGET</u> | <u>VARIANCE TO FINAL BUDGET</u> |
|--|----------------------|----------------------------|-------------------------|-------------------------------------|
| REVENUES: | | | | |
| Local Sources | \$ 55,864,912 | \$ 54,630,000 | \$ 54,630,000 | \$ 1,234,912 |
| Intermediate Sources | 1,025,585 | 1,605,000 | 1,605,000 | (579,415) |
| State Sources | 33,466,694 | 35,590,000 | 35,590,000 | (2,123,306) |
| Federal Sources | 32,953 | 15,000 | 15,000 | 17,953 |
| Total Revenues | <u>90,390,144</u> | <u>91,840,000</u> | <u>91,840,000</u> | <u>(1,449,856)</u> |
| EXPENDITURES: | | | | |
| Instruction | 54,280,038 | 57,550,000 | 57,550,000 | 3,269,962 |
| Support Services | 30,120,495 | 30,250,000 | 30,250,000 | 129,505 |
| Facilities Acquisition and Construction | - | 1 | 1 | 1 |
| Debt Service | 5,563,690 | 6,050,000 | 6,050,000 | 486,310 |
| Operating Contingency | - | 2,000,000 | 2,000,000 | 2,000,000 |
| Total Expenditures | <u>89,964,223</u> | <u>95,850,001</u> | <u>95,850,001</u> | <u>5,885,778</u> |
| EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES | 425,921 | (4,010,001) | (4,010,001) | 4,435,922 |
| OTHER FINANCING SOURCES (USES): | | | | |
| Transfer in | - | 1 | 1 | (1) |
| Transfer out | (3,548,127) | (625,000) | (3,625,000) | 76,873 |
| Sale of/Compensatoin for Loss of Capital Assets | 4,939 | 10,000 | 10,000 | (5,061) |
| Total Other Financing Sources (Uses) | <u>(3,543,188)</u> | <u>(614,999)</u> | <u>(3,614,999)</u> | <u>71,811</u> |
| NET CHANGE IN FUND BALANCE | (3,117,267) | (4,625,000) | (7,625,000) | 4,507,733 |
| FUND BALANCE, Beginning of year | <u>20,949,413</u> | <u>15,000,000</u> | <u>20,950,000</u> | <u>(587)</u> |
| FUND BALANCE, End of year | <u>\$ 17,832,146</u> | <u>\$ 10,375,000</u> | <u>\$ 13,325,000</u> | <u>\$ 4,507,146</u> |

LAKE OSWEGO SCHOOL DISTRICT NO. 7J
CLACKAMAS COUNTY, OREGON
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
ACTUAL AND BUDGET - BUDGETARY BASIS
FOR THE YEAR ENDED JUNE 30, 2022

GRANTS FUND

| | <u>ACTUAL</u> | <u>ORIGINAL BUDGET</u> | <u>FINAL BUDGET</u> | <u>VARIANCE TO FINAL BUDGET</u> |
|---|-------------------|----------------------------|-------------------------|-------------------------------------|
| REVENUES: | | | | |
| Local Sources | \$ 4,100 | \$ 4,000 | \$ 4,000 | \$ 100 |
| Intermediate Sources | 222,291 | 200,000 | 200,000 | 22,291 |
| State Sources | 7,124,486 | 7,300,000 | 8,050,000 | (925,514) |
| Federal Sources | 3,469,680 | 3,761,000 | 3,761,000 | (291,320) |
| Total Revenues | <u>10,820,557</u> | <u>11,265,000</u> | <u>12,015,000</u> | <u>(1,194,443)</u> |
| EXPENDITURES: | | | | |
| Instruction | 6,307,574 | 6,430,000 | 6,730,000 | 422,426 |
| Support Services | 4,371,283 | 4,241,000 | 4,991,000 | 619,717 |
| Enterprise and Community Services | - | 350,000 | 50,000 | 50,000 |
| Debt Service - Interest | 442,718 | 444,000 | 444,000 | 1,282 |
| Total Expenditures | <u>11,121,575</u> | <u>11,465,000</u> | <u>12,215,000</u> | <u>1,093,425</u> |
| EXCESS OF REVENUES OVER (UNDER) EXPENDITURES | (301,018) | (200,000) | (200,000) | (101,018) |
| OTHER FINANCING SOURCES (USES): | | | | |
| Transfers In | <u>301,018</u> | <u>200,000</u> | <u>200,000</u> | <u>101,018</u> |
| NET CHANGE IN FUND BALANCE | - | - | - | - |
| FUND BALANCE, Beginning of year | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| FUND BALANCE, End of year | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |

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OTHER SUPPLEMENTARY INFORMATION

LAKE OSWEGO SCHOOL DISTRICT NO. 7J**CLACKAMAS COUNTY, OREGON****DETAILED SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE****ACTUAL AND BUDGET - BUDGETARY BASIS****FOR THE YEAR ENDED JUNE 30, 2022**

| <u>GENERAL FUND</u> | | | | |
|--|----------------------|----------------------------|-------------------------|-------------------------------------|
| | <u>ACTUAL</u> | <u>ORIGINAL BUDGET</u> | <u>FINAL BUDGET</u> | <u>VARIANCE TO FINAL BUDGET</u> |
| REVENUES: | | | | |
| Local Sources: | | | | |
| Taxes-Current Levy | \$ 38,572,280 | \$ 38,250,000 | \$ 38,250,000 | \$ 322,280 |
| Taxes-Prior Levies | 430,916 | 500,000 | 500,000 | (69,084) |
| Local Option Taxes-Current Levy | 14,103,004 | 13,800,000 | 13,800,000 | 303,004 |
| Local Option Taxes-Prior Levy | 235,498 | 200,000 | 200,000 | 35,498 |
| Tuition | 427,693 | 205,000 | 205,000 | 222,693 |
| Earnings on Investments | 234,718 | 350,000 | 350,000 | (115,282) |
| Gate Receipts | 37,959 | 60,000 | 60,000 | (22,041) |
| Sports Participation Fees | 449,438 | 600,000 | 600,000 | (150,562) |
| Student Fees | 22,150 | 60,000 | 60,000 | (37,850) |
| Device Fees | 36,800 | - | - | 36,800 |
| Property Lease Fees | 278,810 | 305,000 | 305,000 | (26,190) |
| Miscellaneous Income | 1,035,646 | 300,000 | 300,000 | 735,646 |
| Total From Local Sources | 55,864,912 | 54,630,000 | 54,630,000 | 1,234,912 |
| Intermediate Sources: | | | | |
| County School Fund | 21,337 | 5,000 | 5,000 | 16,337 |
| ESD Choice Fund | 1,004,248 | 1,600,000 | 1,600,000 | (595,752) |
| Total From Intermediate Sources | 1,025,585 | 1,605,000 | 1,605,000 | (579,415) |
| State Sources: | | | | |
| School Support Fund | 32,467,832 | 34,740,000 | 34,740,000 | (2,272,168) |
| Common School Fund | 811,545 | 750,000 | 750,000 | 61,545 |
| Miscellaneous Grants | 187,317 | 100,000 | 100,000 | 87,317 |
| Total From State Sources | 33,466,694 | 35,590,000 | 35,590,000 | (2,123,306) |
| Federal Sources: | | | | |
| Federal Forest Fees | 32,953 | 15,000 | 15,000 | 17,953 |
| Other Sources: | | | | |
| Interfund Transfers | - | 1 | 1 | (1) |
| Sales/Compensation for Loss of Capital Assets | 4,939 | 10,000 | 10,000 | (5,061) |
| Total From Other Sources | 4,939 | 10,001 | 10,001 | (5,062) |
| Total Revenues | \$ 90,395,083 | \$ 91,850,001 | \$ 91,850,001 | \$ (1,454,918) |

LAKE OSWEGO SCHOOL DISTRICT NO 7J**CLACKAMAS COUNTY, OREGON****DETAILED SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
ACTUAL AND BUDGET (BUDGETARY BASIS) - GENERAL FUND (Continued)**

YEAR ENDED JUNE 30, 2022

| | SALARIES | EMPLOYEE BENEFITS | PURCHASED SERVICES | SUPPLIES & MATERIALS |
|---|-------------------|----------------------|-----------------------|-------------------------|
| EXPENDITURES: | | | | |
| Instruction: | | | | |
| Regular Programs: | | | | |
| Primary, k-5 | \$ 9,799,937 | \$ 5,246,829 | \$ 66,055 | \$ 867,836 |
| Jr. High Programs | 5,391,079 | 2,671,415 | 220,112 | 331,526 |
| Jr. High School Extra-curricular | 182,683 | 49,357 | 8,453 | 9,889 |
| High School Programs | 8,572,754 | 4,292,501 | 77,338 | 632,935 |
| High School Extra-curricular | 1,535,384 | 400,059 | 159,101 | 36,297 |
| Special Programs: | | | | |
| Talented and Gifted | 335,615 | 164,598 | - | 1,411 |
| More Restrictive Special Programs | 3,329,516 | 1,933,861 | 1,330,160 | 15,807 |
| Less Restrictive Special Programs | 3,137,545 | 1,694,606 | 24,651 | 22,396 |
| Alternative Education | 660,635 | 291,308 | 255,341 | - |
| English 2nd Language | 327,989 | 135,995 | 3,225 | 3,484 |
| Total Instruction | 33,273,137 | 16,880,529 | 2,144,436 | 1,921,581 |
| Support Services: | | | | |
| Students: | | | | |
| Attendance and Social Work Services | 224,975 | 92,546 | 221,602 | 90,648 |
| Guidance Services | 1,764,301 | 936,471 | 1,352 | 3,065 |
| Health Services | 274,705 | 111,567 | 1,346 | 11,258 |
| Psychological Services | 508,148 | 254,578 | 174,374 | 10,486 |
| Speech Pathology and Audiology | 662,579 | 282,242 | 85,242 | 768 |
| Service Direction, Student Support | 336,691 | 159,115 | 44,227 | 18,801 |
| Instructional Staff: | | | | |
| Improvement of Instruction | 987,204 | 493,542 | 516,865 | 316,448 |
| Educational Media | 465,300 | 268,302 | 24,493 | 69,995 |
| Assessment and Testing | 226 | 117 | - | 1,338 |
| General Administration: | | | | |
| Board of Education | - | - | 158,161 | 1,812 |
| Executive Administration | 615,814 | 258,875 | 17,988 | 6,807 |
| School Administration - Office of the Principal | 3,229,094 | 1,519,854 | 37,059 | 61,180 |
| Business: | | | | |
| Fiscal Services | 406,502 | 174,711 | 45,546 | 16,121 |
| Operation & Maintenance of Plant | 2,174,483 | 1,094,356 | 2,684,227 | 618,668 |
| Student Transportation | - | - | 3,314,687 | 51,298 |
| Central Activities: | | | | |
| Information | 161,224 | 71,972 | 159,203 | 4,164 |
| Staff | 743,796 | 267,705 | 128,469 | 11,445 |
| Techonology | 511,763 | 279,899 | 502,755 | 45,644 |
| Supplemental Retirement Program | 124,868 | 542,792 | - | - |
| Total Support Services | 13,191,673 | 6,808,644 | 8,117,596 | 1,339,946 |
| Facilities Acquisition and Construction | | | | |
| Facilities Acquisitions/Improvements | - | - | - | - |

(continued)

| CAPITAL OUTLAY | OTHER OBJECTS | ACTUAL | ORIGINAL BUDGET | FINAL BUDGET | VARIANCE TO FINAL BUDGET |
|-------------------|------------------|---------------|--------------------|-----------------|-----------------------------|
| \$ - | \$ - | \$ 15,980,657 | \$ 18,151,106 | \$ 18,152,043 | \$ 2,171,386 |
| - | - | 8,614,132 | 8,576,259 | 8,575,187 | (38,945) |
| - | 365 | 250,747 | 320,465 | 320,465 | 69,718 |
| - | 300 | 13,575,828 | 12,799,290 | 12,799,290 | (776,538) |
| 2,900 | 56,790 | 2,190,531 | 2,018,397 | 2,018,397 | (172,134) |
| - | - | 501,624 | 553,278 | 553,413 | 51,789 |
| - | - | 6,609,344 | 7,849,150 | 7,849,150 | 1,239,806 |
| - | - | 4,879,198 | 5,214,188 | 5,214,188 | 334,990 |
| - | - | 1,207,284 | 1,628,524 | 1,628,524 | 421,240 |
| - | - | 470,693 | 439,343 | 439,343 | (31,350) |
| 2,900 | 57,455 | 54,280,038 | 57,550,000 | 57,550,000 | 3,269,962 |
| - | - | 629,771 | 478,660 | 478,660 | (151,111) |
| - | 1,275 | 2,706,464 | 3,201,689 | 3,202,779 | 496,315 |
| - | - | 398,876 | 272,902 | 273,152 | (125,724) |
| - | - | 947,586 | 859,687 | 859,687 | (87,899) |
| - | - | 1,030,831 | 871,953 | 871,953 | (158,878) |
| - | 197 | 559,031 | 411,484 | 411,484 | (147,547) |
| - | 1,393 | 2,315,452 | 1,951,837 | 1,948,606 | (366,846) |
| - | 85 | 828,175 | 946,379 | 949,909 | 121,734 |
| - | - | 1,681 | 20,704 | 20,704 | 19,023 |
| - | 12,978 | 172,951 | 259,500 | 259,500 | 86,549 |
| - | 4,567 | 904,051 | 1,006,446 | 1,006,446 | 102,395 |
| - | 4,427 | 4,851,614 | 4,488,355 | 4,487,716 | (363,898) |
| - | 3,701 | 646,581 | 708,271 | 708,271 | 61,690 |
| 63,723 | 568,625 | 7,204,082 | 7,302,760 | 7,301,760 | 97,678 |
| - | - | 3,365,985 | 4,664,500 | 4,664,500 | 1,298,515 |
| - | 1,330 | 397,893 | 335,768 | 335,768 | (62,125) |
| - | 335 | 1,151,750 | 551,031 | 551,031 | (600,719) |
| - | - | 1,340,061 | 1,068,074 | 1,068,074 | (271,987) |
| - | - | 667,660 | 850,000 | 850,000 | 182,340 |
| 63,723 | 598,913 | 30,120,495 | 30,250,000 | 30,250,000 | 129,505 |
| - | - | - | 1 | 1 | 1 |

LAKE OSWEGO SCHOOL DISTRICT NO 7J

CLACKAMAS COUNTY, OREGON

DETAILED SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -

ACTUAL AND BUDGET (BUDGETARY BASIS) - GENERAL FUND (Continued)

YEAR ENDED JUNE 30, 2022

| | <u>SALARIES</u> | <u>EMPLOYEE BENEFITS</u> | <u>PURCHASED SERVICES</u> | <u>SUPPLIES & MATERIALS</u> |
|---|----------------------|------------------------------|-------------------------------|-------------------------------------|
| EXPENDITURES (Cont.): | | | | |
| Debt Service | \$ - | \$ - | \$ - | \$ - |
| Operating Contingency | - | - | - | - |
| Total Expenditures | <u>\$ 46,464,810</u> | <u>\$ 23,689,173</u> | <u>\$ 10,262,032</u> | <u>\$ 3,261,527</u> |
| Excess of Revenues Over, (Under) Expenditures | | | | |
| Other Financing Uses: | | | | |
| Transfers Out | | | | |
| Net Change in Fund Balance | | | | |
| Beginning Fund Balance | | | | |
| Ending Fund Balance | | | | |

(continued)

| <u>CAPITAL OUTLAY</u> | <u>OTHER OBJECTS</u> | <u>ACTUAL</u> | <u>ORIGINAL BUDGET</u> | <u>FINAL BUDGET</u> | <u>VARIANCE TO FINAL BUDGET</u> |
|---------------------------|--------------------------|--------------------|----------------------------|-------------------------|-------------------------------------|
| \$ - | \$ 5,563,690 | \$ 5,563,690 | \$ 6,050,000 | \$ 6,050,000 | \$ 486,310 |
| - | - | - | 2,000,000 | 2,000,000 | 2,000,000 |
| <u>\$ 66,623</u> | <u>\$ 6,220,058</u> | <u>89,964,223</u> | <u>95,850,001</u> | <u>95,850,001</u> | <u>5,885,778</u> |
| | | 430,860 | (4,000,000) | (4,000,000) | 4,430,860 |
| | | <u>(3,548,127)</u> | <u>(625,000)</u> | <u>(3,625,000)</u> | <u>76,873</u> |
| | | <u>(3,117,267)</u> | <u>(4,625,000)</u> | <u>(7,625,000)</u> | <u>4,507,733</u> |
| | | <u>20,949,413</u> | <u>15,000,000</u> | <u>20,950,000</u> | <u>(587)</u> |
| <u>\$</u> | <u>\$</u> | <u>17,832,146</u> | <u>10,375,000</u> | <u>13,325,000</u> | <u>\$ 4,507,146</u> |

LAKE OSWEGO SCHOOL DISTRICT NO. 7J

CLACKAMAS COUNTY, OREGON

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

ACTUAL AND BUDGET (BUDGETARY BASIS) - GRANTS FUND

YEAR ENDED JUNE 30, 2022

REVENUES:

Local Sources:

Contributions and Donations

Miscellaneous

Intermediate Sources:

Grants-In-Aid

State Sources:

Grants-In-Aid

Federal Sources:

Grants-In-Aid

Total Revenues

Detail by Object

| | SALARIES | EMPLOYEE BENEFITS | PURCHASED SERVICES | SUPPLIES & MATERIALS |
|-------------------------------------|---------------------|----------------------|-----------------------|-------------------------|
| EXPENDITURES: | | | | |
| Instruction: | | | | |
| Regular Programs: | | | | |
| Elementary Instruction | \$ 1,414,555 | \$ 630,034 | \$ 169,419 | \$ 1,391 |
| Junior High Instruction | 386,691 | 160,511 | 102,027 | 4,055 |
| High School Program | 925,747 | 457,306 | 148,199 | 45,495 |
| Special Programs: | | | | |
| More Restrictive Programs | 75,107 | 54,597 | - | - |
| Less Restrictive Programs | 346,802 | 222,197 | 209 | - |
| Title I Programs | 205,980 | 109,253 | - | 80 |
| Alternative Education | - | - | 26,073 | - |
| Summer School and Other Programs | 263,615 | 62,510 | 130,826 | 147,359 |
| Total Instruction | <u>3,618,497</u> | <u>1,696,408</u> | <u>576,753</u> | <u>198,380</u> |
| Support Services: | | | | |
| Students: | | | | |
| Attendance and Social Work Services | 247,453 | 103,521 | 1,756 | - |
| Safety Services | 5,038 | 1,077 | 4,532 | 45,391 |
| Guidance Services | 116,469 | 30,995 | - | - |
| Nursing Services | 87,825 | 26,625 | - | - |
| Service Direction, Student Support | 607,279 | 310,281 | 2,486 | - |
| Instructional Staff: | | | | |
| Improvement of Instruction | 976,506 | 431,865 | 259,198 | 26,141 |
| Media Services | 112,082 | 54,544 | - | 5,000 |
| Student Assessment | - | - | - | - |
| Student Transportation | - | - | 86,150 | - |
| Personnel Services | 646,250 | 158,021 | - | - |
| Information Services | - | - | 24,000 | - |
| Technology | - | - | - | - |
| Total Support Services | <u>2,798,902</u> | <u>1,116,929</u> | <u>378,122</u> | <u>76,532</u> |
| Community Services - Child Care | - | - | - | - |
| Debt Service - Interest | - | - | - | - |
| Total Expenditures | <u>\$ 6,417,399</u> | <u>\$ 2,813,337</u> | <u>\$ 954,875</u> | <u>\$ 274,912</u> |

Excess of Revenues Over (Under) Expenditures

Other Financing Sources and (Uses):

Transfers In

Net Change in Fund Balance

Beginning Fund Balance

Ending Fund Balance

(continued)

| | | ACTUAL | ORIGINAL BUDGET | FINAL BUDGET | VARIANCE TO FINAL BUDGET |
|------------------|---------------|------------|-----------------|--------------|--------------------------|
| \$ | - | \$ 4,100 | \$ 4,000 | \$ 4,000 | \$ (4,000) |
| | | 222,291 | - | - | 4,100 |
| | | 7,124,486 | 200,000 | 200,000 | 22,291 |
| | | 3,469,680 | 7,300,000 | 8,050,000 | (925,514) |
| | | 10,820,557 | 3,761,000 | 3,761,000 | (291,320) |
| | | | 11,265,000 | 12,015,000 | (1,194,443) |
| Detail by Object | | | | | |
| CAPITAL OUTLAY | OTHER OBJECTS | | | | |
| \$ - | \$ 217,536 | 2,432,935 | 920,000 | 920,000 | (1,512,935) |
| - | - | 653,284 | 920,000 | 920,000 | 266,716 |
| - | - | 1,576,747 | 1,720,000 | 1,970,000 | 393,253 |
| - | - | 129,704 | 1,125,000 | 1,175,000 | 1,045,296 |
| - | - | 569,208 | 1,316,000 | 1,316,000 | 746,792 |
| - | - | 315,313 | 429,000 | 429,000 | 113,687 |
| - | - | 26,073 | - | - | (26,073) |
| - | - | 604,310 | - | - | (604,310) |
| - | 217,536 | 6,307,574 | 6,430,000 | 6,730,000 | 422,426 |
| - | - | 352,730 | - | 200,000 | (152,730) |
| - | - | 56,038 | - | - | (56,038) |
| - | - | 147,464 | 300,000 | 250,000 | 102,536 |
| - | - | 114,450 | - | - | (114,450) |
| - | 798 | 920,844 | 1,531,000 | 1,531,000 | 610,156 |
| - | - | 1,693,710 | 2,351,000 | 2,951,000 | 1,257,290 |
| - | - | 171,626 | - | - | (171,626) |
| - | - | - | 9,000 | 9,000 | 9,000 |
| - | - | 86,150 | - | - | (86,150) |
| - | - | 804,271 | - | - | (804,271) |
| - | - | 24,000 | - | - | (24,000) |
| - | - | - | 50,000 | 50,000 | 50,000 |
| - | 798 | 4,371,283 | 4,241,000 | 4,991,000 | 619,717 |
| - | - | - | 350,000 | 50,000 | 50,000 |
| - | 442,718 | 442,718 | 444,000 | 444,000 | 1,282 |
| \$ - | \$ 661,052 | 11,121,575 | 11,465,000 | 12,215,000 | 1,093,425 |
| | | (301,018) | (200,000) | (200,000) | (101,018) |
| | | 301,018 | 200,000 | 200,000 | 101,018 |
| | | - | - | - | - |
| | | - | - | - | - |
| \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |

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LAKE OSWEGO SCHOOL DISTRICT NO. 7J**CLACKAMAS COUNTY, OREGON****SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE****ACTUAL AND BUDGET - BUDGETARY BASIS****YEAR ENDED JUNE 30, 2022**

| | <u>DEBT SERVICE FUND</u> | | | |
|--|--------------------------|----------------------------|-------------------------|-------------------------------------|
| | <u>ACTUAL</u> | <u>ORIGINAL BUDGET</u> | <u>FINAL BUDGET</u> | <u>VARIANCE TO FINAL BUDGET</u> |
| REVENUES: | | | | |
| Local Sources: | | | | |
| Taxes-Current Levy | \$ 17,373,873 | \$ 17,350,000 | \$ 17,350,000 | \$ 23,873 |
| Taxes-Prior Levies | 221,490 | 175,000 | 175,000 | 46,490 |
| Earnings on Investments | 34,550 | 65,000 | 65,000 | (30,450) |
| Total Revenues | <u>17,629,913</u> | <u>17,590,000</u> | <u>17,590,000</u> | <u>39,913</u> |
| EXPENDITURES: | | | | |
| Debt Service: | | | | |
| Long-Term Debt Service: | | | | |
| Redemption of Principal | 8,385,000 | 8,385,000 | 8,385,000 | - |
| Interest | 9,353,669 | 9,355,000 | 9,355,000 | 1,331 |
| Total Expenditures | <u>17,738,669</u> | <u>17,740,000</u> | <u>17,740,000</u> | <u>1,331</u> |
| Excess of Revenues Over (Under) Expenditures | (108,756) | (150,000) | (150,000) | 41,244 |
| Other Financing Sources: | | | | |
| Proceeds from Issuance of Long-Term Debt | 5,354 | - | - | 5,354 |
| Transfers In | 1,000,000 | - | 1,000,000 | - |
| Total Other Financing Sources: | <u>1,005,354</u> | <u>-</u> | <u>1,000,000</u> | <u>5,354</u> |
| Net Change in Fund Balance | 896,598 | (150,000) | 850,000 | 46,598 |
| Beginning Fund Balance | <u>732,815</u> | <u>500,000</u> | <u>500,000</u> | <u>232,815</u> |
| Ending Fund Balance | <u>\$ 1,629,413</u> | <u>\$ 350,000</u> | <u>\$ 1,350,000</u> | <u>\$ 279,413</u> |

LAKE OSWEGO SCHOOL DISTRICT NO 7J

CLACKAMAS COUNTY, OREGON

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

ACTUAL AND BUDGET (BUDGETARY BASIS) - CAPITAL PROJECTS FUND

YEAR ENDED JUNE 30, 2022

REVENUES:

From Local Sources:

Construction Excise Tax

Interest Income

Contributions and Donations

Miscellaneous

From Intermediate Sources:

SB 1149 Energy Program

Total Revenues

Detail by Object

| | SALARIES | EMPLOYEE BENEFITS | PURCHASED SERVICES | SUPPLIES & MATERIALS |
|---|------------|-------------------|--------------------|----------------------|
| EXPENDITURES: | | | | |
| Instruction: | | | | |
| Regular Instruction | | | | |
| Primary K-5 | \$ - | \$ - | \$ - | \$ 67,708 |
| Jr. High Program | - | - | - | 13,740 |
| High School Program | - | - | - | 8,087 |
| Total Instruction | - | - | - | 89,535 |
| Support Services: | | | | |
| Students | | | | |
| Student Safety Services | - | - | 12,090 | 237,424 |
| Central Activities - Technology | - | - | - | - |
| Total Support Services | - | - | 12,090 | 237,424 |
| Facilities Acquisition and Construction | 419,556 | 220,994 | 6,699,130 | 193,359 |
| Debt Service | - | - | 564,508 | - |
| Operating Contingency | - | - | - | - |
| Total Expenditures | \$ 419,556 | \$ 220,994 | \$ 7,275,728 | \$ 520,318 |

Excess of Revenues Over (Under) Expenditures

Other Financing Sources and (Uses):

Proceeds from Issuance of Long-Term Debt

Premium on Sale of Long-Term Debt

Transfers In

Transfers Out

Total Other Financing Sources and (Uses):

Net Change in Fund Balance

Beginning Fund Balance

Ending Fund Balance

(continued)

| | | ACTUAL | ORIGINAL BUDGET | FINAL BUDGET | VARIANCE TO FINAL BUDGET |
|----------------------|-------------------|-----------------------|----------------------|-----------------------|--------------------------|
| | | \$ 632,000 | \$ 450,000 | \$ 450,000 | \$ 182,000 |
| | | 952,962 | 500,000 | 500,000 | 452,962 |
| | | - | 50,000 | 50,000 | (50,000) |
| | | 365,840 | - | - | 365,840 |
| | | - | 150,000 | 150,000 | (150,000) |
| | | <u>1,950,802</u> | <u>1,150,000</u> | <u>1,150,000</u> | <u>800,802</u> |
| Detail by Object | | | | | |
| CAPITAL OUTLAY | OTHER OBJECTS | | | | |
| \$ - | \$ - | 67,708 | 450,000 | 450,000 | 382,292 |
| - | - | 13,740 | - | - | (13,740) |
| <u>8,391</u> | <u>-</u> | <u>16,478</u> | <u>-</u> | <u>-</u> | <u>(16,478)</u> |
| 8,391 | - | 97,926 | 450,000 | 450,000 | 352,074 |
| - | - | 249,514 | - | - | (249,514) |
| - | - | - | 750,000 | 750,000 | 750,000 |
| - | - | 249,514 | 750,000 | 750,000 | 500,486 |
| 12,394,909 | 204,302 | 20,132,250 | 46,400,000 | 46,400,000 | 26,267,750 |
| - | 442,925 | 1,007,433 | 500,001 | 1,100,001 | 92,568 |
| - | - | - | 2,000,000 | 2,000,000 | 2,000,000 |
| <u>\$ 12,403,300</u> | <u>\$ 647,227</u> | <u>21,487,123</u> | <u>50,100,001</u> | <u>50,700,001</u> | <u>29,212,878</u> |
| | | (19,536,321) | (48,950,001) | (49,550,001) | 30,013,680 |
| | | 152,709,646 | - | 165,600,000 | (12,890,354) |
| | | 12,884,662 | - | - | 12,884,662 |
| | | 2,000,000 | - | 2,000,000 | - |
| | | - | (1) | (1) | 1 |
| | | <u>167,594,308</u> | <u>(1)</u> | <u>167,599,999</u> | <u>(5,691)</u> |
| | | 148,057,987 | (48,950,002) | 118,049,998 | 30,007,989 |
| | | 56,896,534 | 60,140,002 | 60,140,002 | (3,243,468) |
| | | <u>\$ 204,954,521</u> | <u>\$ 11,190,000</u> | <u>\$ 178,190,000</u> | <u>\$ 26,764,521</u> |

LAKE OSWEGO SCHOOL DISTRICT NO.7J
CLACKAMAS COUNTY, OREGON
COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2022

| | SPECIAL REVENUE FUNDS | | | | TOTAL NONMAJOR GOVERNMENTAL FUNDS |
|--|------------------------------------|-------------------------------|-----------------------------|-------------------------|--|
| | COMMUNITY CONTRIBUTIONS FUND | COMMUNITY SERVICES FUND | STUDENT ACTIVITY FUND | FOOD SERVICE FUND | |
| ASSETS: | | | | | |
| Cash and Investments | \$ - | \$ 500 | \$ 1,505,708 | \$ 150 | \$ 1,506,358 |
| Interfund Receivables | 1,121,584 | 178,255 | - | 945,780 | 2,245,619 |
| Accounts Receivable | 4,551 | 9,328 | - | 126,938 | 140,817 |
| Inventories | - | - | - | 48,210 | 48,210 |
| Total Assets | \$ 1,126,135 | \$ 188,083 | \$ 1,505,708 | \$ 1,121,078 | \$ 3,941,004 |
| LIABILITIES AND FUND BALANCES: | | | | | |
| Liabilities: | | | | | |
| Accounts Payable | \$ 357 | \$ 23,776 | \$ - | \$ 79,676 | \$ 103,809 |
| Unearned Revenue | 963,493 | 164,307 | - | 169,901 | 1,297,701 |
| Total Liabilities | 963,850 | 188,083 | - | 249,577 | 1,401,510 |
| Fund Balances: | | | | | |
| Nonspendable: | | | | | |
| Inventories | - | - | - | 48,210 | 48,210 |
| Committed to: | | | | | |
| Community Support | 162,285 | - | - | 823,291 | 985,576 |
| Student Activities | - | - | 1,505,708 | - | 1,505,708 |
| Total Fund Balances | 162,285 | - | 1,505,708 | 871,501 | 2,539,494 |
| Total Liabilities and Fund Balances | \$ 1,126,135 | \$ 188,083 | \$ 1,505,708 | \$ 1,121,078 | \$ 3,941,004 |

LAKE OSWEGO SCHOOL DISTRICT NO.7J
CLACKAMAS COUNTY, OREGON
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2022

| | SPECIAL REVENUE FUNDS | | | | TOTAL NONMAJOR GOVERNMENTAL FUNDS |
|--|------------------------------------|-------------------------------|-----------------------------|-------------------------|--|
| | COMMUNITY CONTRIBUTIONS FUND | COMMUNITY SERVICES FUND | STUDENT ACTIVITY FUND | FOOD SERVICE FUND | |
| REVENUES: | | | | | |
| Local Sources | \$ 1,046,692 | \$ 1,949,448 | \$ 2,344,019 | \$ 27,840 | \$ 5,367,999 |
| State Sources | - | - | - | 26,599 | 26,599 |
| Federal Sources | - | - | - | 3,304,852 | 3,304,852 |
| Total Revenues | 1,046,692 | 1,949,448 | 2,344,019 | 3,359,291 | 8,699,450 |
| EXPENDITURES: | | | | | |
| Current: | | | | | |
| Instruction | 1,021,073 | - | 2,081,571 | - | 3,102,644 |
| Support Services | 35,434 | - | - | - | 35,434 |
| Enterprise and Community Services | - | 2,126,557 | - | 2,582,350 | 4,708,907 |
| Capital Outlay | 3,240 | - | - | 27,832 | 31,072 |
| Debt Service: | | | | | |
| Interest and Other Charges | - | 70,000 | - | 10,000 | 80,000 |
| Total Expenditures | 1,059,747 | 2,196,557 | 2,081,571 | 2,620,182 | 7,958,057 |
| Excess (Deficiency) of Revenues Over Expenditures | (13,055) | (247,109) | 262,448 | 739,109 | 741,393 |
| Other Financing Sources: | | | | | |
| Transfers In | - | 247,109 | - | - | 247,109 |
| Increase (Decrease) in Inventories | - | - | - | (2,619) | (2,619) |
| Net Change in Fund Balance | (13,055) | - | 262,448 | 736,490 | 985,883 |
| Beginning Fund Balance | 175,340 | - | 1,243,260 | 135,011 | 1,553,611 |
| Ending Fund Balance | \$ 162,285 | \$ - | \$ 1,505,708 | \$ 871,501 | \$ 2,539,494 |

LAKE OSWEGO SCHOOL DISTRICT NO. 7J

CLACKAMAS COUNTY, OREGON

DETAILED SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -

ACTUAL AND BUDGET (BUDGETARY BASIS) - COMMUNITY CONTRIBUTIONS FUND

YEAR ENDED JUNE 30, 2022

REVENUES:

Local Sources:

Foundation Contributions

Other Contributions and Donations

Total Revenues

| | Detail by Object | | | |
|---|------------------|----------------------|-----------------------|-------------------------|
| | SALARIES | EMPLOYEE BENEFITS | PURCHASED SERVICES | SUPPLIES & MATERIALS |
| EXPENDITURES: | | | | |
| Instruction: | | | | |
| Regular Programs: | | | | |
| Primary K-5 | \$ 611,075 | \$ - | \$ - | \$ 18,778 |
| Jr. High Programs | 137,221 | - | - | 46,116 |
| High School Programs | 181,704 | - | 720 | 14,792 |
| High School Extra-curricular | - | - | 6,150 | 2,504 |
| Other Special Programs | - | - | - | 418 |
| Total Instruction | 930,000 | - | 6,870 | 82,608 |
| Support Services: | | | | |
| Pupils: | | | | |
| Improvement of Instruction | - | - | - | - |
| Instructional Staff and Educational Media | - | - | - | 10,295 |
| School Administration - Office of the Principal | - | - | - | 4,346 |
| Business: | | | | |
| Operation and Maintenance | - | - | - | 20,793 |
| Total Support Services | - | - | - | 35,434 |
| Facilities Acquisition and Construction | - | - | - | - |
| Debt Service | - | - | - | - |
| Total Expenditures | \$ 930,000 | \$ - | \$ 6,870 | \$ 118,042 |

Excess of Revenues Over (Under) Expenditures

Beginning Fund Balance

Ending Fund Balance

(continued)

| | | ACTUAL | ORIGINAL BUDGET | FINAL BUDGET | VARIANCE TO FINAL BUDGET |
|-------------------|------------------|------------|--------------------|-----------------|-----------------------------|
| | | \$ 925,000 | \$ 2,000,000 | \$ 2,000,000 | \$ (1,075,000) |
| | | 121,692 | 518,000 | 518,000 | (396,308) |
| | | 1,046,692 | 2,518,000 | 2,518,000 | (1,471,308) |
| Detail by Object | | | | | |
| CAPITAL OUTLAY | OTHER OBJECTS | | | | |
| \$ - | \$ - | 629,853 | 1,093,000 | 1,093,000 | 463,147 |
| - | - | 183,337 | 432,000 | 432,000 | 248,663 |
| - | - | 197,216 | 681,000 | 681,000 | 483,784 |
| - | 1,595 | 10,249 | 11,000 | 11,000 | 751 |
| - | - | 418 | 3,000 | 3,000 | 2,582 |
| - | 1,595 | 1,021,073 | 2,220,000 | 2,220,000 | 1,198,927 |
| - | - | - | 20,000 | 20,000 | 20,000 |
| - | - | 10,295 | 45,000 | 45,000 | 34,705 |
| - | - | 4,346 | 20,000 | 20,000 | 15,654 |
| 3,240 | - | 24,033 | 80,000 | 80,000 | 55,967 |
| 3,240 | - | 38,674 | 165,000 | 165,000 | 126,326 |
| - | - | - | 78,000 | 78,000 | 78,000 |
| - | - | - | 10,000 | 10,000 | 10,000 |
| \$ 3,240 | \$ 1,595 | 1,059,747 | 2,473,000 | 2,473,000 | 1,413,253 |
| | | (13,055) | 45,000 | 45,000 | (58,055) |
| | | 175,340 | 155,000 | 155,000 | 20,340 |
| | | \$ 162,285 | \$ 200,000 | \$ 200,000 | \$ (37,715) |

LAKE OSWEGO SCHOOL DISTRICT NO. 7J**CLACKAMAS COUNTY, OREGON****SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE****ACTUAL AND BUDGET - BUDGETARY BASIS****FOR THE YEAR ENDED JUNE 30, 2022**COMMUNITY SERVICES FUND

| | <u>ACTUAL</u> | <u>ORIGINAL BUDGET</u> | <u>FINAL BUDGET</u> | <u>VARIANCE TO FINAL BUDGET</u> |
|---|------------------|----------------------------|-------------------------|-------------------------------------|
| REVENUES: | | | | |
| Local Sources, Community Service Activities: | | | | |
| Community Services Tuition | \$ 1,116,737 | \$ 1,521,000 | \$ 1,521,000 | \$ (404,263) |
| Extended Child Care Fees | 694,445 | 1,170,000 | 1,170,000 | (475,555) |
| Driver's Ed. Fees | 63,280 | 120,000 | 120,000 | (56,720) |
| Pool Fees | 74,986 | 150,000 | 150,000 | (75,014) |
| Rent From School Facility | - | 140,000 | 140,000 | (140,000) |
| Miscellaneous | - | 10,000 | 10,000 | (10,000) |
| Total Revenues | 1,949,448 | 3,111,000 | 3,111,000 | (1,161,552) |
| EXPENDITURES: | | | | |
| Enterprise and Community Services | | | | |
| Other Enterprise: | | | | |
| Community Recreation: | | | | |
| Salaries | 548,323 | 750,000 | 750,000 | 201,677 |
| Employee Benefits | 181,204 | 200,000 | 200,000 | 18,796 |
| Purchased Services | 316,823 | 400,000 | 400,000 | 83,177 |
| Supplies & Materials | 167,971 | 345,000 | 345,000 | 177,029 |
| Capital Outlay | - | 5,000 | 5,000 | 5,000 |
| Other Objects | 10,092 | 10,000 | 10,000 | (92) |
| Swim Pool: | | | | |
| Salaries | 13,903 | 130,000 | 130,000 | 116,097 |
| Employee Benefits | 1,160 | 35,000 | 35,000 | 33,840 |
| Purchased Services | 60,912 | 160,000 | 160,000 | 99,088 |
| Supplies & Materials | 28,034 | 20,000 | 20,000 | (8,034) |
| Capital Outlay | - | 25,000 | 25,000 | 25,000 |
| Other Objects | 1,028 | 1,000 | 1,000 | (28) |
| Custody and Care of Children: | | | | |
| Salaries | 509,579 | 700,000 | 700,000 | 190,421 |
| Employee Benefits | 235,113 | 385,000 | 385,000 | 149,887 |
| Purchased Services | 19,199 | 40,000 | 40,000 | 20,801 |
| Supplies & Materials | 33,216 | 80,000 | 80,000 | 46,784 |
| Capital Outlay | - | 5,000 | 5,000 | 5,000 |
| Total Enterprise and Community Services | 2,126,557 | 3,291,000 | 3,291,000 | 1,164,443 |
| Debt Service - Interest | 70,000 | 70,000 | 70,000 | - |
| Total Expenditures | 2,196,557 | 3,361,000 | 3,361,000 | 1,164,443 |
| Excess (Deficiency) of Revenues Over Expenditures | (247,109) | (250,000) | (250,000) | 2,891 |
| Other Financing Sources: | | | | |
| Transfers In | 247,109 | 250,000 | 250,000 | (2,891) |
| Net Change in Fund Balance | - | - | - | - |
| Beginning Fund Balance | - | - | - | - |
| Ending Fund Balance | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |

LAKE OSWEGO SCHOOL DISTRICT NO. 7J

CLACKAMAS COUNTY, OREGON

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE

ACTUAL AND BUDGET - BUDGETARY BASIS

FOR THE YEAR ENDED JUNE 30, 2022

STUDENT ACTIVITY FUND

| | <u>ACTUAL</u> | <u>ORIGINAL BUDGET</u> | <u>FINAL BUDGET</u> | <u>VARIANCE TO FINAL BUDGET</u> |
|-------------------------------|---------------------|----------------------------|-------------------------|-------------------------------------|
| REVENUES: | | | | |
| Local Sources: | | | | |
| Community Services Activities | \$ 2,344,019 | \$ 3,100,000 | \$ 3,100,000 | \$ (755,981) |
| EXPENDITURES: | | | | |
| Instruction: | | | | |
| Regular Programs: | | | | |
| Elementary-Extra-curricular: | | | | |
| Supplies & Materials | 46,558 | 125,000 | 125,000 | 78,442 |
| Jr. High-Extra-curricular: | | | | |
| Supplies & Materials | 146,073 | 350,000 | 350,000 | 203,927 |
| High School Extra-curricular: | | | | |
| Supplies & Materials | 1,888,940 | 2,625,000 | 2,625,000 | 736,060 |
| Total Expenditures | 2,081,571 | 3,100,000 | 3,100,000 | 1,018,429 |
| Net Change in Fund Balance | 262,448 | - | - | 262,448 |
| Beginning Fund Balance | 1,243,260 | 1,000,000 | 1,000,000 | 243,260 |
| Ending Fund Balance | <u>\$ 1,505,708</u> | <u>\$ 1,000,000</u> | <u>\$ 1,000,000</u> | <u>\$ 505,708</u> |

LAKE OSWEGO SCHOOL DISTRICT NO. 7J**CLACKAMAS COUNTY, OREGON****SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE****ACTUAL AND BUDGET - BUDGETARY BASIS****FOR THE YEAR ENDED JUNE 30, 2022**

| | <u>FOOD SERVICE FUND</u> | | | |
|---|--------------------------|----------------------------|-------------------------|-------------------------------------|
| | <u>ACTUAL</u> | <u>ORIGINAL BUDGET</u> | <u>FINAL BUDGET</u> | <u>VARIANCE TO FINAL BUDGET</u> |
| REVENUES: | | | | |
| Local Sources - Food Service: | | | | |
| Food Service Sales | \$ 7,584 | \$ 100,000 | \$ 100,000 | \$ (92,416) |
| Banquets & Miscellaneous | 20,256 | 50,000 | 50,000 | (29,744) |
| Total Local Sources - Food Service | 27,840 | 150,000 | 150,000 | (122,160) |
| State Sources: | | | | |
| State Grants in Aid | 26,599 | 30,000 | 30,000 | (3,401) |
| Federal Sources: | | | | |
| National School Lunch Reimbursement | 3,165,416 | 1,620,000 | 3,120,000 | 45,416 |
| USDA Commodities | 139,436 | 95,000 | 95,000 | 44,436 |
| Total Federal Sources | 3,304,852 | 1,715,000 | 3,215,000 | 89,852 |
| Total Revenues | 3,359,291 | 1,895,000 | 3,395,000 | (35,709) |
| EXPENDITURES: | | | | |
| Enterprise and Community Services | | | | |
| Food Service: | | | | |
| Salaries | 697,795 | 600,000 | 800,000 | 102,205 |
| Employee Benefits | 290,550 | 300,000 | 350,000 | 59,450 |
| Purchased Services | 64,880 | 50,000 | 50,000 | (14,880) |
| Supplies & Materials | 1,506,356 | 1,065,000 | 1,815,000 | 308,644 |
| Capital Outlay | 27,832 | 40,000 | 40,000 | 12,168 |
| Other Objects | 22,769 | 5,000 | 5,000 | (17,769) |
| Total Enterprise and Community Services | 2,610,182 | 2,060,000 | 3,060,000 | 449,818 |
| Debt Service - Interest | 10,000 | 10,000 | 10,000 | - |
| Total Expenditures | 2,620,182 | 2,070,000 | 3,070,000 | 449,818 |
| Excess (Deficiency) of Revenues Over Expenditures | 739,109 | (175,000) | 325,000 | 414,109 |
| Other Financing Sources: | | | | |
| Transfers In | - | 175,000 | 175,000 | (175,000) |
| Net Change in Fund Balance | 739,109 | - | 500,000 | 239,109 |
| Beginning Fund Balance | 84,182 | - | - | 84,182 |
| Ending Fund Balance | \$ 823,291 | \$ - | \$ 500,000 | \$ 323,291 |

OTHER FINANCIAL SCHEDULES

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LAKE OSWEGO SCHOOL DISTRICT NO. 7J
CLACKAMAS COUNTY, OREGON
 DEPARTMENT OF EDUCATION SUPPLEMENTAL INFORMATION
 YEAR ENDED JUNE 30, 2022

A. Energy Bill Heating - All Funds:

Please enter your expenditures for electricity, heating fuel and water and sewage for these Functions & Objects:

| | |
|---------------|------------------------|
| | Objects 325, 326 & 327 |
| Function 2540 | \$ 1,722,033 |
| Function 2550 | - |

B. Replacement of Equipment - General Fund:

Include all General Fund expenditures in object 542, except for the following exclusions:

| |
|-----------|
| \$ 53,724 |
|-----------|

Exclude these functions:

1113, 1122 & 1132 Co-curricular Activities
 1140 Pre-Kindergarten
 1300 Continuing Education
 1400 Summer School

Exclude these functions:

4150 Construction
 2550 Pupil Transportation
 3100 Food Service
 3300 Community Services

LAKE OSWEGO SCHOOL DISTRICT NO. 7J

CLACKAMAS COUNTY, OREGON

**SCHEDULE OF FOUNDATION RECEIPTS, UNEARNED REVENUES, REVENUES AND EXPENDITURES
YEAR ENDED JUNE 30, 2022**

| | | | |
|---|----|-----------------------|-----------------|
| Foundation unearned revenues as of June 30, 2021 | | \$ | 938,493 |
| (Amounts received from Foundation in prior fiscal year for current fiscal year) | | | |
| Amounts unspent as of June 30, 2022 | \$ | 33,493 | (33,493) |
| Foundation donations to District for the fiscal year ended June 30, 2022 | | | |
| Total foundation donations received by District during the current fiscal year | \$ | <u>950,000</u> | |
| Allocation of donations received in current fiscal year: | | | |
| Donations received for current fiscal year | | - | 20,000 |
| Donations received in current fiscal year for the next fiscal year | | <u>930,000</u> | <u>-</u> |
| Foundation revenues recognized for fiscal year ended June 30, 2022 | | | 925,000 |
| Total Foundation unearned revenues as of June 30, 2022 | \$ | <u><u>963,493</u></u> | |
| Expenditure of Foundation donations within the Community Contributions Fund: | | | |
| Teacher and Aide Salaries and Wages | | | <u>925,000</u> |
| Total Foundation expenditures | | | <u>925,000</u> |
| Excess of revenues over (under) expenditures | | \$ | <u><u>-</u></u> |

Foundation resources and expenditures thereof are accounted for within the District's Community Contributions Fund. This schedule reflects the amounts within that Fund that relate solely to the Foundation.

STATISTICAL SECTION

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LAKE OSWEGO SCHOOL DISTRICT NO. 7J
CLACKAMAS COUNTY, OREGON
BALANCE SHEETS - GENERAL FUND
LAST FIVE FISCAL YEARS

| | 2018 | 2019 | 2020 | 2021 | 2022 |
|---|----------------------|----------------------|----------------------|----------------------|----------------------|
| ASSETS: | | | | | |
| Cash | \$ 26,830,306 | \$ 39,085,598 | \$ 22,065,490 | \$ 37,400,795 | \$ 30,345,423 |
| Interfund Receivables | - | - | 1,096,187 | - | - |
| Receivables: | | | | | |
| Taxes | 2,813,572 | 1,460,419 | 1,650,986 | 1,633,053 | 1,967,500 |
| Accounts | 367,268 | 429,185 | 361,304 | 1,207,037 | 686,345 |
| Leases Receivable | - | - | - | - | 913,472 |
| Intergovernmental Loan | 3,359,428 | - | - | - | - |
| Accrued Interest | - | 1,379 | 1,440 | 279 | 612 |
| Prepays | 53,872 | 58,913 | 55,690 | 21,070 | 21,154 |
| Inventories | 63,746 | 46,127 | 46,565 | 47,727 | 40,747 |
| Total Assets | <u>\$ 33,488,192</u> | <u>\$ 41,081,621</u> | <u>\$ 25,277,662</u> | <u>\$ 40,309,961</u> | <u>\$ 33,975,253</u> |
| LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES: | | | | | |
| LIABILITIES: | | | | | |
| Interfund Payables | \$ 4,917,028 | \$ 14,329,854 | \$ - | \$ 9,037,935 | \$ 4,167,143 |
| Intergovernmental Payable | 403,516 | 471,830 | 531,262 | 577,083 | 631,869 |
| Accrued Payroll and Benefits Payable | 5,095,704 | 5,634,727 | 7,399,904 | 7,463,086 | 7,003,058 |
| Accounts Payable | 1,836,090 | 1,631,226 | 1,066,372 | 910,393 | 1,630,159 |
| Unearned Revenue | 7,797 | 5,467 | 5,467 | 8,500 | 14,935 |
| Matured Bond and Coupons Payable | 1,688,860 | - | - | - | - |
| Total Liabilities | <u>13,948,995</u> | <u>22,073,104</u> | <u>9,003,005</u> | <u>17,996,997</u> | <u>13,447,164</u> |
| DEFERRED INFLOWS OF RESOURCES: | | | | | |
| Unavailable Revenue - Taxes | 2,529,228 | 1,171,772 | 1,267,742 | 1,315,824 | 1,741,724 |
| Unavailable Revenue - Leases | - | - | - | - | 913,472 |
| Total Deferred Inflows of Resources | <u>2,529,228</u> | <u>1,171,772</u> | <u>1,267,742</u> | <u>1,315,824</u> | <u>2,655,196</u> |
| FUND BALANCES: | | | | | |
| Nonspendable Prepays | 53,872 | 58,913 | 55,690 | 21,070 | 21,154 |
| Nonspendable Inventories | 63,746 | 46,127 | 46,565 | 47,727 | 40,747 |
| Unassigned | 16,892,351 | 17,731,705 | 14,904,660 | 20,928,343 | 17,810,992 |
| Total Fund Balances | <u>17,009,969</u> | <u>17,836,745</u> | <u>15,006,915</u> | <u>20,997,140</u> | <u>17,872,893</u> |
| Total Liabilities, Deferred Inflows of Resources, and Fund Balances | <u>\$ 33,488,192</u> | <u>\$ 41,081,621</u> | <u>\$ 25,277,662</u> | <u>\$ 40,309,961</u> | <u>\$ 33,975,253</u> |

LAKE OSWEGO SCHOOL DISTRICT NO. 7J**CLACKAMAS COUNTY, OREGON****STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - GENERAL FUND
LAST FIVE FISCAL YEARS**

| | 2018 | 2019 | 2020 | 2021 | 2022 |
|---|----------------------|----------------------|----------------------|----------------------|----------------------|
| REVENUES: | | | | | |
| Local Sources: | | | | | |
| Taxes | \$ 43,765,243 | \$ 46,793,066 | \$ 49,528,306 | \$ 51,654,497 | \$ 53,341,698 |
| Earnings on Investments | 608,572 | 1,103,272 | 736,425 | 243,581 | 234,718 |
| Other Local Sources | 1,255,535 | 1,729,728 | 2,141,262 | 1,473,098 | 2,288,496 |
| Intermediate Sources | 1,222,902 | 1,521,795 | 1,427,287 | 2,397,017 | 1,025,585 |
| State Sources | 31,495,217 | 31,782,473 | 32,963,134 | 34,448,801 | 33,466,694 |
| Federal Sources | 7,230 | 26,385 | - | 341 | 32,953 |
| Total Revenues | 78,354,699 | 82,956,719 | 86,796,414 | 90,217,335 | 90,390,144 |
| EXPENDITURES: | | | | | |
| Current: | | | | | |
| Instruction | 45,324,536 | 48,080,281 | 54,279,581 | 50,674,493 | 54,277,138 |
| Support Services | 24,515,955 | 26,963,296 | 28,385,091 | 26,055,194 | 30,056,772 |
| Capital Outlay | 1,457,300 | 2,434,511 | 541,120 | 464,232 | 66,623 |
| Debt Service: | | | | | |
| Principal | 1,430,951 | 1,443,048 | 2,031,630 | 2,782,474 | 3,369,428 |
| Interest and Other Changes | 2,765,782 | 2,938,290 | 3,332,930 | 2,404,613 | 2,194,262 |
| Total Expenditures | 75,494,524 | 81,859,426 | 88,570,352 | 82,381,006 | 89,964,223 |
| Excess (Deficiency) of Revenues Over Expenditures | 2,860,175 | 1,097,293 | (1,773,938) | 7,836,329 | 425,921 |
| OTHER FINANCING SOURCES (USES): | | | | | |
| Compensation for Loss of Capital Assets | 3,611 | 25,008 | 6,000 | 51,128 | 4,939 |
| Transfers Out | (48,128) | (277,906) | (1,062,330) | (1,898,394) | (3,548,127) |
| Total Other Financing Sources (Uses) | (44,517) | (252,898) | (1,056,330) | (1,847,266) | (3,543,188) |
| Excess (Deficiency) of Revenues Over Expenditures and Other Uses | 2,815,658 | 844,395 | (2,830,268) | 5,989,063 | (3,117,267) |
| Increase (Decrease) in Inventories | (8,300) | (17,619) | 438 | 1,162 | (6,980) |
| FUND BALANCE, Beginning of Year | 14,202,611 | 17,009,969 | 17,836,745 | 15,006,915 | 20,997,140 |
| FUND BALANCE, End of Year | <u>\$ 17,009,969</u> | <u>\$ 17,836,745</u> | <u>\$ 15,006,915</u> | <u>\$ 20,997,140</u> | <u>\$ 17,872,893</u> |

Note: This schedule includes only revenues, expenditures, transfers and fund balances of the General Fund.
This schedule has been prepared on a GAAP basis.

LAKE OSWEGO SCHOOL DISTRICT NO. 7J
CLACKAMAS COUNTY, OREGON
SCHEDULE OF ASSESSED AND REAL MARKET VALUES & GO BOND CAPACITY
LAST TEN FISCAL YEARS

| All Counties | | | | | | | |
|--------------------|-----------------------------|-----------------------------|---------------------------|-----------------------------|---------------------------------------|-----------------------------|---------------------------|
| <u>Fiscal Year</u> | <u>Total Assessed Value</u> | <u>Urban Renewal Excess</u> | <u>Net Assessed Value</u> | <u>M5 Real Market Value</u> | <u>GO Bond Capacity (7.95 of RMV)</u> | <u>GO Bonds Outstanding</u> | <u>Remaining Capacity</u> |
| 2022 | \$ 9,567,135,914 | \$ 529,014,165 | \$ 9,038,121,749 | \$ 15,843,517,666 | \$ 1,259,559,654 | \$ 353,590,000 | \$ 905,969,654 |
| 2021 | 9,197,875,222 | 492,444,752 | 8,705,430,470 | 14,606,359,951 | 1,161,205,616 | 209,260,000 | 951,945,616 |
| 2020 | 8,800,664,316 | 444,788,050 | 8,355,876,266 | 14,030,801,580 | 1,115,448,726 | 216,705,000 | 898,743,726 |
| 2019 | 8,401,180,889 | 363,345,168 | 8,037,835,721 | 13,279,078,936 | 1,055,686,775 | 197,580,000 | 858,106,775 |
| 2018 | 8,073,333,002 | 341,948,946 | 7,731,384,056 | 12,294,192,730 | 977,388,322 | 204,605,000 | 772,783,322 |
| 2017 | 7,749,618,202 | 321,226,290 | 7,428,391,912 | 11,480,485,565 | 912,698,602 | 52,150,000 | 860,548,602 |
| 2016 | 7,405,781,328 | 278,792,794 | 7,126,988,534 | 10,126,271,085 | 805,038,551 | 56,120,000 | 748,918,551 |
| 2015 | 7,072,810,033 | 249,508,529 | 6,823,301,504 | 9,232,430,532 | 733,978,227 | 59,705,000 | 674,273,227 |
| 2014 | 6,757,280,255 | 231,544,977 | 6,525,735,278 | 8,243,485,395 | 655,357,089 | 62,940,000 | 592,417,089 |
| 2013 | 6,538,643,141 | 203,537,646 | 6,335,105,495 | 8,086,788,176 | 642,899,660 | 65,865,000 | 577,034,660 |

Sources: Clackamas, Washington and Multnomah County Departments of Assessment and Taxation.

LAKE OSWEGO SCHOOL DISTRICT NO. 7J**CLACKAMAS COUNTY, OREGON****SCHEDULE OF ASSESSED AND REAL MARKET VALUES & GO BOND CAPACITY BY COUNTY****LAST TEN FISCAL YEARS**

Clackamas County

| Fiscal Year | Total Assessed Valuation | Urban Renewal Excess | AV Used to Calculate Rates | M5 Real Market Value |
|-------------|--------------------------|----------------------|----------------------------|----------------------|
| 2022 | \$ 9,456,450,858 | \$ 529,014,165 | \$ 8,927,436,693 | \$ 15,653,013,241 |
| 2021 | 9,089,878,516 | 496,444,752 | 8,593,433,764 | 14,425,693,560 |
| 2020 | 8,697,516,880 | 444,788,050 | 8,252,728,830 | 13,856,453,814 |
| 2019 | 8,302,927,751 | 363,345,168 | 7,939,582,583 | 13,119,299,528 |
| 2018 | 7,978,043,715 | 341,948,946 | 7,636,094,769 | 12,143,029,494 |
| 2017 | 7,653,043,997 | 321,226,290 | 7,331,817,707 | 11,342,009,758 |
| 2016 | 7,317,397,618 | 278,792,794 | 7,038,604,824 | 10,005,026,423 |
| 2015 | 6,986,692,619 | 249,508,529 | 6,737,184,090 | 9,119,190,699 |
| 2014 | 6,679,937,831 | 231,544,977 | 6,448,392,854 | 8,141,797,928 |
| 2013 | 6,463,607,095 | 203,537,646 | 6,260,069,449 | 7,991,805,463 |

Washington County

| Fiscal Year | Total Assessed Valuation | Urban Renewal Excess | AV Used to Calculate Rates | M5 Real Market Value |
|-------------|--------------------------|----------------------|----------------------------|----------------------|
| 2022 | \$ 81,999,656 | \$ - | \$ 81,999,656 | \$ 144,399,215 |
| 2021 | 80,196,196 | - | 80,196,196 | 139,225,711 |
| 2020 | 76,097,556 | - | 76,097,556 | 132,650,626 |
| 2019 | 71,982,468 | - | 71,982,468 | 118,076,278 |
| 2018 | 69,810,067 | - | 69,810,067 | 111,731,056 |
| 2017 | 71,944,655 | - | 71,944,655 | 103,381,587 |
| 2016 | 64,423,540 | - | 64,423,540 | 87,680,802 |
| 2015 | 62,914,114 | - | 62,914,114 | 83,484,253 |
| 2014 | 54,760,564 | - | 54,760,564 | 73,988,097 |
| 2013 | 53,197,656 | - | 53,197,656 | 69,312,670 |

Multnomah County

| Fiscal Year | Total Assessed Valuation | Urban Renewal Excess | AV Used to Calculate Rates | M5 Real Market Value |
|-------------|--------------------------|----------------------|----------------------------|----------------------|
| 2022 | \$ 28,685,400 | \$ - | \$ 28,685,400 | \$ 46,105,210 |
| 2021 | 27,800,510 | - | 27,800,510 | 41,440,680 |
| 2020 | 27,049,880 | - | 27,049,880 | 41,697,140 |
| 2019 | 26,270,670 | - | 26,270,670 | 41,703,130 |
| 2018 | 25,479,220 | - | 25,479,220 | 39,432,180 |
| 2017 | 24,629,550 | - | 24,629,550 | 35,094,220 |
| 2016 | 23,960,170 | - | 23,960,170 | 33,563,860 |
| 2015 | 23,203,300 | - | 23,203,300 | 29,755,580 |
| 2014 | 22,581,860 | - | 22,581,860 | 27,699,370 |
| 2013 | 21,838,390 | - | 21,838,390 | 25,670,043 |

Sources: Clackamas, Washington and Multnomah County Departments of Assessment and Taxation.

LAKE OSWEGO SCHOOL DISTRICT NO. 7J
CLACKAMAS COUNTY, OREGON
DIRECT AND OVERLAPPING DEBT RATIOS
FOR THE YEAR ENDED JUNE 30, 2022

| | |
|------------------------------|-------------------|
| Real Market Value | \$ 15,843,517,666 |
| Estimated Population | 45,544 |
| Per Capita Real Market Value | \$ 347,873 |

| Debt Information | Gross | Net |
|-------------------|----------------------------------|----------------------------------|
| | Overlapping Debt ¹ | Overlapping Debt ² |
| District | \$ 394,548,657 | \$ 394,548,657 |
| Overlapping | 301,000,458 | 165,015,698 |
| Total Direct Debt | <u>\$ 695,549,115</u> | <u>\$ 559,564,355</u> |

Bonded Debt Ratios

| | | |
|---|-----------|-----------|
| District Direct Debt to Real Market Value | 2.49 | 2.49 |
| Total Direct Debt to Real Market Value | 4.39 | 3.53 |
| Per Capita District Direct Debt | \$ 8,663 | \$ 8,663 |
| Per Capita Total Direct Debt | \$ 15,272 | \$ 12,286 |

(1) Gross Property-Backed Debt includes all unlimited (general obligation bonds) and limited (full faith and credit obligations) tax supported debt.

(2) Net Property-Backed Debt is Gross Property-Backed Debt less self supporting limited and unlimited tax supported debt.

Sources: Municipal Debt Advisory Commission and County Tax Data.

LAKE OSWEGO SCHOOL DISTRICT NO. 7J
CLACKAMAS COUNTY, OREGON
SCHEDULE OF PROPERTY TAX RATES
FOR THE YEAR ENDED JUNE 30, 2022

Fiscal Year 2022 Tax Code Area 007-021*

| | Permanent Rate | Bond Levy Rate | Local Option Rate | Levy Rate |
|--|-------------------|-------------------|-------------------------|-------------------|
| General Government | | | | |
| City of Lake Oswego inside LOSD Boundary | \$ 4.6566 | \$ 0.2175 | \$ 0.0000 | \$ 4.8741 |
| Urban Renewal City of Lake Oswego | 0.9838 | 0.0000 | 0.0000 | 0.9838 |
| Clackamas County | 2.2508 | 0.0000 | 0.2480 | 2.4988 |
| Urban Renewal Clackamas County | 0.0068 | 0.0000 | 0.0000 | 0.0068 |
| Clackamas County 4-H Extension | 0.0467 | 0.0000 | 0.0000 | 0.0467 |
| Clackamas County Public Library | 0.3702 | 0.0000 | 0.0000 | 0.3702 |
| Clackamas County Public Safety Radio | 0.0000 | 0.0925 | 0.0000 | 0.0925 |
| Clackamas County Soil Convseration | 0.0467 | 0.0000 | 0.0000 | 0.0467 |
| Lake Grove Park | 0.0408 | 0.0000 | 0.0000 | 0.0408 |
| Port of Portland | 0.0657 | 0.0000 | 0.0000 | 0.0657 |
| Metro | 0.0902 | 0.3613 | 0.0960 | 0.5475 |
| Vector Control | 0.0062 | 0.0000 | 0.0250 | 0.0312 |
| Total General Government | \$ 8.5645 | \$ 0.6713 | \$ 0.3690 | \$ 9.6048 |
| Education | | | | |
| Portland Community College District | \$ 0.2657 | \$ 0.3639 | \$ 0.0000 | \$ 0.6296 |
| Clackamas Educational Service District | 0.3434 | 0.0000 | 0.0000 | 0.3434 |
| Lake Oswego School District (3) | 4.1885 | 1.8944 | 1.6400 | 7.7229 |
| Total Education | \$ 4.7976 | \$ 2.2583 | \$ 1.6400 | \$ 8.6959 |
| Total Tax Rate | \$ 13.3621 | \$ 2.9296 | \$ 2.0090 | \$ 18.3007 |

*Actual rates levied for Tax Code Area 007-021, the largest Tax Code area in the District, have an Assessed Value of \$4.1 billion for the 2021 Tax Year (fiscal year 2021-22).

Source: Clackamas County Department of Assessment and Taxation

LAKE OSWEGO SCHOOL DISTRICT NO. 7J
CLACKAMAS COUNTY, OREGON
PRINCIPAL PROPERTY TAXPAYERS CLACKAMAS COUNTY AS A WHOLE
FOR THE YEAR ENDED JUNE 30, 2022

| <u>Taxpayer</u> | <u>Business/Service</u> | <u>Tax</u> | <u>Assessed Value</u> | <u>Percent of Value</u> |
|--|----------------------------------|------------------|--------------------------|-------------------------|
| Portland General Electric | Electrical Utility | \$ 14,440,152 | \$ 1,036,476,706 | 1.78% |
| Fred Meyer Stores Inc | Retail | 5,233,976 | 296,191,151 | 0.51% |
| General Growth Properties Inc. | Town Center Mall | 5,154,001 | 292,157,387 | 0.50% |
| Shorenstein Properties LLC | Kruse Way Office Buildings | 4,247,576 | 233,876,457 | 0.40% |
| Northwest Natural Gas Co. | Natural Gas Utility | 4,194,241 | 264,754,100 | 0.45% |
| PCC Structurals Inc. | Manufacturing/Aerospace Property | 4,122,158 | 242,144,176 | 0.42% |
| ROIC Oregon LLC | Investments/Mgmt. | 1,697,754 | 91,431,574 | 0.16% |
| Comcast Corporation | Telecommunications | 1,576,543 | 92,622,000 | 0.16% |
| Meadows Road LLC | Kruse Way Office Buildings | 1,396,035 | 76,385,959 | 0.13% |
| Lumen Technologies Inc | Kruse Way Office Buildings | <u>1,372,852</u> | <u>84,418,000</u> | <u>0.15%</u> |
| Subtotal - ten of County's largest taxpayers | | 43,435,288 | 2,710,457,510 | 4.66% |
| All other County's taxpayers | | | <u>55,500,108,843</u> | <u>95.34%</u> |
| Total County | | | <u>\$ 58,210,566,353</u> | <u>100.00%</u> |

Source: Clackamas County Department of Assessment and Taxation.

LAKE OSWEGO SCHOOL DISTRICT NO. 7J
CLACKAMAS COUNTY, OREGON
STATE SCHOOL FUND CALCULATION
PRIOR TWO YEARS, CURRENT & ENSUING FISCAL YEARS

| Fiscal Year | 2020 | 2021 | 2022 | 2023 |
|---|---------------|---------------|-----------------|-----------------|
| Extended ADMw: | Final | Final | Latest Estimate | Latest Estimate |
| Current Fiscal Year Estimated ADMw (non-charter) | 7,883.2 | 7,563.7 | 7,643.4 | 7,684.9 |
| Prior Fiscal Year Estimated ADMw (non-charter) | 7,806.6 | 7,883.2 | 7,563.7 | 7,655.4 |
| Non-Charter Extended ADMw (greater of Current or Prior Year) | 7,883.2 | 7,883.2 | 7,643.4 | 7,684.9 |
| Current Fiscal Year Estimated ADMw (total charter schools) | 16.6 | 28.3 | 12.0 | 0.0 |
| Prior Fiscal Year Estimated ADMw (total charter schools) | 0.0 | 16.6 | 28.3 | 0.0 |
| Charter Extended ADMw (greater of Current or Prior Year for each school) | 16.6 | 28.3 | 28.3 | - |
| Total Extended ADMw (Non-Charter plus Charter) | 7,899.8 | 7,899.8 | 7,655.4 | 7,684.9 |
| Experience Adjustment: | | | | |
| District Average Teacher Experience | 13.25 | 12.88 | 12.88 | 12.88 |
| State Average Teacher Experience | 12.18 | 12.30 | 12.30 | 12.30 |
| Experience Adjustment (District and State Teacher Experience Difference) | 1.07 | 0.58 | 0.58 | 0.58 |
| Local Revenue Offsets: | | | | |
| Property Taxes | \$ 36,377,812 | \$ 37,828,531 | \$ 39,200,000 | \$ 40,500,000 |
| Common School Fund | 641,747 | 755,013 | 811,544 | 899,561 |
| County School Fund | 4,747 | 2,172 | 1,000 | 1,000 |
| Total Local Revenue Offsets | 37,024,306 | 38,585,716 | 40,012,544 | 41,400,561 |
| Transportation Grant: | | | | |
| Net Eligible Transportation Costs | 3,614,269 | 2,691,376 | 3,000,000 | 3,600,000 |
| Grant (70% of Net Eligible Transportation Costs) | 2,529,988 | 1,883,963 | 2,100,000 | 2,520,000 |
| General Purpose Grant: | | | | |
| (Extended ADMw x [\$4,500 + (\$25 x Experience Adjust.)]) x Funding Ratio = | 66,926,592 | 69,373,654 | 69,809,236 | 72,766,022 |
| Total Formula Revenue: | | | | |
| General Purpose Grant + Transportation Grant = | 69,456,580 | 71,257,617 | 71,909,236 | 75,286,022 |
| State School Fund Grant: | | | | |
| Total Formula Revenue - Local Revenue = | \$ 32,432,274 | \$ 32,671,901 | \$ 31,896,692 | \$ 33,885,461 |

Source: Oregon Department of Education, School Finance Office.

LAKE OSWEGO SCHOOL DISTRICT NO. 7J
CLACKAMAS COUNTY, OREGON
SCHEDULE OF PROPERTY TAX COLLECTIONS & OUTSTANDING BALANCES
FOR THE YEAR ENDED JUNE 30, 2022

GENERAL FUND

| TAX YEAR | ORIGINAL LEVY OR BALANCE UNCOLLECTED June 30, 2021 | DEDUCT DISCOUNTS | ADJUSTMENTS TO ROLLS | ADD INTEREST | CASH COLLECTIONS BY COUNTY TREASURER | BALANCE UNCOLLECTED OR UNSEGREGATED June 30, 2022 |
|--------------------|--|------------------|----------------------|--------------|--------------------------------------|---|
| Current: | | | | | | |
| 2021-22 | \$ 55,302,462 | \$ 16,913 | \$ (1,604,607) | \$ 4,634 | \$ 52,591,857 | \$ 1,093,719 |
| Prior Years | | | | | | |
| 2020-21 | 803,703 | (240) | (45,950) | 33,706 | 401,178 | 390,521 |
| 2019-20 | 361,939 | (242) | (15,949) | 29,013 | 164,130 | 211,115 |
| 2018-19 | 129,630 | (159) | (11,413) | 25,854 | 95,437 | 48,793 |
| 2017-18 | 52,900 | (161) | (6,611) | 13,278 | 40,802 | 18,926 |
| 2016-17 | 17,748 | - | (1,063) | 2,495 | 6,898 | 12,282 |
| 2015-16 | 12,557 | - | (1,028) | 1,630 | 4,023 | 9,136 |
| 2014-15 & Prior | 58,441 | - | (1,084) | 10,184 | 17,128 | 50,413 |
| Total Prior | 1,436,918 | (802) | (83,098) | 116,160 | 729,596 | 741,186 |
| Total | \$ 56,739,380 | \$ 16,111 | \$ (1,687,705) | \$ 120,794 | \$ 53,321,453 | \$ 1,834,905 |

RECONCILIATIONS TO ASSETS:

| | |
|---|---------------------|
| Balance Uncollected by County Treasurer Above | \$ 1,834,905 |
| Accrual of Taxes Received in June by County Treasure but in July by District: | 132,595 |
| Total Taxes Receivable on the Modified Accrual Basis | <u>\$ 1,967,500</u> |

RECONCILIATIONS TO REVENUE:

| | |
|--|----------------------|
| Cash Collections by County Treasurer Above | \$ 53,321,453 |
| Accrual of Available Taxes Receivable: | |
| June 30, 2021 | (121,105) |
| June 30, 2022 | 165,650 |
| Taxes in Lieu of Property Taxes | (24,300) |
| Total Tax Revenues on the Modified Accrual Basis | <u>\$ 53,341,698</u> |

Sources: Clackamas, Washington and Multnomah County Departments of Assessment and Taxation.

LAKE OSWEGO SCHOOL DISTRICT NO. 7J
CLACKAMAS COUNTY, OREGON
SCHEDULE OF PROPERTY TAX COLLECTIONS & OUTSTANDING BALANCES
FOR THE YEAR ENDED JUNE 30, 2022

DEBT SERVICE FUND

| TAX YEAR | ORIGINAL LEVY OR BALANCE | DEDUCT DISCOUNTS | ADJUSTMENTS | | CASH COLLECTIONS BY COUNTY TREASURER | BALANCE UNCOLLECTED OR UNSEGREGATED June 30, 2022 |
|-----------------|--------------------------------|---------------------|--------------|-----------------|---|---|
| | UNCOLLECTED June 30, 2021 | | TO ROLLS | ADD INTEREST | | |
| Current: | | | | | | |
| 2021-22 | \$ 18,250,220 | \$ 5,853 | \$ (529,261) | \$ 1,531 | \$ 17,355,811 | \$ 360,826 |
| Prior Years | | | | | | |
| 2020-21 | 269,192 | (79) | (15,380) | 11,290 | 134,395 | 130,786 |
| 2019-20 | 121,308 | (81) | (5,340) | 9,725 | 55,019 | 70755 |
| 2018-19 | 45,936 | (56) | (4,040) | 9,162 | 33,824 | 17,290 |
| 2017-18 | 19,012 | (58) | (2,374) | 4,772 | 14,666 | 6,802 |
| 2016-17 | 2,896 | - | (173) | 407 | 1,126 | 2,004 |
| 2015-16 | 2,024 | - | (166) | 263 | 648 | 1,473 |
| 2014-15 & Prior | 11,368 | - | (196) | 1,514 | 2,714 | 9,972 |
| Total Prior | 471,736 | (274) | (27,669) | 37,133 | 242,392 | 239,082 |
| Total | \$ 18,721,956 | \$ 5,579 | \$ (556,930) | \$ 38,664 | \$ 17,598,203 | \$ 599,908 |

RECONCILIATIONS TO ASSETS:

| | |
|---|------------|
| Balance Uncollected by County Treasurer Above | \$ 599,908 |
| Accrual of taxes received in June by County Treasurer but in July by District: | 43,197 |
| Total Taxes Receivable on the Modified Accrual Basis | \$ 643,105 |

RECONCILIATIONS TO REVENUE:

| | |
|--|---------------|
| Cash Collections by County Treasurer Above | \$ 17,598,203 |
| Accrual of Available Taxes Receivable: | |
| June 30, 2021 | (34,449) |
| June 30, 2022 | 30,929 |
| Taxes in Lieu of Property Taxes | 680 |
| Total Tax Revenues on the Modified Accrual Basis | \$ 17,595,363 |

Sources: Clackamas, Washington and Multnomah County Departments of Assessment and Taxation.

LAKE OSWEGO SCHOOL DISTRICT NO. 7J
CLACKAMAS COUNTY, OREGON
GENERAL FUND ADOPTED BUDGETS
PRIOR, CURRENT AND ENSUING FISCAL YEAR

| | Original Adopted <u>2020-21 Budget</u> | Original Adopted <u>2021-22 Budget</u> | Original Adopted <u>2022-23 Budget</u> |
|---|--|--|--|
| Revenues & Beginning Fund Balance | | | |
| 1000 From Local Sources | \$ 51,915,000 | \$ 54,630,000 | \$ 57,170,000 |
| 2000 From Intermediate Sources | 1,350,000 | 1,605,000 | 1,655,000 |
| 3000 From State Sources | 34,100,000 | 35,590,000 | 35,150,000 |
| 4000 From Federal Sources | 15,000 | 15,000 | 15,000 |
| 5000 From Other Sources | <u>15,010,001</u> | <u>15,010,001</u> | <u>18,260,001</u> |
| Total Revenues | <u>\$ 102,390,001</u> | <u>\$ 106,850,001</u> | <u>\$ 112,250,001</u> |
| Expenditures & Ending Fund Balance-Function (1): | | | |
| 1000 Instruction | \$ 55,575,000 | \$ 57,550,000 | \$ 62,350,000 |
| 2000 Support Services | 29,150,000 | 30,250,000 | 32,700,000 |
| 4000 Facilities Acquisition & Const. | 1 | 1 | 1 |
| 5100 Debt Service | 6,000,000 | 6,050,000 | 1,500,000 |
| 5200 Interfund Transactions | 625,000 | 625,000 | 625,000 |
| 6000 Contingency | 2,000,000 | 2,000,000 | 2,000,000 |
| 7000 Unappropriated Ending | <u>9,040,000</u> | <u>10,375,000</u> | <u>13,075,000</u> |
| Total Expenditures | <u>\$ 102,390,001</u> | <u>\$ 106,850,001</u> | <u>\$ 112,250,001</u> |
| Expenditures & Ending Fund Balance-Object: | | | |
| 100 Salaries & Wages | \$ 45,783,118 | \$ 46,852,326 | \$ 48,642,764 |
| 200 Associated Payroll Costs | 26,191,125 | 27,354,690 | 31,079,179 |
| 300 Purchased Services | 10,307,292 | 11,001,137 | 11,285,261 |
| 400 Materials and Supplies | 1,837,825 | 1,944,498 | 3,307,997 |
| 500 Capital Outlay | 50,000 | 46,000 | 16,000 |
| 600 Other Objects | 6,555,641 | 6,651,350 | 2,218,800 |
| 700 Interfund Transactions | 625,000 | 625,000 | 625,000 |
| 800 Planned Reserve | <u>11,040,000</u> | <u>12,375,000</u> | <u>15,075,000</u> |
| Total Expenditures | <u>\$ 102,390,001</u> | <u>\$ 106,850,001</u> | <u>\$ 112,250,001</u> |

(1) Appropriation levels.

Source: District Budgets.

COMPLIANCE SECTION

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

School Board
Lake Oswego School District No. 7J
Lake Oswego, Oregon

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the Lake Oswego School District No. 7J, Clackamas County, Oregon (the District), as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated March 3, 2023.

Report on Internal Control over Financial Reporting

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

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

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

Report on Compliance and Other Matters

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

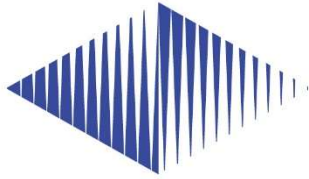
Purpose of This Report

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

Grove, Mueller & Swank, P.C.

CERTIFIED PUBLIC ACCOUNTANTS

March 3, 2023



GROVE, MUELLER & SWANK, P.C.

Certified Public Accountants and Consultants

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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH THE UNIFORM GUIDANCE

School Board
Lake Oswego School District No. 7J
Lake Oswego, Oregon

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Lake Oswego School District No. 7J (the District)'s compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended June 30, 2022. The District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, Lake Oswego School District No. 7J complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2022.

Basis for Opinion on Each Major Federal Program

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

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

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the District's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it

exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the District's compliance with the requirements of each major federal program as a whole.

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

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

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

Report on Internal Control over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

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

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

Grove, Mueller & Swank, P.C.
CERTIFIED PUBLIC ACCOUNTANTS
March 3, 2023

LAKE OSWEGO SCHOOL DISTRICT NO. 7J
CLACKAMAS COUNTY, OREGON
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2022

| <u>Source/Grant Title</u> | <u>Assistance Listing Number</u> | <u>Pass-Through Entity Identifying Number</u> | <u>Expenditures</u> |
|--|--|---|---------------------|
| U.S. DEPARTMENT OF EDUCATION: | | | |
| Passed Through Oregon Department of Education: | | | |
| Title IA | 84.010 | 67005 | \$ 174,695 |
| Subtotal Title I Grants to Local Educational Agencies | | | 174,695 |
| Special Education Cluster (IDEA): | | | |
| IDEA Part B, Section 611 | 84.027 | 68662 | 1,084,765 |
| COVID-19 IDEA Part B, Section 611 - ARP | 84.027 | 68413 | 129,704 |
| Subtotal Special Education Grants to States (IDEA) | | | 1,214,469 |
| IDEA Part B, Section 619 | 84.173 | 68943 | 6,288 |
| Subtotal Special Education Preschool Grants | | | 6,288 |
| Subtotal Special Education Cluster (IDEA) | | | 1,220,757 |
| Title III - English Language Acquisition | 84.365 | 58481 | 184 |
| Title III - English Language Acquisition | 84.365 | 67142 | 16,448 |
| Subtotal Title III - English Language Acquisition | | | 16,632 |
| Title IV - Student Support and Academic Enrichment | 84.424 | 66794 | 14,744 |
| Subtotal Title IV - Student Support and Academic Enrichment | | | 14,744 |
| Supporting Effective Instruction State Grants | 84.367 | 67438 | 81,944 |
| Subtotal Supporting Effective Instruction State Grants | | | 81,944 |
| COVID-19 - ARP Elementary & Secondary Schools Emergency Education Relief Homeless Children and Youth | 84.425 | 69362 | 6,534 |
| COVID-19 - Elementary & Secondary Schools Emergency Education Relief II Fund | 84.425 | 64614 | 606,474 |
| COVID-19 - Elementary & Secondary Schools Emergency Education Relief III Fund | 84.425 | 64919 | 1,342,900 |
| Subtotal Education Stabilization Fund | | | 1,955,908 |
| TOTAL U.S. DEPARTMENT OF EDUCATION | | | 3,464,680 |
| U.S. NATIONAL ENDOWMENT FOR THE HUMANITIES: | | | |
| INSTITUTE OF MUSEUM AND LIBRARY SERVICES | | | |
| Passed Through Oregon State Library: | | | |
| State Library Program | 45.310 | N/A | 5,000 |
| TOTAL U.S. NATIONAL ENDOWMENT FOR THE HUMANITIES: | | | 5,000 |
| U.S. DEPARTMENT OF AGRICULTURE: | | | |
| Passed Through Oregon Department of Education: | | | |
| Child Nutrition Cluster: | | | |
| School Breakfast Program | 10.553 | N/A | 596,500 |
| National School Lunch Program | 10.555 | N/A | 2,439,933 |
| National School Lunch Program - Supply Chain Assistance | 10.555 | N/A | 128,369 |
| National School Lunch Program - Commodities | 10.555 | N/A | 139,436 |
| Subtotal Child Nutrition Cluster | | | 3,304,238 |
| COVID-19 - State and Local PEBT Administration | 10.649 | N/A | 614 |
| Subtotal State Administrative Expenses | | | 614 |
| Passed Through Clackamas County: | | | |
| Forest Service Schools and Roads Cluster | 10.665 | N/A | 32,953 |
| Subtotal Forest Service Schools and Roads Cluster | | | 32,953 |
| TOTAL U.S. DEPARTMENT OF AGRICULTURE | | | 3,337,805 |
| TOTAL FEDERAL ASSISTANCE | | | \$ 6,807,485 |

See notes to schedule of expenditures of federal awards

LAKE OSWEGO SCHOOL DISTRICT NO 7J
CLACKAMAS COUNTY, OREGON
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2022

Purpose of the Schedule

The accompanying Schedule of Expenditures of Federal Awards (the “Schedule”) includes the federal award activity of the District under programs of the federal government for the year ended June 30, 2022. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (“Uniform Guidance”). Because the Schedule presents only a selected portion of the operations of the District, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the District.

SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

Expenditures reported on the Schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

Indirect Cost Rate

The District has not elected to use the 10 percent de minimis indirect cost rate as allowed under Uniform Guidance.

Federal Financial Assistance

Pursuant to Uniform Guidance, federal financial assistance is defined as assistance provided by a federal agency, either directly or indirectly, in the form of grants, contracts, cooperative agreements, loans, loan guarantees, property, interest subsidies, insurance or direct appropriations. Accordingly, non-monetary federal assistance, including federal surplus property, is included in federal financial assistance and, therefore, is reported on the Schedule, if applicable. Federal financial assistance does not include direct federal cash assistance to individuals. Solicited contracts between the state and federal government for which the federal government procures tangible goods or services are not considered to be federal financial assistance.

Major Programs

Uniform Guidance establishes criteria to be used in defining major federal financial assistance programs. Major programs for the District are those programs selected for testing by the auditor using a risk-assessment model, as well as certain minimum expenditure requirements, as outlined in Uniform Guidance. Programs with similar requirements may be grouped into a cluster for testing purposes.

Reporting Entity

The reporting entity is fully described in notes to the financial statements. The Schedule includes all federal programs administered by the District for the year ended June 30, 2022.

Revenue and Expenditure Recognition

The receipt and expenditure of federal awards are accounted for under the modified accrual basis of accounting. Revenues are recorded when measurable and available. Expenditures are recorded when the liability is incurred. Donated commodities are valued at their estimated fair value.

LAKE OSWEGO SCHOOL DISTRICT NO.7J
CLACKAMAS COUNTY, OREGON
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2022

SUMMARY OF AUDITOR'S RESULTS

Financial Statements

| | |
|---|---------------|
| Type of auditor's report issued: | Unmodified |
| Internal control over financial reporting: | |
| • Material weakness(es) identified? | No |
| • Significant deficiency(ies) identified? | None reported |
| Noncompliance material to financial statements noted? | No |

Federal Awards

| | |
|--|---------------|
| Internal control over major federal programs: | |
| • Material weakness(es) identified? | No |
| • Significant deficiency(ies) identified? | None reported |
| Type of auditor's report issued on compliance for major federal programs: | Unmodified |
| Any audit findings disclosed that are required to be reported in accordance with 2 CFR section 200.516(a)? | No |

Identification of major federal programs:

| <u>Assistance Listing Number(s)</u> | <u>Name of Federal Program or Cluster</u> |
|-------------------------------------|---|
| 84.027, 84.173 | Special Education Cluster (IDEA) |
| 84.425 | Education Stabilization Fund |

| | |
|--|-----------|
| Dollar threshold used to distinguish between type A and type B programs: | \$750,000 |
| Auditee qualified as low-risk auditee? | Yes |

FINANCIAL STATEMENT FINDINGS

None.

FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

None.

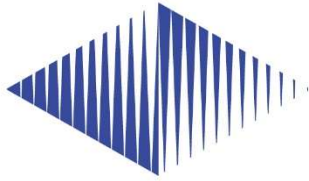
LAKE OSWEGO SCHOOL DISTRICT NO. 7J
CLACKAMAS COUNTY, OREGON
SCHEDULE OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2022

PRIOR YEAR FINANCIAL STATEMENT FINDINGS

None.

PRIOR YEAR FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

None.



GROVE, MUELLER & SWANK, P.C.

Certified Public Accountants and Consultants

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(503) 581-7788 • FAX (503) 581-0152 • www.gms.cpa

INDEPENDENT AUDITOR'S REPORT REQUIRED BY OREGON STATE REGULATIONS

School Board
Lake Oswego School District No. 7J
Lake Oswego, Oregon

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the basic financial statements of Lake Oswego School District No. 7J, Clackamas County, Oregon (the District) as of and for the year ended June 30, 2022, and have issued our report thereon dated March 3, 2023.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the 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 162-10-000 through 162-10-320 of the Minimum Standards for Audits of Oregon Municipal Corporations, noncompliance with which could have a direct and material effect on the determination of financial 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).**
- **Indebtedness limitations, restrictions and repayment.**
- **Budgets legally required (ORS Chapter 294).**
- **Insurance and fidelity bonds in force or required by law.**
- **Programs funded from outside sources.**
- **Authorized investment of surplus funds (ORS Chapter 294).**
- **Public contracts and purchasing (ORS Chapters 279A, 279B, 279C).**
- **State school fund factors and calculation.**

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

- Expenditures in excess of appropriations as noted in the financial statements.
- Delinquent filing of the current year summary of revenues and expenditures with the Secretary of State, which is due within six months of year-end or December 31 each year.


Internal Control

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

Restriction on Use

This report is intended solely for the information and use of the school board and management of the Lake Oswego School District No. 7J and the Oregon Secretary of State and is not intended to be and should not be used by anyone other than these parties.

GROVE, MUELLER & SWANK, P.C.
CERTIFIED PUBLIC ACCOUNTANTS

By: 

Larry E. Grant, A Shareholder
March 3, 2023