

***LAKE OSWEGO SCHOOL
DISTRICT NO. 7J
CLACKAMAS COUNTY, OREGON
FINANCIAL REPORT
For the Fiscal Year Ended June 30, 2021***

Prepared by:
Business Services Department
* * * * *

Stuart Ketzler, CPA
Assistant Superintendent of Business Services
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Senior Accountant

LAKE OSWEGO SCHOOL DISTRICT NO. 7J
CLACKMAS COUNTY, OREGON
JUNE 30, 2021

BOARD OF DIRECTORS

<u><i>Name</i></u>	<u><i>Title</i></u>	<u><i>Term Expires</i></u>
Sara Pocklington	Chair	June 30, 2021
Kirsten Aird	Vice Chair	June 30, 2023
Liz Hartman	Member	June 30, 2021
Neelam Gupta	Member	June 30, 2021
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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GROVE, MUELLER & SWANK, P.C.

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INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying 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, Clackamas County, Oregon (the District) as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

The District's management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the District's preparation and fair presentation of the financial statements 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, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above 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, Clackamas County, Oregon as of June 30, 2021, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis (MD&A) and the required supplementary information, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the 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, as listed in the table of contents, is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other 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, as listed in the table of contents, and the statistical section are presented for purposes of additional analysis and are not required parts of the basic financial statements. The schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis 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.

The statistical section has not been subjected to the auditing procedures applied in the audit of the basic financial statements and accordingly we do not express an opinion or provide any assurance on it.

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 January 19, 2022, on our consideration of the District'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 January 19, 2022, 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
January 19, 2022

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, 2021.

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 \$3,031,876 at June 30, 2021. Of this amount, \$70,669,229 is invested in capital assets, net of related debt, \$364,256 is restricted to the payment of the District's general obligation bonded debt, and the remainder, \$(74,065,361), 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 decreased by \$717,396 from the prior year's balance, due primarily to a \$2.7 million loss recorded on the disposal of the undepreciated balance of the old Waluga building torn down as part of the construction of the new Lakeridge Middle School, approximately \$1 million in operating losses incurred in the District's fee for service programs as a result of the pandemic, offset in part by continued strong revenues and lower operating costs as a result of the pandemic.
- At June 30, 2021, the District's governmental funds reported combined ending fund balances of \$80,259,133. This substantial balance is due primarily to the unexpended portion of \$187 million of general obligation bond proceeds received following approval by District voters at the May 2017 election to replace Lakeridge Middle School and make capital improvements throughout the District.
- At June 30, 2021, the General Fund had an unassigned fund balance of \$20,928,343, an increase of \$6 million from the prior year's unassigned fund balance of \$14,904,660. This increase was due primarily to lower spending as a result of the pandemic plus stronger than anticipated revenues. 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 Community Contributions 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 - 52 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 \$3,031,876 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,	
	2021	2020
Assets		
Current and Other Assets	\$ 100,865,375	\$ 142,857,195
Net Capital Assets	263,688,624	228,145,116
Total Assets	<u>364,553,999</u>	<u>371,002,311</u>
Deferred Outflows of Resources	<u>31,066,260</u>	<u>21,007,617</u>
Total Assets and Deferred Outflows of Resources	<u>395,620,259</u>	<u>392,009,928</u>
Liabilities		
Other Liabilities	18,897,393	23,963,165
Long-Term Debt	277,525,318	290,171,015
Pension and OPEB Liabilities	94,583,775	73,378,900
Total Liabilities	<u>391,006,486</u>	<u>387,513,080</u>
Deferred Inflows of Resources	<u>7,645,649</u>	<u>6,811,328</u>
Total Liabilities and Deferred Inflows of Resources	<u>398,652,135</u>	<u>394,324,408</u>
Net Position		
Net Investment in Capital Assets	70,669,229	69,271,279
Restricted	364,256	123,659
Unrestricted	<u>(74,065,361)</u>	<u>(71,709,418)</u>
Total Net Position	<u>\$ (3,031,876)</u>	<u>\$ (2,314,480)</u>

Current and other assets decreased due to the planned disbursement of funds for districtwide facility improvements funded by the \$187 million in general obligation debt approved by District voters in 2017. The District's other liabilities have decreased due primarily to lower levels of construction activity. Long-term debt obligations have decreased due to normal annual principal payments.

Pension and OPEB liabilities increased due to pension plan results through June 30, 2020 under GASBS No. 68 and District OPEB results through June 30, 2021 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 34, plus the OPEB liabilities as more fully discussed in the footnotes beginning at page 44. Net capital assets have increased due to the various facility improvements that are underway financed primarily by the 2017 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 a \$2.7 million loss on the disposal of the old Waluga building, offset in part by an increase in the District's property taxes, continued strong state revenues, and lower operating costs as a result of the pandemic, the net position of the District decreased by \$717,396 during the current fiscal year.

At the end of the current fiscal year, the District's net position - unrestricted shows a deficit balance of \$74,065,361. 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, 2021 and 2020.

	2021		2020	
Revenues				
Program Revenues				
Charges for Services	\$ 2,785,192	2.41%	\$ 7,340,200	6.20%
Grants and Contributions	8,445,348	7.32%	5,995,752	5.06%
Total Program Revenues	<u>11,230,540</u>	<u>9.74%</u>	<u>13,335,952</u>	<u>11.26%</u>
General Revenues				
Property Taxes	69,305,066	60.08%	66,884,501	56.45%
State Revenue Sharing	34,442,932	29.86%	32,963,134	27.82%
Other Federal, State and Local Sources	2,397,018	2.08%	1,427,287	1.20%
Investment Earnings	649,298	0.56%	3,868,988	3.27%
Net Gain (Loss) on Disposal of Capital Assets	(2,665,496)	-2.31%	6,000	0.01%
Total General Revenues	<u>104,128,818</u>	<u>90.26%</u>	<u>105,149,910</u>	<u>88.74%</u>
Total Revenues	<u>115,359,358</u>	<u>100.00%</u>	<u>118,485,862</u>	<u>100.00%</u>
Expenses				
Instruction	65,235,209	56.20%	67,996,555	56.41%
Support Services	31,265,908	26.94%	32,453,197	26.93%
Community Services	2,872,054	2.47%	4,773,073	3.96%
Facilities	35,937	0.03%	262,241	0.22%
Depreciation and Amortization	5,840,350	5.03%	4,365,064	3.62%
Interest and Other Charges	10,827,296	9.33%	10,679,843	8.86%
Total Expenses	<u>116,076,754</u>	<u>100.00%</u>	<u>120,529,973</u>	<u>100.00%</u>
Change in Net Position	(717,396)		(2,044,111)	
Net Position - Beginning	(2,314,480)		(270,369)	
Net Position - Ending	<u>\$ (3,031,876)</u>		<u>\$ (2,314,480)</u>	

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 100% and 95% of general revenues and approximately 90% and 84% of total revenues for the 2021 and 2020 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 declined significantly due to closures and 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>2021</u>	<u>2020</u>
Community services charges for enrichment and extended day care programs	\$ 370,351	\$ 2,201,706
Food services charges not only for lunch and breakfast, but also for catering and contract services	3,236	1,077,125
Tuition and fees are charged for participation in various extra-curricular activities and out-of-district students and use of district facilities	<u>2,411,605</u>	<u>4,061,369</u>
Total Charges for Services:	<u>\$ 2,785,192</u>	<u>\$ 7,340,200</u>

Charges for services decreased in fiscal year 2021 due to the ongoing effects of the pandemic. Grants and contributions represent 7.3% and 5.1% of total revenues for the 2021 and 2020 fiscal years, respectively. Grants increased 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 \$1,288,743 and \$336,009 for federal reimbursement and subsidy under the school lunch program for the 2021 and 2020 fiscal years, respectively. Other federal, state, and other grants for designated programs totaled \$6,529,555 and \$3,562,190, respectively, with the increase coming from higher Student Success Act funds provided under the SIA and federal stimulus funds. The balance is comprised primarily of contributions through the Lake Oswego School District Foundation, which was \$815,000 in fiscal year 2021 and \$1.011 million in fiscal year 2020, as well as donations from parents and each school's booster organization.

Expenses. Expenses related to governmental activities are presented in five broad functional categories. Costs of direct classroom instruction activities account for 55% or slightly more of the total expenses of \$116,076,754 and \$120,529,973 for the 2021 and 2020 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>
	2021	2021	2020	2020
Instruction	\$ 65,235,209	\$ 58,493,502	\$ 67,996,555	\$ 61,144,234
Support Services	31,265,908	29,066,454	32,453,197	29,730,801
Enterprise and Community Services	2,872,054	1,181,579	4,773,073	1,050,180
Facilities	35,937	(439,862)	262,241	223,899
Depreciation and Amortization	5,840,350	5,840,350	4,365,064	4,365,064
Interest and Other Charges	10,827,296	10,704,191	10,679,843	10,679,843
Total	<u>\$ 116,076,754</u>	<u>\$ 104,846,214</u>	<u>\$ 120,529,973</u>	<u>\$ 107,194,021</u>

Total and net costs of services decreased in fiscal year 2021 due to lower operating costs as a result of 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. 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, 2021, the District's governmental funds reported combined ending fund balances of \$80,259,133. Additionally, \$270,477 is unspendable inventories and prepaid costs for use by various funds. \$1,502,782 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. \$732,815 is restricted for debt service and \$56,824,716 is restricted for capital projects. The remaining \$20,928,343 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 \$20,928,343, an increase of \$6 million from the prior year. This increase was due primarily to lower costs as a result of the pandemic significantly limiting activities plus continued strength in property tax and state revenues.

The Community Contributions Fund accounts for revenues and expenditures of contributions from various community groups and the Lake Oswego School District Foundation for specific educational projects or programs. It is a special revenue fund; expenditures and revenues are generally consistent with each other and its ending fund balance of \$175,340 is committed to community support.

The Debt Service Fund had an ending fund balance restricted for debt service of \$732,815 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 \$56,824,716. This fund balance was created primarily with the sales of the District's bond authority of \$187 million approved by voters in the May 16, 2017 election. Significant construction activity commenced in the summer of 2018 and is ongoing; 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 late in 2023, capital improvements funded by the 2017 bond are expected to conclude by the end of calendar year 2022.

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 \$2.7 million and exceeded budgeted amounts of \$49.3 million by \$1.5 million. State revenue sources exceeded budgeted amounts by \$0.9 million. There was a positive variance of \$11.9 million above the \$9 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 three budget transfers: 1. \$1,350,000 from the General Fund's contingency appropriation category to the transfers to other funds appropriation category primarily to cover pandemic-caused operating losses, 2. \$150,000 from the Grants Fund instruction services category transferred to the debt service appropriation category, and 3. a \$1,150,000 transfer from the facilities acquisition and construction appropriation category, \$750,000 of which was transferred to instruction services and \$400,000 to the debt service appropriation category in the Capital Projects Fund.

Capital Asset and Debt Administration

Capital assets. The District's investment in capital assets for its governmental activities as of June 30, 2021, amounts to \$263,688,624, an increase of \$35.5 million from the prior year amount of \$228,145,116 (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 15.6% due to capital improvements funded by the new bond approved in May 2017, offset by removal of the old Waluga Junior High building and ongoing regular annual depreciation.

Capital Assets (Net of Depreciation)	Governmental Activities		Percentage Change
	Total School District		
	2021	2020	
Land	\$ 9,297,870	\$ 9,297,870	0.00%
Buildings and Improvements	233,934,144	120,833,929	93.60%
Vehicles and Equipment	10,770,577	10,492,619	2.65%
Construction in Progress	9,686,033	87,520,698	-88.93%
Total	\$ 263,688,624	\$ 228,145,116	15.58%

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

- Major planning and design work for renovation or rebuilding projects to begin in 2022
- Completion of several athletic facility projects largely funded by construction excise taxes
- Completion of the rebuild of Lakeridge Middle School and removal of the old Waluga building

Additional information on the District's capital assets can be found in the notes to the basic financial statements of this report.

Long-term debt. At the end of the current fiscal year, the District had total debt outstanding of \$277,525,318, which does not include its pension or other postemployment benefit liabilities that total \$94,583,775. Of this \$277,525,318, \$258,836,318 is comprised of general obligation debt and pension obligation debt net of unaccrued discounts and unamortized premiums and discounts, and \$18,689,000 comprises debts backed by the full faith and credit of the District. The District's total long-term debt decreased by \$12.6 million during fiscal year 2021 due to normal scheduled principal payments.

	Outstanding Long-Term Debt		Percentage Change
	Total School District		
	2021	2020	
Bonded Debt	\$ 258,836,318	\$ 270,102,015	-4.2%
Other Long-Term Debt	18,689,000	20,069,000	-6.9%
Total	\$ 277,525,318	\$ 290,171,015	-4.4%

Due principally to a change in its methodology, Moody's Investors Service downgraded its rating on the District's outstanding general obligation bonds from Aa1 to Aa2 on March 3, 2021. S & P Global Ratings has assigned a rating of AA+, their second highest rating possible, to both series of outstanding general obligation bonds.

District voters approved a \$180 million bond measure at the November 2, 2021 general election. While still subject to formal school board action, the District expects to issue approximately \$150 million of bonds under this approved measure in the spring of 2022 and 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 \$1.16 billion, calculated as 7.95% of Real Market Value of \$14.6 billion. This limit is significantly in excess of the District's June 30, 2021 outstanding general obligation debt of \$209,260,000. Additional information on the District's long-term debt can be found in the notes to the basic financial statements of this report.

Economic Factors and Next Year's Budget

The State of Oregon has no sales tax so funding for public schools essentially rely 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 2002 and 2009 recessions. While initially slow, the Oregon economy had been steadily improving 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, but that does not include roughly \$2 billion in additional funds that will be provided to Oregon public school districts under the 2019 Student Success Act. 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 will receive \$4.9 million in SIA funds in fiscal year 2021-22 through the Student Success Act, an increase from the \$1.7 million received in fiscal year 2020-21. State funding for the District's regular operations is presently estimated to be over \$34 million for fiscal year 2022, which, in combination with Foundation fund-raising and local-option property tax revenues, will allow the District to retain and expand its current program offerings and end the 2022 fiscal year with a healthy positive fund balance. Additionally, the District has been awarded approximately \$2.5 million in federal stimulus funds to aid the District's response to the ongoing pandemic. \$422,214 of those funds were spent as of the end of fiscal year 2021, leaving \$2.1 million that the District expects to spend in fiscal year 2022. The District expects General Fund revenues to exceed expenditures by roughly \$1 million in fiscal year 2022, assuming no reductions in state funding and no significant new costs due to the pandemic.

- Partially offsetting the loss of state funding or supplementing it has been very successful volunteer fund-raising efforts by the independent private non-profit Lake Oswego School District Foundation (the Foundation). As a result of its efforts and the generosity of the Lake Oswego community, for the eight years from fiscal years 2011 through 2018, the Foundation provided a total of \$11.4 million to the District, plus \$1.065 million for fiscal year 2019, \$1.01 million for fiscal year 2020, and \$815,000 in fiscal year 2021. The Foundation expects to provide just under \$1 million for fiscal year 2022.
- The District and City are actively working towards finalizing 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. Work is underway to finalize the IGA early in 2022 and completion of the improvements in late 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 \$13.15 million and \$13.8 million in fiscal years 2021 and 2020, respectively, and are expected to provide approximately \$14 million in property taxes in fiscal year 2022.

- The District issued \$15 million in long-term Full Faith and Credit obligation debt in June 2019 to finance the acquisition of land adjacent to Lake Oswego High School and for property purchased with the intent to use as a new bus facility, as well as \$5 million for improvements to District athletic facilities, primarily the addition of covered seating and a press box at Lakeridge High School's main athletic field. This new debt of \$15 million was issued in June 2019 and matures in 2034. Debt service payments on this debt are being paid primarily from the General Fund, with one-third paid from the Capital Projects Funds' Construction Excise Tax receipts.
- 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 effective July 1, 2017 that were originally set to expire on June 30, 2021. Both agreements were extended one additional year and now expire June 30, 2022.
- 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 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 fund balance at June 30, 2021 is 21% of adopted 2021-22 expenditures; 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 2021 marked another transition - we welcomed Dr. Jennifer Schiele as our new superintendent, following the resignation of Dr. Lora de la Cruz. While Dr. Schiele formally assumed this role on July 1, 2021, she was selected in April 2021, but more importantly she has been with the District since 2003, most recently as our Assistant Superintendent of Teaching and Learning. She and the school board recently completed a new five year strategic plan that will ensure "The work of inclusivity, equity, diversity, access and belonging 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, 2021

	PRIMARY GOVERNMENT	COMPONENT UNIT
ASSETS:		
Cash and Investments	\$ 94,705,258	\$ -
Intergovernmental Receivables	-	577,083
Property Taxes and Other Receivables	4,436,573	7,312
Prepays	171,921	-
Inventories	98,556	-
Capital Assets, Net of Accumulated Depreciation	263,688,624	-
Net RHIA OPEB Asset	1,453,067	-
	<hr/>	<hr/>
Total Assets	364,553,999	584,395
DEFERRED OUTFLOWS OF RESOURCES		
Deferred Outflows Related to OPEB	2,169,648	-
Deferred Outflows Related to Stipend Pension	268,310	-
Deferred Outflows Related to PERS Pension	28,628,302	-
	<hr/>	<hr/>
Total Deferred Outflows of Resources	31,066,260	-
Total Assets and Deferred Outflows of Resources	<hr/>	<hr/>
	395,620,259	584,395
LIABILITIES:		
Accounts and Retainage Payable	8,138,862	3,616
Accrued Payroll, Taxes, and Employee Withholdings	7,463,086	-
Intergovernmental Payables	577,083	-
Unearned Revenue	1,220,799	-
Matured Bonds and Coupons Payable	244	-
Accrued Interest Payable	805,836	-
Compensated Absences Payable	691,483	-
Long-term Liabilities:		
Long-term debt:		
Due Within One Year	13,950,320	-
Due in More Than One Year	263,574,998	-
Pension and OPEB Liabilities Due in More Than One Year:		
Net Pension Liability	80,665,681	-
Total Stipend Pension Liability	1,828,035	-
Total Other Postemployment Benefits Liability	12,090,059	-
	<hr/>	<hr/>
Total Liabilities	391,006,486	3,616
DEFERRED INFLOWS OF RESOURCES		
Deferred Inflows Related to OPEB	2,531,289	-
Deferred Inflows Related to Stipend Pension	770,013	-
Deferred Inflows Related to PERS Pension	4,344,347	-
	<hr/>	<hr/>
Total Deferred Inflows of Resources	7,645,649	-
Total Liabilities and Deferred Inflows of Resources	<hr/>	<hr/>
	398,652,135	3,616
NET POSITION:		
Net Investment in Capital Assets	70,669,229	-
Restricted for Debt Service	364,256	-
Unrestricted	(74,065,361)	580,779
	<hr/>	<hr/>
Total Net Position	\$ (3,031,876)	\$ 580,779

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, 2021

FUNCTIONS	FUNCTION REVENUES				NET (EXPENSE) REVENUE AND CHANGES IN NET POSITION	
	EXPENSES	CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	CAPITAL GRANTS AND CONTRIBUTIONS	PRIMARY GOVERNMENT	COMPONENT UNIT
Governmental Activities:						
Instruction	\$ 65,235,209	\$ 2,210,536	\$ 4,531,171	\$ -	\$ (58,493,502)	\$ -
Support Services	31,265,908	201,069	1,998,385	-	(29,066,454)	-
Enterprise and Community Services	2,872,054	373,587	1,316,888	-	(1,181,579)	-
Facilities	35,937	-	-	475,799	439,862	-
Depreciation and Amortization	5,840,350	-	-	-	(5,840,350)	-
Interest and Other Charges	10,827,296	-	123,105	-	(10,704,191)	-
Total Governmental Activities - Primary Government	<u>\$ 116,076,754</u>	<u>\$ 2,785,192</u>	<u>\$ 7,969,549</u>	<u>\$ 475,799</u>	<u>\$ (104,846,214)</u>	<u>\$ -</u>
Component Unit - Lake Grove Park	<u>\$ 175,981</u>	<u>\$ 6,434</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (169,547)</u>
General Revenues:						
Taxes:						
Property Taxes, Levied for General Purposes					51,976,868	227,476
Property Taxes, Levied for Debt Service					17,328,198	-
State Revenue Sharing					34,442,932	-
Grants and Contributions Not Restricted to Specific Programs:						
State and Local Grants					2,397,018	-
Interest and Investment Earnings					649,298	44
Net Gain (Loss) on Disposal of Capital Assets					(2,665,496)	-
Total General Revenues					<u>104,128,818</u>	<u>227,520</u>
Changes in Net Position					(717,396)	57,973
Net Position - Beginning					<u>(2,314,480)</u>	<u>522,806</u>
Net Position - Ending					<u>\$ (3,031,876)</u>	<u>\$ 580,779</u>

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, 2021

	<u>SPECIAL REVENUE</u>	
	<u>GENERAL</u>	<u>COMMUNITY CONTRIBUTIONS</u>
ASSETS:		
Cash and Investments	\$ 37,400,795	\$ -
Interfund Receivables	-	1,118,411
Receivables:		
Taxes	1,633,053	-
Accounts	1,207,037	5,123
Accrued Interest	279	-
Prepays	21,070	-
Inventories	47,727	-
	<hr/>	<hr/>
Total Assets	<u>\$ 40,309,961</u>	<u>\$ 1,123,534</u>
LIABILITIES AND FUND BALANCES:		
Liabilities		
Interfund Payables	\$ 9,037,935	\$ -
Intergovernmental Payable	577,083	-
Accrued Payroll and Benefits Payable	7,463,086	-
Accounts and Retainage Payable	910,393	9,701
Unearned Revenue	8,500	938,493
Matured Bond and Coupons Payable	-	-
	<hr/>	<hr/>
Total Liabilities	<u>17,996,997</u>	<u>948,194</u>
Deferred Inflows of Resources		
Unavailable Revenue - Property Taxes	1,315,824	-
Fund Balances:		
Nonspendable:		
Prepays	21,070	-
Inventories	47,727	-
Restricted for:		
Debt Service	-	-
Capital Projects	-	-
Committed to:		
Community Support	-	175,340
Student Activities	-	-
Unassigned	20,928,343	-
	<hr/>	<hr/>
Total Fund Balances	<u>20,997,140</u>	<u>175,340</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 40,309,961</u>	<u>\$ 1,123,534</u>

DEBT SERVICE	CAPITAL PROJECTS	OTHER NONMAJOR FUNDS	TOTAL GOVERNMENTAL FUNDS
\$ 632,515	\$ 55,427,538	\$ 1,244,410	\$ 94,705,258
-	8,214,376	138,549	9,471,336
537,726	-	-	2,170,779
-	114,721	765,698	2,092,579
95	172,841	-	173,215
-	150,851	-	171,921
-	-	50,829	98,556
<u>\$ 1,170,336</u>	<u>\$ 64,080,327</u>	<u>\$ 2,199,486</u>	<u>\$ 108,883,644</u>
\$ -	\$ -	\$ 433,401	\$ 9,471,336
-	-	-	577,083
-	-	-	7,463,086
-	7,104,760	114,008	8,138,862
-	-	273,806	1,220,799
244	-	-	244
<u>244</u>	<u>7,104,760</u>	<u>821,215</u>	<u>26,871,410</u>
437,277	-	-	1,753,101
-	150,851	-	171,921
-	-	50,829	98,556
732,815	-	-	732,815
-	56,824,716	-	56,824,716
-	-	84,182	259,522
-	-	1,243,260	1,243,260
-	-	-	20,928,343
<u>732,815</u>	<u>56,975,567</u>	<u>1,378,271</u>	<u>80,259,133</u>
<u>\$ 1,170,336</u>	<u>\$ 64,080,327</u>	<u>\$ 2,199,486</u>	<u>\$ 108,883,644</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, 2021

Total Fund Balances - Governmental Funds \$ 80,259,133

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 263,688,624

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)	\$ (10,636,992)	
Total/Net Stipend and PERS pension asset (liability)	(82,493,716)	
Deferred inflows of resources and related to pension and OPEBs	(7,645,649)	
Deferred outflows of resources related to pensions and OPEBs	<u>31,066,260</u>	
		(69,710,097)

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	(691,483)	
FF & C's Payable	(18,689,000)	
Accrued Interest Payable	(805,836)	
PERS Bonds Payable	(27,681,207)	
General Obligation Bonds Payable	<u>(209,260,000)</u>	
		(257,127,526)

Unamortized Premiums on Issuance of Long-Term Debt (21,895,111)

Unavailable Revenue Related to Property Taxes 1,753,101

Net Position \$ (3,031,876)

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, 2021**

	<u>SPECIAL REVENUE</u>	
	<u>GENERAL</u>	<u>COMMUNITY CONTRIBUTIONS</u>
REVENUES:		
Local Sources:		
Taxes	\$ 51,654,497	\$ -
Earnings on Investments	243,581	-
Other Local Sources	1,473,098	846,586
Intermediate Sources	2,397,017	-
State Sources	34,448,801	-
Federal Sources	341	-
	<hr/>	<hr/>
Total Revenues	90,217,335	846,586
	<hr/>	<hr/>
EXPENDITURES:		
Current:		
Instruction	50,674,493	835,830
Support Services	26,055,194	6,962
Enterprise and Community Services	-	-
Capital Outlay	464,232	-
Debt Service:		
Principal	2,782,474	-
Interest and Other Charges	2,404,613	-
	<hr/>	<hr/>
Total Expenditures	82,381,006	842,792
	<hr/>	<hr/>
Excess (Deficiency) of Revenues Over Expenditures	7,836,329	3,794
	<hr/>	<hr/>
OTHER FINANCING SOURCES (USES):		
Sale/Compensation For Loss of Capital Assets	51,128	-
Transfers In	-	-
Transfers Out	(1,898,394)	-
	<hr/>	<hr/>
Total Other Financing Sources, (Uses)	(1,847,266)	-
	<hr/>	<hr/>
Increase (Decrease) in Inventories	1,162	-
	<hr/>	<hr/>
Net Change in Fund Balance	5,990,225	3,794
	<hr/>	<hr/>
FUND BALANCE, Beginning of Year	15,006,915	171,546
	<hr/>	<hr/>
FUND BALANCE, End of Year	\$ 20,997,140	\$ 175,340
	<hr/> <hr/>	<hr/> <hr/>

DEBT SERVICE	CAPITAL PROJECTS	OTHER NONMAJOR FUNDS	TOTAL GOVERNMENTAL FUNDS
\$ 17,300,784	\$ 274,289	\$ -	\$ 69,229,570
45,500	360,217	-	649,298
-	475,799	1,315,917	4,111,400
-	-	257,447	2,654,464
-	-	3,796,486	38,245,287
-	-	3,058,997	3,059,338
<u>17,346,284</u>	<u>1,110,305</u>	<u>8,428,847</u>	<u>117,949,357</u>
-	1,107,770	4,726,054	57,344,147
-	231,519	1,985,554	28,279,229
-	-	2,611,016	2,611,016
-	43,569,039	-	44,033,271
7,445,000	690,684	-	10,918,158
<u>9,721,119</u>	<u>120,746</u>	<u>341,374</u>	<u>12,587,852</u>
<u>17,166,119</u>	<u>45,719,758</u>	<u>9,663,998</u>	<u>155,773,673</u>
<u>180,165</u>	<u>(44,609,453)</u>	<u>(1,235,151)</u>	<u>(37,824,316)</u>
-	-	-	51,128
-	675,402	1,222,992	1,898,394
-	-	-	(1,898,394)
<u>-</u>	<u>675,402</u>	<u>1,222,992</u>	<u>51,128</u>
<u>-</u>	<u>-</u>	<u>4,696</u>	<u>5,858</u>
180,165	(43,934,051)	(7,463)	(37,767,330)
<u>552,650</u>	<u>100,909,618</u>	<u>1,385,734</u>	<u>118,026,463</u>
<u>\$ 732,815</u>	<u>\$ 56,975,567</u>	<u>\$ 1,378,271</u>	<u>\$ 80,259,133</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, 2021**

Total Net Changes in Fund Balances - Governmental Funds		\$	(37,767,330)
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.			11,853,764
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	\$	44,100,482	
Depreciation Expense		<u>(5,840,350)</u>	
			38,260,132
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.			(2,716,624)
In the Statement of Activities, pension expense is adjusted based on the actuarially determined contribution changes.			
Net Change in Pension and OPEB liabilities/assets		(20,512,210)	
Net Change in Pension and OPEB deferred outflows of resources		10,058,643	
Net Change in Pension and OPEB deferred inflows of resources		<u>(834,321)</u>	
			(11,287,888)
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.			865,053
Property tax revenue in the Statement of Activities differs from the amount reported in the governmental funds. In the governmental funds, which are on the modified accrual basis, the District recognizes unavailable revenue for all property taxes levied but not received, however in the Statement of Activities, there is no unavailable revenue and the full property tax receivable is accrued.			<u>75,497</u>
Change in Net Position of Governmental Activities		\$	<u><u>(717,396)</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, 2021

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 \$815,000 for the year ended June 30, 2021.

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, 2021

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.

Community Contributions Fund - This fund accounts for revenues and expenditures of contributions from various community groups and the Lake Oswego Schools Foundation for specific educational projects or programs. This fund is presented as major due to the importance of the information to voters.

Debt Service Fund - This fund accounts for the payment of principal and interest on general obligation bonded debt. Principal revenue sources are property taxes.

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

Grants Fund - This fund accounts for revenues and expenditures of Federal and State grants 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, 2021

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of Presentation (Continued)

Special Revenue Funds (Continued)

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

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, 2021

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.

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 position 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 position that applies to a future period(s) so will not be recognized as an inflow of resources (revenue) until that time. The District has four 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. The other 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. 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.

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 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 nonspendable 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.

LAKE OSWEGO SCHOOL DISTRICT NO. 7J
CLACKAMAS COUNTY, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS (Continued)
YEAR ENDED JUNE 30, 2021

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 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.

LAKE OSWEGO SCHOOL DISTRICT NO. 7J
CLACKAMAS COUNTY, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS (Continued)
YEAR ENDED JUNE 30, 2021

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Definitions of Governmental Fund Types (Continued)

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.

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.

LAKE OSWEGO SCHOOL DISTRICT NO. 7J
CLACKAMAS COUNTY, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS (Continued)
YEAR ENDED JUNE 30, 2021

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Budget (Continued)

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, three appropriations transfers 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, 2021:

Cash and Investments

Cash on hand	\$ 8,101
Deposits with financial institutions	1,544,544
Investments	93,152,613
	<u>\$ 94,705,258</u>

LAKE OSWEGO SCHOOL DISTRICT NO. 7J
CLACKAMAS COUNTY, OREGON
 NOTES TO BASIC FINANCIAL STATEMENTS (Continued)
 YEAR ENDED JUNE 30, 2021

CASH AND INVESTMENTS (Continued)

Deposits

The District's deposits with various financial institutions had a bank value of \$3,424,016 and a book value of \$1,544,544 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, 2021, \$2,674,016 of the District's bank balances were covered by the PFCP.

Investments

As of June 30, 2021, 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	\$ 18,434,064	0.933	19.8%
US Agency Investments	18,246,777	0.677	19.6%
Local Government Investment Pool	56,471,772	0.806	60.6%
	<u>\$ 93,152,613</u>	<u>0.806</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, 2021

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 \$51.2 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, 2021, 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, 2021

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, 2021

RECEIVABLES

Receivables are comprised of the following as of June 30, 2021:

Property taxes receivable		
General Fund	\$	1,633,053
Debt Service Fund		537,726
Total property taxes receivable		<u>2,170,779</u>
Accounts, grants and accrued interest receivable		
General Fund		1,207,316
Community Contributions Fund		5,123
Debt Service Fund		95
Capital Projects Fund		287,562
Other Nonmajor Governmental Funds		<u>765,698</u>
Total accounts, grants and accrued interest receivable		<u>2,265,794</u>
Total	\$	<u><u>4,436,573</u></u>

INTERFUND RECEIVABLES AND PAYABLES

The composition of interfund receivable and payable balances as of June 30, 2021 is as follows:

	<u><i>Due from Other Funds</i></u>	<u><i>Due to Other Funds</i></u>
General	\$ -	\$ 9,037,935
Community Contributions	1,118,411	-
Capital Projects	8,214,376	-
Other Nonmajor Governmental Funds	<u>138,549</u>	<u>433,401</u>
Total	<u>\$ 9,471,336</u>	<u>\$ 9,471,336</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, 2021

CAPITAL ASSETS

Capital assets activity for the year was as follows:

	<i>Balances July 1, 2020</i>	<i>Increases</i>	<i>Decreases</i>	<i>Balances June 30, 2021</i>
Capital assets not being depreciated:				
Land	\$ 9,297,870	\$ -	\$ -	\$ 9,297,870
Construction in progress	87,520,698	43,322,869	(121,157,534)	9,686,033
<i>Total Capital Assets Not Being Depreciated</i>	<u>96,818,568</u>	<u>43,322,869</u>	<u>(121,157,534)</u>	<u>18,983,903</u>
Capital assets being depreciated:				
Buildings and improvements	175,426,849	120,464,300	(5,232,438)	290,658,711
Vehicles and equipment	15,162,130	1,470,847	-	16,632,977
<i>Total Capital Assets Being Depreciated</i>	<u>190,588,979</u>	<u>121,935,147</u>	<u>(5,232,438)</u>	<u>307,291,688</u>
Less accumulated depreciation for:				
Buildings and improvements	(54,592,920)	(4,647,461)	2,515,814	(56,724,567)
Vehicles and equipment	(4,669,511)	(1,192,889)	-	(5,862,400)
<i>Total Accumulated Depreciation</i>	<u>(59,262,431)</u>	<u>(5,840,350)</u>	<u>2,515,814</u>	<u>(62,586,967)</u>
<i>Total Capital Assets Being Depreciated, net</i>	<u>131,326,548</u>	<u>116,094,797</u>	<u>(2,716,624)</u>	<u>244,704,721</u>
<i>Total Capital Assets, net</i>	<u>\$ 228,145,116</u>	<u>\$ 159,417,666</u>	<u>\$ (123,874,158)</u>	<u>\$ 263,688,624</u>

As part of the project to construct the new Lakeridge Middle School, capital assets relating to the original construction and various improvements for the former Waluga Junior High School building, with an original cost of \$5,202,438 and related accumulated depreciation of \$2,515,814, were disposed of during the year ended June 30, 2021. After accounting for unrelated recorded undepreciated costs of \$30,000 and proceeds of \$51,128 related to losses of other assets, this resulted in recognition of a \$2,665,496 loss on the disposal of capital assets in the Statement of Activities for the year ended June 30, 2021.

LAKE OSWEGO SCHOOL DISTRICT NO. 7J
CLACKAMAS COUNTY, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS (Continued)
YEAR ENDED JUNE 30, 2021

LONG-TERM DEBT

The following is a summary and changes of long-term debt during the year ended June 30, 2021:

	<i>Original Issue</i>	<i>Outstanding July 1, 2020</i>	<i>Issued</i>	<i>Matured and Redeemed</i>	<i>Outstanding June 30, 2021</i>	<i>Amounts Due in One Year</i>
General obligation bonds used for						
Capital Purposes:						
August 4, 2005	\$ 80,740,000	\$ 37,625,000	\$ -	\$ (5,840,000)	\$ 31,785,000	\$ 6,380,000
August 24, 2017	160,000,000	152,080,000	-	(1,265,000)	150,815,000	1,615,000
April 2, 2020	27,000,000	27,000,000	-	(340,000)	26,660,000	390,000
Total G.O. Bonds		<u>216,705,000</u>	<u>-</u>	<u>(7,445,000)</u>	<u>209,260,000</u>	<u>8,385,000</u>
Pension Bonds:						
October 1, 2002	23,926,732	16,219,999	-	-	16,219,999	1,810,000
April 1, 2003	16,302,037	10,143,910	-	(433,158)	9,710,752	438,095
August 1, 2011	1,660,000	1,660,000	-	(1,660,000)	-	-
Total Pension Bonds		<u>28,023,909</u>	<u>-</u>	<u>(2,093,158)</u>	<u>25,930,751</u>	<u>2,248,095</u>
Total		<u>244,728,909</u>	<u>-</u>	<u>(9,538,158)</u>	<u>235,190,751</u>	<u>10,633,095</u>
Amortization of premiums		22,918,999	-	(1,023,888)	21,895,111	1,023,888
Accretion of discount		<u>2,454,107</u>	<u>191,852</u>	<u>(895,503)</u>	<u>1,750,456</u>	<u>880,337</u>
Total bonds payable		270,102,015	191,852	(11,457,549)	258,836,318	12,537,320
Direct Borrowings:						
2019 Full faith and credit obligations 15,000,000		14,150,000	-	(855,000)	13,295,000	875,000
2015 Full faith and credit obligations 8,371,000		<u>5,919,000</u>	<u>-</u>	<u>(525,000)</u>	<u>5,394,000</u>	<u>538,000</u>
Total		<u>\$ 290,171,015</u>	<u>\$ 191,852</u>	<u>\$ (12,837,549)</u>	<u>\$ 277,525,318</u>	<u>\$ 13,950,320</u>
General obligation bonds - issued August 4, 2005, due in annual installments of \$570,000 to \$8,275,000 plus interest paid semi-annually at 4.13% to 5.5% through 2026.					\$ 31,785,000	
General obligation bonds - issued August 24, 2017, due in annual installments of \$1,265,000 to \$13,415,000 plus interest paid semi-annually at 4% to 5% through 2043.					150,815,000	
General obligation bonds - issued April 2, 2020 due in annual installments of \$340,000 to \$4,110,000 plus interest paid semi-annually at 4% to 5% through 2041.					26,660,000	
Pension obligation bonds - issued October 9, 2002, due in annual installments of \$62,817 to \$3,175,000 plus interest paid semi-annually at 2.1% to 6.1% through 2028.					16,219,999	
Pension obligation bonds - issued April 3, 2003, due in annual installments of \$28,701 to \$2,250,000 plus interest paid semi-annually at 1.5% to 6.27% through 2028.					9,710,752	
Unamortized premiums and accretion of discount.					23,645,567	
Full faith and credit obligations - issued June 18, 2019 due in annual installments of \$850,000 to \$1,185,000 plus interest paid semiannually at 2.56% through 2034.					13,295,000	
Full faith and credit obligations - issued June 2, 2015 due in annual installments of \$464,000 to \$662,000 plus interest paid semiannually at 2.545% through 2030.					5,394,000	
Total long-term debt					<u>\$ 277,525,318</u>	

LAKE OSWEGO SCHOOL DISTRICT NO. 7J
CLACKAMAS COUNTY, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS (Continued)
YEAR ENDED JUNE 30, 2021

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>
2022	\$ 10,633,095	\$ 11,744,279	\$ 22,377,374
2023	11,857,656	11,294,226	23,151,882
2024	14,380,000	9,627,514	24,007,514
2025	15,975,000	8,871,684	24,846,684
2026	11,305,000	8,031,049	19,336,049
2027-2031	36,345,000	33,135,024	69,480,024
2032-2036	46,965,000	24,411,550	71,376,550
2037-2041	61,800,000	12,712,000	74,512,000
2042-2043	25,930,000	1,573,800	27,503,800
	<u>\$ 235,190,751</u>	<u>\$ 121,401,126</u>	<u>\$ 356,591,877</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 will be 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, 2021

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>
2022	\$ 1,413,000	\$ 477,629	\$ 1,890,629
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
2027-2031	7,774,000	1,015,450	8,789,450
2032-2034	3,465,000	198,944	3,663,944
	<u>\$ 18,689,000</u>	<u>\$ 3,231,839</u>	<u>\$ 21,920,839</u>

Compensated absences activity for the year is as follows:

	<i>Outstanding July 1, 2020</i>	<i>Increases</i>	<i>Decreases</i>	<i>Outstanding June 30, 2021</i>	<i>Amount Due in One Year</i>
Compensated absences	\$ 731,586	\$ 691,483	\$ (731,586)	\$ 691,483	\$ 691,483

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

INTERFUND TRANSFERS

Interfund transfers for the year ended June 30, 2021 are as follows:

	<i>Transfers In</i>	<i>Transfers Out</i>
General fund	\$ -	\$ 1,898,394
Capital projects fund	675,402	
Other nonmajor funds	<u>1,222,992</u>	<u>-</u>
Total	<u>\$ 1,898,394</u>	<u>\$ 1,898,394</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 authorizations.

The District transferred funds to its Food Services Fund, 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.

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 Comprehensive Annual 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, 2021

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, 2017 actuarial valuation, which became effective July 1, 2019. 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, 2021 were \$6,831,303, excluding amounts to fund employer specific liabilities. Employer PERS pension expense of \$11,757,240 was recognized during the reporting period.

At June 30, 2021, the District reported a net pension liability of \$80,665,681 for its proportionate share of the net pension liability. The pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2018. 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, 2020, the District's proportion was 0.37 percent, an increase from June 30, 2019's proportion of 0.345 percent.

	<i>Deferred Outflow of Resources</i>	<i>Deferred (Inflow) of Resources</i>
Difference between expected and actual experience	\$ 3,550,266	\$ -
Changes in assumptions	4,329,072	(151,682)
Net difference between projected and actual earnings on pension plan investments	9,485,236	-
Changes in proportionate share	4,432,425	(144,150)
Difference between employer contributions and employer's proportionate share of system contributions	-	(4,048,515)
Subtotal - Amortized Deferrals	21,796,999	(4,344,347)
District contributions subsequent to measurement date	6,831,303	-
Total deferred outflow (inflow) of resources	<u>\$ 28,628,302</u>	<u>\$ (4,344,347)</u>
Net deferred outflow (inflow) of resources		<u>\$ 24,283,955</u>
Net Amortized Deferrals (below)		<u>\$ 17,452,652</u>

LAKE OSWEGO SCHOOL DISTRICT NO. 7J
CLACKAMAS COUNTY, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS (Continued)
YEAR ENDED JUNE 30, 2021

PENSION PLAN (Continued)

Deferred outflows of resources related to PERS of \$6,831,303 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, 2022. Other amounts reported as deferred outflow or inflow of resources related to PERS will be recognized in pension expense as follows:

<u>Year ending June 30,</u>	<u>Amount</u>
2022	\$ 3,923,075
2023	5,250,641
2024	4,655,767
2025	3,482,605
2026	140,564
Total	<u>\$ 17,452,652</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 12, 2021.

Actuarial Valuations

The employer contribution rates effective July 1, 2019 through June 30, 2021, 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, 2021

PENSION PLAN (Continued)

Actuarial Methods and Assumptions

Valuation date	December 31, 2018
Measurement date	June 30, 2020
Experience study	2018, published July 24, 2019
Actuarial cost method	Entry age normal
Actuarial Assumptions	
Inflation Rate	2.50%
Long-term expected rate of return	7.20%
Discount rate	7.20%
Projected salary increases	3.50%
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, 2020 PERS Comprehensive Annual 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 7.20 percent for the Defined Benefit Pension Plan. The projection of cash flows used to determine the discount rate assumed that contributions from the plan members and those of the contributing employers are made at the contractually required rates, as actuarially determined. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments for the Defined Benefit Pension Plan was applied to all periods of projected benefit payments to determine the total pension liability.

LAKE OSWEGO SCHOOL DISTRICT NO. 7J
CLACKAMAS COUNTY, OREGON
 NOTES TO BASIC FINANCIAL STATEMENTS (Continued)
 YEAR ENDED JUNE 30, 2021

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, 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, 2020 PERS Comprehensive Annual 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 - 3.0	0.0
Risk Parity	0.0 - 2.5	2.5
Total		<u>100</u>

(Source: June 30, 2020 PERS Comprehensive Annual Financial Report; page 102)

LAKE OSWEGO SCHOOL DISTRICT NO. 7J
CLACKAMAS COUNTY, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS (Continued)
YEAR ENDED JUNE 30, 2021

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 May 2019 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, 2020 PERS Comprehensive Annual Financial Report; page 70)

Asset Class	Target Allocation *	Annual Arithmetic Return	Compound Annual (Geometric) Return	Standard Deviation
Core Fixed Income	9.60 %	4.14 %	4.07 %	3.90 %
Short-Term Bonds	9.60	3.70	3.68	2.10
Bank / Leverages Loans	3.60	5.40	5.19	6.85
High Yield Bonds	1.20	6.13	5.74	9.35
Large / Mid Cap US Equities	16.17	7.35	6.30	15.50
Small Cap US Equities	1.35	8.35	6.68	19.75
Micro Cap US Equities	1.35	8.86	6.79	22.10
Developed Foreign Equities	13.48	8.30	6.91	17.95
Emerging Market Equities	4.24	10.35	7.69	25.35
Non-US Small Cap Equities	1.93	8.81	7.25	19.10
Private Equity	17.50	11.95	8.33	30.00
Real Estate (Property)	10.00	6.19	5.55	12.00
Real Estate (REITS)	2.50	8.29	6.69	21.00
Hedge Fund of Funds - Diversified	1.50	4.28	4.06	6.90
Hedge Fund - Event-Driven	0.38	5.89	5.59	8.10
Timber	1.13	6.36	5.61	13.00
Farmland	1.13	6.87	6.12	13.00
Infrastructure	2.25	7.51	6.67	13.85
Commodities	1.13	5.34	3.79	18.70
Assumed Inflation - Mean			2.50 %	1.65 %

(Source: June 30, 2020 PERS Comprehensive Annual Financial Report: page 74)

LAKE OSWEGO SCHOOL DISTRICT NO. 7J
CLACKAMAS COUNTY, OREGON
 NOTES TO BASIC FINANCIAL STATEMENTS (Continued)
 YEAR ENDED JUNE 30, 2021

PENSION PLAN (Continued)

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 7.20 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 (6.20 percent) or 1-percentage-point higher (8.20 percent) than the current rate.

	<u>1% Decrease (6.20%)</u>	<u>Discount Rate (7.20%)</u>	<u>1% Increase (8.20%)</u>
District's proportionate share of the net pension liability (asset)	<u>\$ 119,781,874</u>	<u>\$ 80,665,681</u>	<u>\$ 47,864,940</u>

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 \$2,768,521 for the year ended June 30, 2021. The District did not make any optional contributions to member IAP accounts for the year ended June 30, 2021.

LAKE OSWEGO SCHOOL DISTRICT NO. 7J
CLACKAMAS COUNTY, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS (Continued)
YEAR ENDED JUNE 30, 2021

PENSION PLAN (Continued)

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.

Funding Policy

The District provides payments in accordance with current contracts on a pay-as-you-go basis. At June 30, 2021, the District was providing early retirement pension benefits to 40 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, 2021, governmental fund expenditures related to early retirement stipend benefits totaled \$132,614.

Total Stipend Pension Liability

The District's total Stipend pension liability as of June 30, 2021 of \$1,828,035 was measured as of June 30, 2021, 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.

LAKE OSWEGO SCHOOL DISTRICT NO. 7J
CLACKAMAS COUNTY, OREGON
 NOTES TO BASIC FINANCIAL STATEMENTS (Continued)
 YEAR ENDED JUNE 30, 2021

PENSION PLAN (Continued)

Changes in the Total Stipend Pension Liability

	Total Stipend Pension Liability
Balance at July 1, 2020	\$ 1,742,241
Changes for the year:	
Service cost	85,189
Interest on Total Pension Liability	35,889
Differences between expected and actual experience	(95,035)
Changes in assumptions or other inputs	221,214
Benefit payments - Stipends	(161,463)
Net changes	85,794
Balance at June 30, 2021	<u>\$ 1,828,035</u>

There were no significant changes in assumptions or benefit terms since the valuation date except for the discount rate being reduced from 3.5% to 2.16%.

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</u> <u>(1.16%)</u>	<u>Discount Rate</u> <u>(2.16%)</u>	<u>1% Increase</u> <u>(3.16%)</u>
Total Stipend Pension Liability on June 30, 2021	<u>\$ 1,928,643</u>	<u>\$ 1,828,035</u>	<u>\$ 1,730,283</u>

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

For the year ended June 30, 2021, the District recognized stipend pension expense of \$28,607. At June 30, 2021, the District reported deferred outflow of resources and deferred inflow of resources related to the stipend plan from the following sources:

	<u>Deferred Outflow</u> <u>of Resources</u>	<u>Deferred Inflow</u> <u>of Resources</u>
Net difference between projected and actual earnings on investments	\$ 52,192	\$ (636,687)
Changes of assumptions and other inputs	216,118	(133,326)
Total deferred outflow (inflow) of resources	<u>\$ 268,310</u>	<u>\$ (770,013)</u>
Net deferred outflow (inflow) of resources, amortized below		<u>\$ (501,703)</u>

LAKE OSWEGO SCHOOL DISTRICT NO. 7J
CLACKAMAS COUNTY, OREGON
 NOTES TO BASIC FINANCIAL STATEMENTS (Continued)
 YEAR ENDED JUNE 30, 2021

PENSION PLAN (Continued)

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>
2022	\$ (92,471)
2023	(92,471)
2024	(92,471)
2025	(92,471)
2026	(92,471)
2027	(67,173)
Thereafter	27,825
Total	<u>\$ (501,703)</u>

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, 2021, components of the OPEB asset/liability and the deferred inflows/outflows for each.

	<u>Retirement Health Insurance Account</u>	<u>Retirement Health Insurance Subsidy</u>	<u>Total</u>
Net OPEB Asset	\$ 1,453,067	\$ -	\$ 1,453,067
Total OPEB Liability	-	12,090,059	12,090,059
Deferred Outflows of Resources	170,710	1,998,938	2,169,648
Deferred Inflows of Resources	554,898	1,976,391	2,531,289
OPEB Expense (Revenue)	(410,224)	917,826	507,602

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. A comprehensive annual 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/.

LAKE OSWEGO SCHOOL DISTRICT NO. 7J
CLACKAMAS COUNTY, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS (Continued)
YEAR ENDED JUNE 30, 2021

OTHER POST EMPLOYMENT BENEFITS (OPEBs) (Continued)

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, 2021 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, 2021, 2020, and 2019 were \$9,086, \$50,926, and \$195,031, which equaled the required contributions each year.

At June 30, 2021, the District reported a net OPEB liability/(asset) of (\$1,453,067) for its proportionate share of the net OPEB liability/(asset). The OPEB liability/(asset) was measured as of June 30, 2020, and the total OPEB liability/(asset) used to calculate the net OPEB liability/(asset) was determined by an actuarial valuation as of December 31, 2018. 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, 2020, the District’s proportion was 0.71 percent. OPEB expense related to RHIA for the year ended June 30, 2021 was a credit of \$410,224. 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.

At June 30, 2021, 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	\$ -	\$ (148,546)
Changes of assumptions and other inputs	161,624	(406,352)
Subtotal - Amortized Deferrals	161,624	(554,898)
District contributions subsequent to measurement date	9,086	-
Total deferred outflow (inflow) of resources	<u>\$ 170,710</u>	<u>\$ (554,898)</u>
Net deferred outflow (inflow) of resources		<u>\$ (384,188)</u>
Net Amortized Deferrals (below)		<u>\$ (393,274)</u>

LAKE OSWEGO SCHOOL DISTRICT NO. 7J
CLACKAMAS COUNTY, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS (Continued)
YEAR ENDED JUNE 30, 2021

OTHER POST EMPLOYMENT BENEFITS (OPEBs) (Continued)

Deferred outflows of resources related to RHIA OPEB of \$9,086 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, 2022. 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>
2022	\$ (319,307)
2023	(184,673)
2024	59,734
2025	50,972
Total	<u>\$ (393,274)</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 (6.2 percent) or 1-percentage-point higher (8.2 percent) than the current discount rate:

	<u>1% Decrease</u> <u>(6.2%)</u>	<u>Discount Rate</u> <u>(7.2%)</u>	<u>1% Increase</u> <u>(8.2%)</u>
District's proportionate share of the Net OPEB Liability (Asset)	<u>\$ (1,173,107)</u>	<u>\$ (1,453,067)</u>	<u>\$ (1,692,444)</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 (\$1,453,067). 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.

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.

OTHER POST EMPLOYMENT BENEFITS (OPEBs) (Continued)

Funding Policy

The District provides payments in accordance with current employee contracts on a pay-as-you-go basis. At June 30, 2021, the District was providing early retirement incentive health care benefits to 67 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 \$581,976 during the year ended June 30, 2021.

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, 2021

OTHER POST EMPLOYMENT BENEFITS (OPEBs) (Continued)

Total Health Insurance OPEB Liability

The District's total health insurance OPEB liability of \$12,090,059 was measured as of June 30, 2021, 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, 2017 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, 2020	\$ 11,907,952
Changes for the year:	
Service cost	720,485
Interest on Total OPEB Liability	248,096
Differences between expected and actual experience	(1,495,749)
Changes in assumptions or other inputs	1,553,373
Benefit payments - Medical premiums	(471,508)
Benefit payments - Implicit subsidy	(372,590)
Net changes	<u>182,107</u>
Balance at June 30, 2021	<u>\$ 12,090,059</u>

There were no significant changes in assumptions and benefit terms since the last valuation date except for the discount rate being reduced from 3.5% to 2.16%.

LAKE OSWEGO SCHOOL DISTRICT NO. 7J
CLACKAMAS COUNTY, OREGON
 NOTES TO BASIC FINANCIAL STATEMENTS (Continued)
 YEAR ENDED JUNE 30, 2021

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, 2021	\$ 12,967,723	\$ 12,090,059	\$ 11,258,387

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

For the year ended June 30, 2021, the District recognized health insurance related OPEB expense of \$917,826. At June 30, 2021, 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	\$ -	\$ (1,937,533)
Changes of assumptions and other inputs	1,998,938	(38,858)
Total deferred outflow (inflow) of resources	<u>\$ 1,998,938</u>	<u>\$ (1,976,391)</u>
Net deferred outflow (inflow) of resources		<u>\$ 22,547</u>

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

<u>Year ending June 30,</u>	<u>Amount</u>
2022	\$ (50,755)
2023	(50,755)
2024	(50,755)
2025	(50,755)
2026	44,957
2027	61,835
Thereafter	118,775
Total	<u>\$ 22,547</u>

LAKE OSWEGO SCHOOL DISTRICT NO. 7J
CLACKAMAS COUNTY, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS (Continued)
YEAR ENDED JUNE 30, 2021

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, 2021, 2020, and 2019 are as follows:

	<u>2021</u>	<u>2020</u>	<u>2019</u>
Beginning accrued claims liability	\$ 1,601,955	\$ 1,462,787	\$ 1,084,353
Claims liability adjustments	(550,000)	(930,000)	(500,000)
Incurred claims (including IBNRs)	1,033,064	1,634,117	1,498,396
Claims payments	<u>(742,364)</u>	<u>(564,949)</u>	<u>(619,962)</u>
Accrued claims liability, June 30	<u>\$ 1,342,655</u>	<u>\$ 1,601,955</u>	<u>\$ 1,462,787</u>

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, 2021, the District was not materially affected by tax abatement agreements.

LAKE OSWEGO SCHOOL DISTRICT NO. 7J
CLACKAMAS COUNTY, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS (Continued)
YEAR ENDED JUNE 30, 2021

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>General Fund</u>	<u>Capital Projects Fund</u>	<u>Other Nonmajor Funds</u>
Budget basis ending fund balance	\$ 20,949,413	\$ 56,896,534	\$ 1,327,442
Adjustments:			
Unrealized gain on investments	-	79,033	-
Inventories	47,727	-	50,829
	<u>\$ 20,997,140</u>	<u>\$ 56,975,567</u>	<u>\$ 1,378,271</u>
GAAP basis ending fund balance			

NEW PRONOUNCEMENTS

For the fiscal year ended June 30, 2021, the District implemented GASB Statement No. 84 “*Fiduciary Activities.*” This Statement established criteria and guidance for identifying fiduciary activities of all state and local governments for accounting and financial reporting purposes, as well as the reporting requirements for these fiduciary funds.

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. 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 statement is effective for fiscal years beginning after June 15, 2021.

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.

LAKE OSWEGO SCHOOL DISTRICT NO. 7J
CLACKAMAS COUNTY, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS (Continued)
YEAR ENDED JUNE 30, 2021

CLAIMS AND LITIGATION (Continued)

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 three legal actions arising in the normal course of its activities. Two 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. The third action was fully settled by the District's insurance in November 2021. A District contractor has asserted separate claims for additional compensation of more than \$330,000 on a construction project. The total claimed amounts have not been fully quantified by the contractor; no liability has been recorded as of June 30, 2021 as a result of these claims: Management is still evaluating the claims, but based on its initial review, believes some of the claims may have merit. Any amounts that the District may ultimately agree to pay will be determined after the contractor completes their analysis, which is expected in 2022. Nevertheless, based upon counsel's and management's current understanding of the claims, the outcome of such matters is not expected to have a material adverse effect on the District's financial position or statement of activities.

COMMITMENTS AND CONTINGENCIES

The District has remaining commitments under various service contracts of approximately \$2.2 million at June 30, 2021. 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 \$7.3 million at June 30, 2021.

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. The COVID-19 pandemic had caused reductions in total State revenues and the District's 2020-21 and 2021-22 school year pupil counts. If student enrollment remains at current levels for the 2021-22 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 2021-22. However, as there are many variables that influence SSF allocations each year, the extent to which the pandemic may ultimately impact the amount of state funding the District receives is unknown.

SUBSEQUENT EVENTS

District voters approved ballot measure 3-577 at the November 2, 2021 election with a 57% yes vote. The measure authorizes the District to issue up to \$180 million in general obligation bonds to fund full replacement of two schools and various other capital improvements. While a bond sale resolution and other actions necessary to be undertaken prior to issuance of these debts have not yet occurred, the District expects to sell a significant portion of these bonds in the spring of 2022.

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, 2021**

<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>
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%.

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, 2021

<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>
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, 2021

<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>
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, 2021

<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>
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, 2021

Stipend Benefits

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Service cost	\$ 85,189	\$ 60,583	\$ 58,534	\$ 69,334	\$ 66,989
Interest on Total Pension Liability	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>(161,463)</u>	<u>(149,652)</u>	<u>(199,164)</u>	<u>(275,152)</u>	<u>(145,505)</u>
Net changes	85,794	(29,671)	(182,730)	(43,823)	(979,876)
Total Pension Liability at beginning of the year	<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>\$ 1,828,035</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	\$ 35,093,000	\$ 33,800,000	\$ 30,500,000	\$ 28,954,000	\$ 26,718,000
Total Pension Liability as a percentage of covered employee payroll	5.21%	5.15%	5.81%	6.75%	7.48%
Discount Rate	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, 2021

Health Insurance

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Service cost	\$ 720,485	\$ 486,710	\$ 470,251	\$ 470,656	\$ 454,740
Interest on Total OPEB Liability	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	(471,508)	(548,755)	(524,892)	(552,684)	(497,385)
Benefit payments - Implicit subsidy	<u>(372,590)</u>	<u>(411,652)</u>	<u>(384,089)</u>	<u>(301,657)</u>	<u>(201,896)</u>
Net changes	182,107	(71,233)	552,843	120,381	(851,991)
Total OPEB Liability at beginning of the year	<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>\$ 12,090,059</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	\$ 45,741,000	\$ 45,832,000	\$ 41,952,000	\$ 39,227,000	\$ 35,982,000
Total OPEB Liability as a percentage of covered employee payroll	26.43%	25.98%	28.55%	29.13%	31.42%
Discount Rate	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
 For the Year Ended June 30, 2021

<u>GENERAL FUND</u>				
	<u>ACTUAL</u>	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>VARIANCE TO FINAL BUDGET</u>
REVENUES:				
Local Sources	\$ 53,371,176	\$ 51,915,000	\$ 51,915,000	\$ 1,456,176
Intermediate Sources	2,397,017	1,350,000	1,350,000	1,047,017
State Sources	34,448,801	34,100,000	34,100,000	348,801
Federal Sources	341	15,000	15,000	(14,659)
Total Revenues	<u>90,217,335</u>	<u>87,380,000</u>	<u>87,380,000</u>	<u>2,837,335</u>
EXPENDITURES:				
Instruction	50,678,881	55,575,000	55,575,000	4,896,119
Support Services	26,515,038	29,150,000	29,150,000	2,634,962
Facilities Acquisition and Construction	-	1	1	1
Debt Service	5,187,087	6,000,000	6,000,000	812,913
Operating Contingency	-	2,000,000	650,000	650,000
Total Expenditures	<u>82,381,006</u>	<u>92,725,001</u>	<u>91,375,001</u>	<u>8,993,995</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	7,836,329	(5,345,001)	(3,995,001)	11,831,330
OTHER FINANCING SOURCES (USES):				
Transfers in	-	1	1	(1)
Transfers out	(1,898,394)	(625,000)	(1,975,000)	76,606
Sale of/Compensation for Loss of Capital Assets	51,128	10,000	10,000	41,128
Total Other Financing Sources (Uses)	<u>(1,847,266)</u>	<u>(614,999)</u>	<u>(1,964,999)</u>	<u>117,733</u>
NET CHANGE IN FUND BALANCE	5,989,063	(5,960,000)	(5,960,000)	11,949,063
FUND BALANCE, Beginning of year	<u>14,960,350</u>	<u>15,000,000</u>	<u>15,000,000</u>	<u>(39,650)</u>
FUND BALANCE, End of year	<u>\$ 20,949,413</u>	<u>\$ 9,040,000</u>	<u>\$ 9,040,000</u>	<u>\$ 11,909,413</u>

LAKE OSWEGO SCHOOL DISTRICT NO. 7J
CLACKAMAS COUNTY, OREGON

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
 ACTUAL AND BUDGET - BUDGETARY BASIS
 For the Year Ended June 30, 2021

COMMUNITY CONTRIBUTIONS FUND

	<u>ACTUAL</u>	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>VARIANCE TO FINAL BUDGET</u>
REVENUES:				
Local Sources	\$ 846,586	\$ 2,518,000	\$ 2,518,000	\$ (1,671,414)
EXPENDITURES:				
Instruction	835,830	2,220,000	2,220,000	1,384,170
Support Services	6,962	165,000	165,000	158,038
Facilities Acquisition and Construction	-	78,000	78,000	78,000
Debt Service	-	110,000	110,000	110,000
Total Expenditures	<u>842,792</u>	<u>2,573,000</u>	<u>2,573,000</u>	<u>1,730,208</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>3,794</u>	<u>(55,000)</u>	<u>(55,000)</u>	<u>58,794</u>
FUND BALANCE, Beginning of year	<u>171,546</u>	<u>155,000</u>	<u>155,000</u>	<u>16,546</u>
FUND BALANCE, End of year	<u>\$ 175,340</u>	<u>\$ 100,000</u>	<u>\$ 100,000</u>	<u>\$ 75,340</u>

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OTHER SUPPLEMENTARY INFORMATION

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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, 2021

GENERAL FUND

	<u>ACTUAL</u>	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>VARIANCE TO FINAL BUDGET</u>
REVENUES:				
Local Sources:				
Taxes-Current Levy	\$ 37,353,642	\$ 36,300,000	\$ 36,300,000	\$ 1,053,642
Taxes-Prior Levies	474,889	450,000	450,000	24,889
Local Option Taxes-Current Levy	13,566,950	13,250,000	13,250,000	316,950
Local Option Taxes-Prior Levy	259,016	175,000	175,000	84,016
Tuition	172,619	205,000	205,000	(32,381)
Earnings on Investments	243,581	350,000	350,000	(106,419)
Gate Receipts	-	60,000	60,000	(60,000)
Sports Participation Fees	139,632	600,000	600,000	(460,368)
Student Fees	-	60,000	60,000	(60,000)
Device Fees	63,680	-	-	63,680
Property Lease Fees	201,410	310,000	310,000	(108,590)
Miscellaneous Income	895,757	155,000	155,000	740,757
Total From Local Sources	<u>53,371,176</u>	<u>51,915,000</u>	<u>51,915,000</u>	<u>1,456,176</u>
Intermediate Sources:				
County School Fund	2,172	5,000	5,000	(2,828)
ESD Choice Fund	2,353,698	975,000	975,000	1,378,698
Other Intermediate Sources	41,147	-	-	41,147
ESD Special Fund	-	370,000	370,000	(370,000)
Total From Intermediate Sources	<u>2,397,017</u>	<u>1,350,000</u>	<u>1,350,000</u>	<u>1,047,017</u>
State Sources:				
School Support Fund	33,687,919	33,300,000	33,300,000	387,919
Common School Fund	755,013	700,000	700,000	55,013
Miscellaneous Grants	5,869	100,000	100,000	(94,131)
Total From State Sources	<u>34,448,801</u>	<u>34,100,000</u>	<u>34,100,000</u>	<u>348,801</u>
Federal Sources:				
Foster Care	341	15,000	15,000	(14,659)
Other Sources:				
Interfund Transfers	-	1	1	(1)
Sales/Compensation for Loss of Capital Assets	51,128	10,000	10,000	41,128
Total From Other Sources	<u>51,128</u>	<u>10,001</u>	<u>10,001</u>	<u>41,127</u>
Total Revenues	<u>\$ 90,268,463</u>	<u>\$ 87,390,001</u>	<u>\$ 87,390,001</u>	<u>\$ 2,878,462</u>

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, 2021**

	SALARIES	EMPLOYEE BENEFITS	PURCHASED SERVICES	SUPPLIES & MATERIALS
EXPENDITURES:				
Instruction:				
Regular Programs:				
Primary, K-5	\$ 9,961,774	\$ 5,658,347	\$ 38,798	\$ 151,331
Jr. High Programs	5,343,159	2,839,249	33,974	45,808
Jr. High School Extra-curricular	79,703	21,796	-	1,556
High School Programs	7,964,049	4,260,582	43,467	222,064
High School Extra-curricular	1,311,476	370,195	89,963	25,401
Special Programs:				
Talented and Gifted	324,462	159,175	-	820
More Restrictive Special Programs	2,613,435	1,650,459	1,200,045	5,292
Less Restrictive Special Programs	2,749,484	1,610,181	15,746	6,871
Alternative Education	709,778	372,460	343,489	-
English 2nd Language	273,518	127,832	1,405	-
Total Instruction	<u>31,330,838</u>	<u>17,070,276</u>	<u>1,766,887</u>	<u>459,143</u>
Support Services:				
Students:				
Attendance and Social Work Services	115,191	57,179	97,428	245,842
Guidance Services	1,809,831	969,915	48	2,959
Health Services	212,308	83,380	209	10,130
Psychological Services	525,769	288,722	-	15,637
Speech Pathology and Audiology	541,436	252,827	835	9,564
Service Direction, Student Support	379,375	183,454	16,107	28,348
Instructional Staff:				
Improvement of Instruction	916,257	583,245	223,069	39,047
Educational Media	480,964	271,864	20,756	48,148
Assessment and Testing	964	240	-	220
General Administration:				
Board of Education	-	-	213,449	670
Executive Administration	644,387	265,893	9,664	2,685
School Administration - Office of the Principal	2,769,327	1,470,883	32,196	41,854
Business:				
Fiscal Services	373,100	163,932	43,992	15,745
Operation & Maintenance of Plant	1,930,289	1,103,718	2,223,046	387,851
Student Transportation	-	-	2,677,701	11,445
Central Activities:				
Information	160,908	58,826	96,477	4,810
Staff	290,507	185,803	101,698	2,344
Technology	487,983	266,210	347,720	24,987
Supplemental Retirement Program	132,614	581,976	-	-
Total Support Services	<u>11,771,210</u>	<u>6,788,067</u>	<u>6,104,395</u>	<u>892,286</u>
Facilities Acquisition and Construction				
Facilities Acquisitions/Improvements	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

CAPITAL OUTLAY	OTHER OBJECTS	ACTUAL	ORIGINAL BUDGET	FINAL BUDGET	VARIANCE TO FINAL BUDGET
\$ -	\$ -	\$ 15,810,250	\$ 17,896,209	\$ 17,896,209	\$ 2,085,959
-	-	8,262,190	8,278,046	8,278,046	15,856
-	-	103,055	285,678	285,678	182,623
-	-	12,490,162	12,914,733	12,914,733	424,571
4,388	22,505	1,823,928	1,957,710	1,957,710	133,782
-	-	484,457	506,658	506,658	22,201
-	24,844	5,494,075	7,335,796	7,335,796	1,841,721
-	-	4,382,282	4,703,691	4,703,691	321,409
-	-	1,425,727	1,297,121	1,297,121	(128,606)
-	-	402,755	399,358	399,358	(3,397)
4,388	47,349	50,678,881	55,575,000	55,575,000	4,896,119
-	274	515,914	478,002	478,002	(37,912)
-	1,677	2,784,430	3,056,947	3,056,947	272,517
-	-	306,027	246,030	246,030	(59,997)
-	-	830,128	813,889	813,889	(16,239)
-	-	804,662	815,724	815,724	11,062
-	-	607,284	402,052	402,052	(205,232)
-	478	1,762,096	2,062,393	2,051,393	289,297
-	-	821,732	932,052	943,052	121,320
-	-	1,424	24,227	24,227	22,803
-	11,972	226,091	219,500	219,500	(6,591)
-	3,286	925,915	988,955	988,955	63,040
-	3,968	4,318,228	4,384,185	4,384,185	65,957
-	3,024	599,793	596,179	596,179	(3,614)
459,844	471,999	6,576,747	7,083,989	7,083,989	507,242
-	-	2,689,146	4,265,000	4,265,000	1,575,854
-	1,715	322,736	318,011	318,011	(4,725)
-	543	580,895	582,309	582,309	1,414
-	300	1,127,200	1,030,556	1,030,556	(96,644)
-	-	714,590	850,000	850,000	135,410
459,844	499,236	26,515,038	29,150,000	29,150,000	2,634,962
-	-	-	1	1	1

(continued)

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, 2021

EXPENDITURES (Cont.):	<u>SALARIES</u>	<u>EMPLOYEE BENEFITS</u>	<u>PURCHASED SERVICES</u>	<u>SUPPLIES & MATERIALS</u>
Debt Service	\$ -	\$ -	\$ -	\$ -
Operating Contingency	-	-	-	-
Total Expenditures	<u>43,102,048</u>	<u>23,858,343</u>	<u>7,871,282</u>	<u>1,351,429</u>
Excess of Revenues Over, (Under) Expenditures				
Other Financing Uses:				
Transfers Out				
Net Change in Fund Balance				
Beginning Fund Balance				
Ending Fund Balance				

CAPITAL OUTLAY	OTHER OBJECTS	ACTUAL	ORIGINAL BUDGET	FINAL BUDGET	VARIANCE TO FINAL BUDGET
\$ -	\$ 5,187,087	\$ 5,187,087	\$ 6,000,000	\$ 6,000,000	\$ 812,913
-	-	-	2,000,000	650,000	650,000
<u>464,232</u>	<u>5,733,672</u>	82,381,006	92,725,001	91,375,001	8,993,995
		7,887,457	(5,335,000)	(3,985,000)	11,872,457
		(1,898,394)	(625,000)	(1,975,000)	76,606
		5,989,063	(5,960,000)	(5,960,000)	11,949,063
		14,960,350	15,000,000	15,000,000	(39,650)
		<u>\$ 20,949,413</u>	<u>\$ 9,040,000</u>	<u>\$ 9,040,000</u>	<u>\$ 11,909,413</u>

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, 2021**

REVENUES:

Local Sources:

Foundation Contributions

Other Contributions and Donations

Total Revenues

Detail by Object

	<u>SALARIES</u>	<u>EMPLOYEE BENEFITS</u>	<u>PURCHASED SERVICES</u>	<u>SUPPLIES & MATERIALS</u>
EXPENDITURES:				
Instruction:				
Regular Programs:				
Primary K-5	\$ 523,553	\$ -	\$ 68	\$ 13,927
Jr. High Programs	119,363	-	-	4,579
High School Programs	172,084	-	-	2,200
High School Extra-curricular	-	-	-	-
Other Special Programs	-	-	-	56
Total Instruction	<u>815,000</u>	<u>-</u>	<u>68</u>	<u>20,762</u>
Support Services:				
Pupils:				
Improvement of Instruction	-	-	74	-
Instructional Staff and Educational Media	-	-	600	5,417
School Administration - Office of the Principal	-	-	-	871
Business:				
Operation and Maintenance	-	-	-	-
Total Support Services	<u>-</u>	<u>-</u>	<u>674</u>	<u>6,288</u>
Facilities Acquisition and Construction	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Debt Service	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Expenditures	<u>\$ 815,000</u>	<u>\$ -</u>	<u>\$ 742</u>	<u>\$ 27,050</u>

Excess of Revenues Over (Under) Expenditures

Beginning Fund Balance

Ending Fund Balance

		ACTUAL	ORIGINAL BUDGET	FINAL BUDGET	VARIANCE TO FINAL BUDGET
		\$ 815,000	\$ 2,000,000	\$ 2,000,000	\$ (1,185,000)
		31,586	518,000	518,000	(486,414)
		<u>846,586</u>	<u>2,518,000</u>	<u>2,518,000</u>	<u>(1,671,414)</u>
Detail by Object					
CAPITAL OUTLAY	OTHER OBJECTS				
\$ -	\$ -	537,548	1,093,000	1,093,000	555,452
-	-	123,942	432,000	432,000	308,058
-	-	174,284	681,000	681,000	506,716
-	-	-	11,000	11,000	11,000
-	-	56	3,000	3,000	2,944
-	-	<u>835,830</u>	<u>2,220,000</u>	<u>2,220,000</u>	<u>1,384,170</u>
-	-	74	20,000	20,000	19,926
-	-	6,017	45,000	45,000	38,983
-	-	871	20,000	20,000	19,129
-	-	-	80,000	80,000	80,000
-	-	<u>6,962</u>	<u>165,000</u>	<u>165,000</u>	<u>158,038</u>
-	-	-	78,000	78,000	78,000
-	-	-	110,000	110,000	110,000
<u>\$ -</u>	<u>\$ -</u>	<u>842,792</u>	<u>2,573,000</u>	<u>2,573,000</u>	<u>1,730,208</u>
		3,794	(55,000)	(55,000)	58,794
		<u>171,546</u>	<u>155,000</u>	<u>155,000</u>	<u>16,546</u>
		<u>\$ 175,340</u>	<u>\$ 100,000</u>	<u>\$ 100,000</u>	<u>\$ 75,340</u>

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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
 For the Year Ended June 30, 2021

<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	\$ 17,058,086	\$ 16,900,000	\$ 16,900,000	\$ 158,086
Taxes-Prior Levies	242,662	175,000	175,000	67,662
Taxes-Other Intermediate Sources	36	-	-	36
Earnings on Investments	45,500	95,000	95,000	(49,500)
Total Revenues	17,346,284	17,170,000	17,170,000	176,284
 EXPENDITURES:				
Debt Service:				
Long-Term Debt Service:				
Redemption of Principal	7,445,000	7,445,000	7,445,000	-
Interest	9,721,119	9,725,000	9,725,000	3,881
Total Expenditures	17,166,119	17,170,000	17,170,000	3,881
Excess of Revenues Over (Under) Expenditures	180,165	-	-	180,165
Beginning Fund Balance	552,650	250,000	250,000	302,650
Ending Fund Balance	\$ 732,815	\$ 250,000	\$ 250,000	\$ 482,815

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, 2021

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	\$ -	\$ -	\$ -	\$ 320,742
Jr. High Program	-	-	-	337,782
High School Program	-	-	-	448,478
Other Special Programs	-	-	-	768
Total Instruction	-	-	-	1,107,770
Support Services				
Students				
Student Safety Services	-	-	-	93,527
Guidance Services	-	-	-	256
Speech Pathology and Audiology	-	-	-	256
Business - Operations and Maintenance	-	-	-	7,177
Central Activities - Technology	-	-	-	130,303
Total Support Services	-	-	-	231,519
Facilities Acquisition and Construction	444,290	242,087	4,478,140	1,582,969
Debt Service	-	-	-	-
Operating Contingency	-	-	-	-
Total Expenditures	\$ 444,290	\$ 242,087	\$ 4,478,140	\$ 2,922,258

Excess of Expenditures Over Revenues

Other Financing Sources and (Uses):

- Transfers In
- Transfers Out

Total Other Financing Sources and (Uses):

Net Change in Fund Balance

Beginning Fund Balance

Ending Fund Balance

		ACTUAL	ORIGINAL BUDGET	FINAL BUDGET	VARIANCE TO FINAL BUDGET
		\$ 274,289	\$ 400,000	\$ 400,000	\$ (125,711)
		870,454	800,000	800,000	70,454
		-	50,000	50,000	(50,000)
		475,799	-	-	475,799
		-	150,000	150,000	(150,000)
		<u>1,620,542</u>	<u>1,400,000</u>	<u>1,400,000</u>	<u>220,542</u>
Detail by Object					
CAPITAL OUTLAY	OTHER OBJECTS				
\$ -	\$ -	320,742	450,000	450,000	129,258
-	-	337,782	-	300,000	(37,782)
-	-	448,478	-	450,000	1,522
-	-	768	-	-	(768)
-	-	<u>1,107,770</u>	<u>450,000</u>	<u>1,200,000</u>	<u>92,230</u>
-	-	93,527	-	-	(93,527)
-	-	256	-	-	(256)
-	-	256	-	-	(256)
146,854	-	154,031	-	-	(154,031)
-	-	130,303	750,000	750,000	619,697
<u>146,854</u>	<u>-</u>	<u>378,373</u>	<u>750,000</u>	<u>750,000</u>	<u>371,627</u>
36,453,574	221,125	43,422,185	71,400,000	70,250,000	26,827,815
-	811,430	811,430	500,001	900,001	88,571
-	-	-	2,000,000	2,000,000	2,000,000
<u>\$ 36,600,428</u>	<u>\$ 1,032,555</u>	<u>45,719,758</u>	<u>75,100,001</u>	<u>75,100,001</u>	<u>29,380,243</u>
		(44,099,216)	(73,700,001)	(73,700,001)	(29,600,785)
		675,402	-	675,000	402
		-	(1)	(1)	1
		<u>675,402</u>	<u>(1)</u>	<u>674,999</u>	<u>403</u>
		(43,423,814)	(73,700,002)	(73,025,002)	29,601,188
		<u>100,320,348</u>	<u>104,750,002</u>	<u>104,750,002</u>	<u>(4,429,654)</u>
<u>\$ 56,896,534</u>	<u>\$ 31,050,000</u>	<u>\$ 31,725,000</u>	<u>\$ 25,171,534</u>		

LAKE OSWEGO SCHOOL DISTRICT NO.7J
CLACKAMAS COUNTY, OREGON
COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2021

	SPECIAL REVENUE FUNDS				TOTAL NONMAJOR GOVERNMENTAL FUNDS
	GRANTS FUND	COMMUNITY SERVICES FUND	STUDENT ACTIVITY FUND	FOOD SERVICE FUND	
ASSETS:					
Cash and Investments	\$ 500	\$ 500	\$ 1,243,260	\$ 150	\$ 1,244,410
Interfund Receivables	-	121,121	-	17,428	138,549
Accounts Receivable	500,332	2,236	-	263,130	765,698
Inventories	-	-	-	50,829	50,829
Total Assets	\$ 500,832	\$ 123,857	\$ 1,243,260	\$ 331,537	\$ 2,199,486
LIABILITIES AND FUND BALANCES:					
Liabilities:					
Interfund Payables	\$ 433,401	\$ -	\$ -	\$ -	\$ 433,401
Accounts Payable	63,754	25,977	-	24,277	114,008
Unearned Revenue	3,677	97,880	-	172,249	273,806
Total Liabilities	500,832	123,857	-	196,526	821,215
Fund Balances:					
Nonspendable:					
Inventories	-	-	-	50,829	50,829
Committed to:					
Community Support	-	-	-	84,182	84,182
Student Activities	-	-	1,243,260	-	1,243,260
Total Fund Balances	-	-	1,243,260	135,011	1,378,271
Total Liabilities and Fund Balances	\$ 500,832	\$ 123,857	\$ 1,243,260	\$ 331,537	\$ 2,199,486

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, 2021

	SPECIAL REVENUE FUNDS				TOTAL NONMAJOR GOVERNMENTAL FUNDS
	GRANTS FUND	COMMUNITY SERVICES FUND	STUDENT ACTIVITY FUND	FOOD SERVICE FUND	
REVENUES:					
Local Sources	\$ 3,823	\$ 370,351	\$ 938,507	\$ 3,236	\$ 1,315,917
Intermediate Sources	257,447	-	-	-	257,447
State Sources	3,768,341	-	-	28,145	3,796,486
Federal Sources	1,770,254	-	-	1,288,743	3,058,997
Total Revenues	5,799,865	370,351	938,507	1,320,124	8,428,847
EXPENDITURES:					
Current:					
Instruction	3,691,206	-	1,034,848	-	4,726,054
Support Services	1,985,554	-	-	-	1,985,554
Enterprise and Community Services	-	1,369,133	-	1,241,883	2,611,016
Interest and Other Charges	300,642	40,732	-	-	341,374
Total Expenditures	5,977,402	1,409,865	1,034,848	1,241,883	9,663,998
Excess (Deficiency) of Revenues Over Expenditures	(177,537)	(1,039,514)	(96,341)	78,241	(1,235,151)
Other Financing Sources:					
Transfers In	177,537	1,039,514	-	5,941	1,222,992
Total Other Financing Sources, (Uses)	177,537	1,039,514	-	5,941	1,222,992
Increase (Decrease) in Inventories	-	-	-	4,696	4,696
Net Change in Fund Balance	-	-	(96,341)	88,878	(7,463)
Beginning Fund Balance	-	-	1,339,601	46,133	1,385,734
Ending Fund Balance	\$ -	\$ -	\$ 1,243,260	\$ 135,011	\$ 1,378,271

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, 2021**

REVENUES:

Local Sources:
 Contributions and Donations
 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	\$ 632,284	\$ 347,322	\$ -	\$ 119,975
Junior High Instruction	161,995	75,904	-	40,874
High School Instruction	847,528	439,302	-	73,920
Special Programs:				
Less Restrictive Programs	275,165	178,232	-	-
Title I Programs	201,357	124,940	-	259
Summer School and Other Programs	7,170	2,058	1,803	61,925
Total Instruction	<u>2,125,499</u>	<u>1,167,758</u>	<u>1,803</u>	<u>296,953</u>
Support Services:				
Students:				
Attendance and Social Work Services	-	-	249	3,516
Guidance Services	-	-	-	-
Nursing Services	85,683	26,597	-	-
Psychological Services	2,705	1,471	-	-
Service Direction, Student Support	557,842	307,132	2,280	-
Instructional Staff:				
Improvement of Instruction	423,434	184,654	217,748	67,970
Media Services	-	-	-	9,886
Student Assessment	-	-	-	-
Information Services	-	-	-	18,000
Technology	-	-	74,902	1,485
Total Support Services	<u>1,069,664</u>	<u>519,854</u>	<u>295,179</u>	<u>100,857</u>
Debt Service - Interest	-	-	-	-
Total Expenditures	<u>\$ 3,195,163</u>	<u>\$ 1,687,612</u>	<u>\$ 296,982</u>	<u>\$ 397,810</u>

Excess of Revenues Over Expenditures

Other Financing Sources:

Transfer In

Net Change in Fund Balance

Beginning Fund Balance

Ending Fund Balance

	ACTUAL	ORIGINAL BUDGET	FINAL BUDGET	VARIANCE TO FINAL BUDGET
\$	3,823	\$ 4,000	\$ 4,000	\$ (177)
	257,447	106,000	106,000	151,447
	3,768,341	7,200,000	7,200,000	(3,431,659)
	<u>1,770,254</u>	<u>1,561,000</u>	<u>1,561,000</u>	<u>209,254</u>
	<u>5,799,865</u>	<u>8,871,000</u>	<u>8,871,000</u>	<u>(3,071,135)</u>

Detail by Object

CAPITAL OUTLAY		OTHER OBJECTS					
\$	-	\$	51,386	1,150,967	800,000	800,000	(350,967)
	-		47,807	278,773	1,520,000	1,370,000	1,091,227
	-		-	1,408,557	1,520,000	1,520,000	111,443
	-		-	453,397	1,251,000	1,251,000	797,603
	-		-	326,556	429,000	429,000	102,444
	-		-	72,956	-	-	(72,956)
	-		99,193	<u>3,691,206</u>	<u>5,520,000</u>	<u>5,370,000</u>	<u>1,678,794</u>
	-		-	3,765	-	-	(3,765)
	-		-	-	690,000	50,000	50,000
	-		-	112,280	-	-	(112,280)
	-		-	4,176	-	-	(4,176)
	-		-	867,254	891,000	1,531,000	663,746
	-		-	893,806	1,576,000	1,576,000	682,194
	-		-	9,886	110,000	110,000	239,772
	-		-	-	9,000	9,000	18,000
	-		-	18,000	-	-	36,000
	-		-	76,387	50,000	50,000	(26,387)
	-		-	<u>1,985,554</u>	<u>3,326,000</u>	<u>3,326,000</u>	<u>1,543,104</u>
	-		300,642	300,642	225,000	375,000	74,358
\$	-	\$	<u>399,835</u>	<u>5,977,402</u>	<u>9,071,000</u>	<u>9,071,000</u>	<u>3,296,256</u>
				(177,537)	(200,000)	(200,000)	22,463
				<u>177,537</u>	<u>200,000</u>	<u>200,000</u>	<u>(22,463)</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, 2021

COMMUNITY SERVICES FUND

REVENUES:	ACTUAL	ORIGINAL BUDGET	FINAL BUDGET	VARIANCE TO FINAL BUDGET
Local Sources, Community Service Activities:				
Community Services Tuition	\$ 215,464	\$ 1,521,000	\$ 1,521,000	\$ (1,305,536)
Extended Child Care Fees	130,770	1,170,000	1,170,000	(1,039,230)
Driver's Ed. Fees	-	120,000	120,000	(120,000)
Pool Fees	24,117	150,000	150,000	(125,883)
Rent From School Facility	-	140,000	140,000	(140,000)
Miscellaneous	-	10,000	10,000	(10,000)
Total Revenues	370,351	3,111,000	3,111,000	(2,740,649)
EXPENDITURES:				
Enterprise and Community Services				
Other Enterprise:				
Community Recreation:				
Salaries	303,205	750,000	750,000	446,795
Employee Benefits	134,928	200,000	200,000	65,072
Purchased Services	61,193	400,000	400,000	338,807
Supplies & Materials	63,422	345,000	345,000	281,578
Capital Outlay	2,900	5,000	5,000	2,100
Other Objects	8,522	10,000	10,000	1,478
Swim Pool:				
Salaries	29,990	130,000	130,000	100,010
Employee Benefits	11,723	35,000	35,000	23,277
Purchased Services	58,443	160,000	160,000	101,557
Supplies & Materials	17,555	20,000	20,000	2,445
Capital Outlay	-	25,000	25,000	25,000
Other Objects	405	1,000	1,000	595
Custody and Care of Children:				
Salaries	440,618	700,000	700,000	259,382
Employee Benefits	222,895	385,000	385,000	162,105
Purchased Services	6,183	40,000	40,000	33,817
Supplies & Materials	7,151	80,000	80,000	72,849
Capital Outlay	-	5,000	5,000	5,000
Total Enterprise and Community Services	1,369,133	3,291,000	3,291,000	1,921,867
Debt Service	40,732	70,000	70,000	29,268
Total Expenditures	1,409,865	3,361,000	3,361,000	1,951,135
Excess (Deficiency) of Revenues Over Expenditures	(1,039,514)	(250,000)	(250,000)	(789,514)
Other Financing Sources:				
Transfers In	1,039,514	250,000	925,000	114,514
Net Change in Fund Balance	-	-	675,000	(675,000)
Beginning Fund Balance	-	-	-	-
Ending Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 675,000</u>	<u>\$ (675,000)</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, 2021

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	\$ 938,507	\$ 3,100,000	\$ 3,100,000	\$ (2,161,493)
EXPENDITURES:				
Instruction:				
Regular Programs:				
Elementary-Extra-curricular:				
Supplies & Materials	40,519	125,000	125,000	84,481
Jr. High-Extra-curricular:				
Supplies & Materials	71,765	350,000	350,000	278,235
High School Extra-curricular:				
Supplies & Materials	922,564	2,625,000	2,625,000	1,702,436
Total Instruction	<u>1,034,848</u>	<u>3,100,000</u>	<u>3,100,000</u>	<u>2,065,152</u>
Net Change in Fund Balance	(96,341)	-	-	(96,341)
Beginning Fund Balance	<u>1,339,601</u>	<u>1,000,000</u>	<u>1,000,000</u>	<u>339,601</u>
Ending Fund Balance	<u>\$ 1,243,260</u>	<u>\$ 1,000,000</u>	<u>\$ 1,000,000</u>	<u>\$ 243,260</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, 2021

<u>FOOD SERVICE FUND</u>				
REVENUES:	<u>ACTUAL</u>	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>VARIANCE TO FINAL BUDGET</u>
Local Sources - Food Service:				
Food Service Sales	\$ 1,648	\$ 1,400,000	\$ 1,400,000	\$ (1,398,352)
Banquets & Miscellaneous	1,588	50,000	50,000	(48,412)
Total Local Sources - Food Service	<u>3,236</u>	<u>1,450,000</u>	<u>1,450,000</u>	<u>(1,446,764)</u>
State Sources:				
State Grants in Aid	<u>28,145</u>	<u>30,000</u>	<u>30,000</u>	<u>(1,855)</u>
Federal Sources:				
National School Lunch Reimbursement	1,159,394	320,000	320,000	839,394
USDA Commodities	<u>129,349</u>	<u>95,000</u>	<u>95,000</u>	<u>34,349</u>
Total Federal Sources	<u>1,288,743</u>	<u>415,000</u>	<u>415,000</u>	<u>873,743</u>
Total Revenues	<u>1,320,124</u>	<u>1,895,000</u>	<u>1,895,000</u>	<u>(574,876)</u>
EXPENDITURES:				
Enterprise and Community Services:				
Food Services:				
Salaries	339,948	600,000	600,000	260,052
Employee Benefits	189,882	300,000	300,000	110,118
Purchased Services	44,943	50,000	50,000	5,057
Supplies & Materials	652,510	1,065,000	1,065,000	412,490
Capital Outlay	-	40,000	40,000	40,000
Other Objects	<u>14,600</u>	<u>5,000</u>	<u>5,000</u>	<u>(9,600)</u>
Total Enterprise and Community Services	<u>1,241,883</u>	<u>2,060,000</u>	<u>2,060,000</u>	<u>818,117</u>
Debt Service - Other Objects	<u>-</u>	<u>10,000</u>	<u>10,000</u>	<u>10,000</u>
Total Expenditures	<u>1,241,883</u>	<u>2,070,000</u>	<u>2,070,000</u>	<u>828,117</u>
Excess (Deficiency) of Revenues Over Expenditures	78,241	(175,000)	(175,000)	253,241
Other Financing Sources:				
Transfer In	<u>5,941</u>	<u>175,000</u>	<u>175,000</u>	<u>(169,059)</u>
Net Change in Fund Balance	84,182	-	-	84,182
Beginning Fund Balance	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Ending Fund Balance	<u>\$ 84,182</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 84,182</u>

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, 2021

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	\$ 1,450,577
Function 2550	-

B. Replacement of Equipment - General Fund:

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

\$ 15,800

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, 2021**

Foundation unearned revenues as of June 30, 2020		\$	848,493
(Amounts received from Foundation in prior fiscal year for current fiscal year)			
Amounts unspent as of June 30, 2021	\$	33,493	(33,493)
Foundation donations to District for the fiscal year ended June 30, 2021			
Total foundation donations received by District during the current fiscal year	\$	<u>905,000</u>	
Allocation of donations received in current fiscal year:			
Donations received for current fiscal year		-	-
Donations received in current fiscal year for the next fiscal year		<u>905,000</u>	<u>-</u>
Foundation revenues recognized for fiscal year ended June 30, 2021			815,000
Total Foundation unearned revenues as of June 30, 2021	\$	<u><u>938,493</u></u>	
Expenditure of Foundation donations within the Community Contributions Fund:			
Teacher and Aide Salaries and Wages			<u>815,000</u>
Total Foundation expenditures			<u>815,000</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

	2017	2018	2019	2020	2021
ASSETS:					
Cash	\$ 20,288,257	\$ 26,830,306	\$ 39,085,598	\$ 22,065,490	\$ 37,400,795
Interfund Receivables	-	-	-	1,096,187	-
Receivables:					
Taxes	2,589,420	2,813,572	1,460,419	1,650,986	1,633,053
Accounts	507,464	367,268	429,185	361,304	1,207,037
Intergovernmental Loan	-	3,359,428	-	-	-
Accrued Interest	-	-	1,379	1,440	279
Prepays	58,487	53,872	58,913	55,690	21,070
Inventories	72,046	63,746	46,127	46,565	47,727
Total Assets	\$ 23,515,674	\$ 33,488,192	\$ 41,081,621	\$ 25,277,662	\$ 40,309,961
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES:					
LIABILITIES:					
Interfund Payables	\$ 1,436,761	\$ 4,917,028	\$ 14,329,854	\$ -	\$ 9,037,935
Intergovernmental Payable	335,772	403,516	471,830	531,262	577,083
Accrued Payroll and Benefits Payable	4,026,887	5,095,704	5,634,727	7,399,904	7,463,086
Accounts Payable	1,201,275	1,836,090	1,631,226	1,066,372	910,393
Unearned Revenue	7,747	7,797	5,467	5,467	8,500
Matured Bond and Coupons Payable	-	1,688,860	-	-	-
Total Liabilities	7,008,442	13,948,995	22,073,104	9,003,005	17,996,997
DEFERRED INFLOWS OF RESOURCES:					
Unavailable Revenue - Taxes	2,304,621	2,529,228	1,171,772	1,267,742	1,315,824
FUND BALANCES:					
Nonspendable Prepays	58,487	53,872	58,913	55,690	21,070
Nonspendable Inventories	72,046	63,746	46,127	46,565	47,727
Unassigned	14,072,078	16,892,351	17,731,705	14,904,660	20,928,343
Total Fund Balances	14,202,611	17,009,969	17,836,745	15,006,915	20,997,140
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 23,515,674	\$ 33,488,192	\$ 41,081,621	\$ 25,277,662	\$ 40,309,961

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

	2017	2018	2019	2020	2021
REVENUES:					
Local Sources:					
Taxes	\$ 42,006,438	\$ 43,765,243	\$ 46,793,066	\$ 49,528,306	\$ 51,654,497
Earnings on Investments	285,585	608,572	1,103,272	736,425	243,581
Other Local Sources	1,449,354	1,255,535	1,729,728	2,141,262	1,473,098
Intermediate Sources	1,142,922	1,222,902	1,521,795	1,427,287	2,397,017
State Sources	28,059,435	31,495,217	31,782,473	32,963,134	34,448,801
Federal Sources	13,095	7,230	26,385	-	341
Total Revenues	72,956,829	78,354,699	82,956,719	86,796,414	90,217,335
EXPENDITURES:					
Current:					
Instruction	43,128,631	45,324,536	48,080,281	54,279,581	50,674,493
Support Services	22,243,134	24,515,955	26,963,296	28,385,091	26,055,194
Capital Outlay	446,715	1,457,300	2,434,511	541,120	464,232
Debt Service:					
Principal	1,056,845	1,430,951	1,443,048	2,031,630	2,782,474
Interest and Other Changes	2,587,955	2,765,782	2,938,290	3,332,930	2,404,613
Total Expenditures	69,463,280	75,494,524	81,859,426	88,570,352	82,381,006
Excess (Deficiency) of Revenues Over Expenditures	3,493,549	2,860,175	1,097,293	(1,773,938)	7,836,329
OTHER FINANCING SOURCES (USES):					
Compensation for Loss of Capital Assets	-	3,611	25,008	6,000	51,128
Transfers Out	(129,106)	(48,128)	(277,906)	(1,062,330)	(1,898,394)
Total Other Financing Sources (Uses)	(129,106)	(44,517)	(252,898)	(1,056,330)	(1,847,266)
Excess (Deficiency) of Revenues Over Expenditures and Other Uses	3,364,443	2,815,658	844,395	(2,830,268)	5,989,063
Increase (Decrease) in Inventories	11,224	(8,300)	(17,619)	438	1,162
FUND BALANCE, Beginning of Year	10,826,944	14,202,611	17,009,969	17,836,745	15,006,915
FUND BALANCE, End of Year	<u>\$ 14,202,611</u>	<u>\$ 17,009,969</u>	<u>\$ 17,836,745</u>	<u>\$ 15,006,915</u>	<u>\$ 20,997,140</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							
Fiscal Year	Total Assessed Value	Urban Renewal Excess	Net Assessed Value	M5 Real Market Value	GO Bond Capacity (7.95% of RMV)	GO Bonds Outstanding	Remaining Capacity
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
2012	6,348,927,850	204,864,561	6,144,063,289	8,384,950,647	666,603,576	68,505,000	598,098,576

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 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
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
2012	6,275,423,459	204,864,561	6,070,558,898	8,285,268,015

Washington County

Fiscal Year	Total Assessed Valuation	Urban Renewal Excess	AV Used to Calculate Rates	M5 Real Market Value
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
2012	52,280,084	-	52,280,084	72,566,355

Multnomah County

Fiscal Year	Total Assessed Valuation	Urban Renewal Excess	AV Used to Calculate Rates	M5 Real Market Value
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
2012	21,224,307	-	21,224,307	27,116,277

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, 2021

Real Market Value	\$ 14,606,359,951
Estimated Population	<u>43,853</u>
Per Capita Real Market Value	\$ 333,076

Debt Information	Gross	Net
	Overlapping Debt ¹	Overlapping Debt ²
District	\$ 255,972,910	\$ 255,972,910
Overlapping	<u>317,857,806</u>	<u>174,593,241</u>
Total Direct Debt	<u>\$ 573,830,716</u>	<u>\$ 430,566,151</u>

Bonded Debt Ratios

District Direct Debt to Real Market Value	1.75%	1.75%
Total Direct Debt to Real Market Value	3.93%	2.95%
Per Capita District Direct Debt	\$ 5,837	\$ 5,837
Per Capita Total Direct Debt	\$ 13,085	\$ 9,818

(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, 2021

Fiscal Year 2021 Tax Code Area 007-021*

	Permanent Rate	Bond Levy Rate	Local Option Rate	Levy Rate
General Government				
City of Lake Oswego inside LOSD Boundary	\$ 4.6637	\$ 0.2292	\$ 0.0000	\$ 4.8929
Urban Renewal City of Lake Oswego	0.9657	0.0000	0.0000	0.9657
Clackamas County	2.2543	0.0000	0.2480	2.5023
Urban Renewal Clackamas County	0.0064	0.0000	0.0000	0.0064
Clackamas County 4-H Extension	0.0468	0.0000	0.0000	0.0468
Clackamas County Public Library	0.3709	0.0000	0.0000	0.3709
Clackamas County Public Safety Radio	0.0000	0.0923	0.0000	0.0923
Clackamas County Soil Convseration	0.0468	0.0000	0.0000	0.0468
Lake Grove Park	0.0408	0.0000	0.0000	0.0408
Port of Portland	0.0658	0.0000	0.0000	0.0658
Metro	0.0904	0.3807	0.0960	0.5671
Vector Control	0.0062	0.0000	0.0250	0.0312
Total General Government	\$ 8.5578	\$ 0.7022	\$ 0.3690	\$ 9.6290
Education				
Portland Community College District	\$ 0.2661	\$ 0.3801	\$ 0.0000	\$ 0.6462
Clackamas Educational Service District	0.3440	0.0000	0.0000	0.3440
Lake Oswego School District (3)	4.1949	1.9220	1.6400	7.7569
Total Education	\$ 4.8050	\$ 2.3021	\$ 1.6400	\$ 8.7471
Total Tax Rate	\$ 13.3628	\$ 3.0043	\$ 2.0090	\$ 18.3761

*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.

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, 2021

Taxpayer	Business/Service	Tax	Assessed Value	Percent of Value
Portland General Electric	Electrical Utility	\$ 14,464,108	\$ 1,032,941,000	1.85%
General Growth Properties Inc.	Town Center Mall	4,930,670	283,647,954	0.51%
Fred Meyer Stores Inc	Retail	4,741,774	266,407,570	0.48%
Northwest Natural Gas Co.	Natural Gas Utility	4,125,707	227,064,538	0.41%
Shorenstein Properties LLC	Kruse Way Office Buildings	3,767,171	236,425,500	0.42%
PCC Structurals Inc.	Manufacturing/ Aerospace	3,715,552	219,410,400	0.39%
Comcast Corporation	Telecommunications	1,730,956	101,055,000	0.18%
Century Link	Telecommunications	1,746,231	95,448,283	0.17%
Meaadows Road LLC	Kruse Way Office Buildings	1,648,205	88,768,523	0.16%
Marving F Poer & Co.	Property Investments/Mgmt.	1,449,730	88,960,000	0.16%
Subtotal - ten of County's largest taxpayers			\$ 2,640,128,768	4.73%
All other County's taxpayers			53,180,483,700	95.27%
Total County			\$ 55,820,612,468	100.00%

Source: Clackamas County Department of Assessment and Taxation.

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

Fiscal Year	2019	2020	2021	2022
Extended ADMw:	<u>Final</u>	<u>Final</u>	<u>Latest Estimate</u>	<u>Latest Estimate</u>
Current Fiscal Year Estimated ADMw (non-charter)	7,806.5	7,883.2	7,553.2	7,791.6
Prior Fiscal Year Estimated ADMw (non-charter)	7,884.1	7,806.6	7,871.2	7,553.2
Non-Charter Extended ADMw (greater of Current or Prior Year)	7,884.1	7,883.2	7,871.2	7,791.6
Current Fiscal Year Estimated ADMw (total charter schools)	0.0	0.0	28.6	24.0
Prior Fiscal Year Estimated ADMw (total charter schools)	0.0	0.0	16.6	28.6
Charter Extended ADMw (greater of Current or Prior Year for each school)	-	-	28.6	28.6
Total Extended ADMw (Non-Charter plus Charter)	7,884.1	7,883.2	7,899.8	7,820.2
Experience Adjustment:				
District Average Teacher Experience	12.94	13.25	13.25	13.25
State Average Teacher Experience	12.11	12.18	12.18	12.18
Experience Adjustment (District and State Teacher Experience Difference)	0.83	1.07	1.07	1.07
Local Revenue:				
Property Taxes	\$ 35,823,577	\$ 36,377,812	\$ 37,400,000	\$ 38,750,000
Federal Forest Fees	26,385	0	10,000	0
Common School Fund	785,807	641,747	691,475	758,268
County School Fund	1,787	4,747	1,000	1,000
State Managed Timber & In Lieu Property Taxes	0	0	0	0
Revenue Adjustments	0	0	0	0
Local Revenue	\$ 36,637,556	\$ 37,024,306	\$ 38,102,475	\$ 39,509,268
Transportation Grant:				
Net Eligible Transportation Costs	\$ 4,164,513	\$ 3,614,269	\$ 2,800,000	\$ 4,400,000
Grant (70% of Net Eligible Transportation Costs)	\$ 2,915,159	\$ 2,529,988	\$ 1,960,000	\$ 3,080,000
General Purpose Grant:				
(Extended ADMw x [\$4,500 + (\$25 x Experience Adjust.)]) x Funding Ratio =	\$ 62,947,956	\$ 66,926,592	\$ 69,016,014	\$ 70,228,105
Total Formula Revenue:				
General Purpose Grant + Transportation Grant =	\$ 65,863,115	\$ 69,456,580	\$ 70,976,014	\$ 73,308,105
State School Fund Grant:				
Total Formula Revenue - Local Revenue =	\$ 29,225,559	\$ 32,432,274	\$ 32,873,539	\$ 33,798,837

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, 2021

GENERAL FUND

TAX YEAR	ORIGINAL LEVY OR BALANCE	DEDUCT DISCOUNTS	ADJUSTMENTS		CASH COLLECTIONS BY COUNTY TREASURER	BALANCE UNCOLLECTED OR UNSEGREGATED
	UNCOLLECTED June 30, 2020		TO ROLLS	ADD INTEREST		June 30, 2021
Current:						
2020-21	\$ 53,136,265	\$ 16,595	\$ (1,466,326)	\$ 11,874	\$ 50,861,514	\$ 803,704
Prior Years						
2019-20	\$ 813,121	\$ (27)	\$ (36,891)	\$ 33,077	\$ 447,397	\$ 361,937
2018-19	284,177	(21)	(14,143)	29,224	169,648	129,631
2017-18	158,729	(2)	(8,522)	30,874	128,183	52,900
2016-17	62,256	-	(564)	16,953	60,897	17,748
2015-16	17,830	-	(513)	2,569	7,292	12,594
2014-15	12,768	-	(250)	1,364	3,408	10,474
2013-14 & Prior	53,633	(1)	(358)	6,889	12,223	47,942
Total Prior	\$ 1,402,514	\$ (51)	\$ (61,241)	\$ 120,950	\$ 829,048	\$ 633,226
Total	\$ 54,538,779	\$ 16,544	\$ (1,527,567)	\$ 132,824	\$ 51,690,562	\$ 1,436,930

RECONCILIATIONS TO REVENUE:

Cash Collections by County Treasurer Above	\$ 51,690,562
Accrual of Available Taxes Receivable:	
June 30, 2020	(139,178)
June 30, 2021	121,105
Taxes in Lieu of Property Taxes	(17,992)
Total Tax Revenues on the Modified Accrual Basis	\$ 51,654,497

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, 2021

DEBT SERVICE FUND

TAX YEAR	ORIGINAL LEVY OR BALANCE UNCOLLECTED June 30, 2020	DEDUCT DISCOUNTS	ADJUSTMENTS TO ROLLS	ADD INTEREST	CASH COLLECTIONS BY COUNTY TREASURER	BALANCE UNCOLLECTED OR UNSEGREGATED June 30, 2021
Current:						
2020-21	\$ 17,800,261	\$ 5,767	\$ (491,015)	\$ 3,979	\$ 17,038,266	\$ 269,192
Prior Years						
2019-20	\$ 272,548	\$ (9)	\$ (12,362)	\$ 11,084	\$ 149,973	\$ 121,306
2018-19	100,705	(7)	(5,010)	10,351	60,117	45,936
2017-18	57,044	(1)	(3,062)	11,090	46,061	19,012
2016-17	10,156	-	(92)	2,766	9,934	2,896
2015-16	2,875	-	(83)	414	1,176	2,030
2014-15	2,174	-	(42)	232	580	1,784
2013-14 & Prior	10,702	-	(72)	1,372	2,432	\$ 9,570
Total Prior	\$ 456,204	\$ (17)	\$ (20,723)	\$ 37,309	\$ 270,273	\$ 202,534
Total	\$ 18,256,465	\$ 5,750	\$ (511,738)	\$ 41,288	\$ 17,308,539	\$ 471,726

RECONCILIATIONS TO REVENUE:

Cash Collections by County Treasurer Above	\$ 17,308,539
Accrual of Available Taxes Receivable:	
June 30, 2020	(42,272)
June 30, 2021	34,449
Taxes in Lieu of Property Taxes	32
Total Tax Revenues on the Modified Accrual Basis	\$ 17,300,748

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

Series	Original Adopted 2019-20 Budget	Original Adopted 2020-21 Budget	Original Adopted 2021-22 Budget
Revenues & Beginning Fund Balance			
1000 From Local Sources	\$ 51,495,000	\$ 51,915,000	\$ 54,630,000
2000 From Intermediate Sources	1,350,000	1,350,000	1,605,000
3000 From State Sources	33,200,000	34,100,000	35,590,000
4000 From Federal Sources	15,000	15,000	15,000
5000 From Other Sources	17,010,001	15,010,001	15,010,001
Total Revenues	\$ 103,070,001	\$ 102,390,001	\$ 106,850,001
Expenditures & Ending Fund Balance-Function (1):			
1000 Instruction	\$ 57,150,000	\$ 55,575,000	\$ 57,550,000
2000 Support Services	30,240,000	29,150,000	30,250,000
4000 Facilities Acquisition & Const.	1	1	1
5100 Debt Service	5,700,000	6,000,000	6,050,000
5200 Interfund Transactions	525,000	625,000	625,000
6000 Contingency	2,000,000	2,000,000	2,000,000
7000 Unappropriated Ending	7,455,000	9,040,000	10,375,000
Total Expenditures	\$ 103,070,001	\$ 102,390,001	\$ 106,850,001
Expenditures & Ending Fund Balance-Object:			
100 Salaries & Wages	\$ 45,326,318	\$ 45,783,118	\$ 46,852,326
200 Associated Payroll Costs	27,370,881	26,191,125	27,354,690
300 Purchased Services	10,732,106	10,307,292	11,001,137
400 Materials and Supplies	2,866,667	1,837,825	1,944,498
500 Capital Outlay	545,000	50,000	46,000
600 Other Objects	6,249,029	6,555,641	6,651,350
700 Interfund Transactions	525,000	625,000	625,000
800 Planned Reserve	9,455,000	11,040,000	12,375,000
Total Expenditures	\$ 103,070,001	\$ 102,390,001	\$ 106,850,001

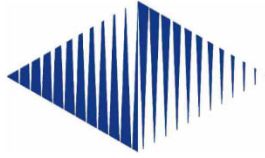
(1) Appropriation levels.

Source: District Budgets.

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COMPLIANCE SECTION

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GROVE, MUELLER & SWANK, P.C.

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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, 2021, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated January 19, 2022.

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 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 may exist that have not been identified.

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.


CERTIFIED PUBLIC ACCOUNTANTS
January 19, 2022



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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

We have audited Lake Oswego School District No. 7J, Clackamas County, Oregon (the District)'s compliance with the types of compliance requirements described 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, 2021. 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.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the District's major federal programs based on our audit of the types of compliance requirements referred to above. 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* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the District's compliance.

Opinion on Each Major Federal Program

In our opinion, the 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, 2021.

Report on Internal Control over Compliance

Management of the District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the District’s internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program 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 internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the District’s 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 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 first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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.


CERTIFIED PUBLIC ACCOUNTANTS
January 19, 2022

LAKE OSWEGO SCHOOL DISTRICT NO. 7J
CLACKAMAS COUNTY, OREGON
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2021

Source/Grant Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Expenditures
U.S. DEPARTMENT OF EDUCATION:			
Passed Through Oregon Department of Education:			
Title IA	84.010	58296	\$ 205,627
Subtotal Title I Grants to Local Educational Agencies			205,627
Special Education Cluster (IDEA):			
IDEA Part B, Section 611	84.027	60687	1,015,457
IDEA Extended Assessment	84.027	54657	(549)
Subtotal Special Education Grants to States (IDEA)			1,014,908
IDEA Part B, Section 619	84.173	60523	3,418
Subtotal Special Education Preschool Grants			3,418
Subtotal Special Education Cluster (IDEA)			1,018,326
Title III - English Language Acquisition	84.365	53432	7,644
Title III - English Language Acquisition	84.365	58481	2,891
Subtotal Title III - English Language Acquisition			10,535
Title IV - Student Support and Academic Enrichment	84.424	58604	17,807
Subtotal Title IV - Student Support and Academic Enrichment			17,807
Supporting Effective Instruction State Grants	84.367	58788	86,967
Subtotal Supporting Effective Instruction State Grants			86,967
COVID-19 - Governor's Emergency Education Relief (GEER) Fund	84.425	60972	157,894
COVID-19 - Elementary & Secondary Schools Emergency Education Relief (ESSER) Fund	84.425	57844	199,079
COVID-19 - Elementary & Secondary Schools Emergency Education Relief II Fund	84.425	64614	65,151
Subtotal Education Stabilization Fund			422,124
Foster Care Transportation Grant	93.658	N/A	341
Subtotal Foster Care - Title IV - E			341
Passed Through Clackamas Education Service District			
Perkins Basic	84.048	N/A	8,868
Subtotal Career and Technical Education-Basic Grants to States (Perkins V)			8,868
TOTAL U.S. DEPARTMENT OF EDUCATION			1,770,595
U.S. DEPARTMENT OF AGRICULTURE:			
Passed Through Oregon Department of Education:			
Child Nutrition Cluster:			
School Breakfast Program	10.553	N/A	399,826
National School Lunch Program	10.555	N/A	759,568
National School Lunch Program - Commodities	10.555	N/A	129,349
Subtotal Child Nutrition Cluster			1,288,743
TOTAL U.S. DEPARTMENT OF AGRICULTURE			1,288,743
TOTAL FEDERAL ASSISTANCE			\$ 3,059,338

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, 2021

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, 2021. 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, 2021.

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, 2021

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

Major programs:

<u>Assistance Listing Number(s)</u>	<u>Name of Federal Program or Cluster</u>
10.553, 10.555, 10.556 & 10.559	Child Nutrition Cluster
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.

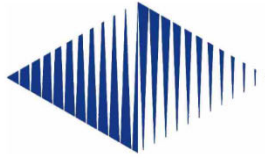
LAKE OSWEGO SCHOOL DISTRICT NO. 7J
CLACKAMAS COUNTY, OREGON
SCHEDULE OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2021

PRIOR YEAR FINANCIAL STATEMENT FINDINGS

None.

PRIOR YEAR FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

None.



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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, 2021, and have issued our report thereon dated January 19, 2022.

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.


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
January 19, 2022