

***LAKE GROVE PARK
(A COMPONENT UNIT OF LAKE
OSWEGO SCHOOL DISTRICT No. 7J)
CLACKAMAS COUNTY, OREGON
FINANCIAL REPORT
For the Fiscal Year Ended June 30, 2014***

LAKE GROVE PARK, CLACKAMAS COUNTY, OREGON
(A Component Unit of Lake Oswego School District No.7J)
JUNE 30, 2014

BOARD OF DIRECTORS

<u><i>Name</i></u>	<u><i>Title</i></u>	<u><i>Term Expires</i></u>
Patti Zebrowski	Chair	June 30, 2015
Sarah Howell	Member	June 30, 2017
John Wendland	Member	June 30, 2017
Liz Hartman	Member	June 30, 2017
Bob Barman	Member	June 30, 2015

The above Board Members receive mail at the address below.

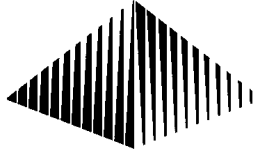
ADMINISTRATION

Dr. Heather Beck, Superintendent
Stuart Ketzler, Executive Director of Finance

P.O. Box 70
Lake Oswego, Oregon 97034

LAKE GROVE PARK, CLACKAMAS COUNTY, OREGON
(A Component Unit of Lake Oswego School District No.7J)
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GROVE, MUELLER & SWANK, P.C.

CERTIFIED PUBLIC ACCOUNTANTS AND CONSULTANTS
475 Cottage Street NE, Suite 200, Salem, Oregon 97301
(503) 581-7788

INDEPENDENT AUDITOR'S REPORT

Board of Directors
Lake Grove Park
(A Component Unit of 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 and each major fund of Lake Grove Park (the Park), a component unit of Lake Oswego School District No.7J, Clackamas County, Oregon as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the Park's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; 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. 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 Park'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 Park'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 and each major fund of Lake Grove Park, Clackamas County, Oregon as of June 30, 2014, 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 and the schedule of revenues, expenditures and changes in fund balance – budget and actual for the General Fund on pages 5–8 and 19 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the management's discussion and analysis in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Park's basic financial statements. The schedule of revenues, expenditures and changes in fund balance – budget and actual for the General Fund described above was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The schedule of revenues, expenditures and changes in fund balance – budget and actual for the General Fund has been subjected to the auditing procedures applied in the audit of the basis 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 budgetary schedule 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 Park's basic financial statements. The other supplementary information is presented for purposes of additional analysis and is not a required part of the basic financial statements.

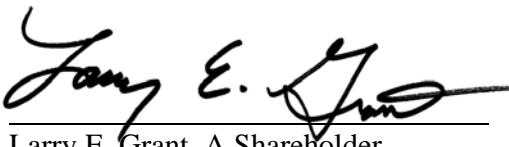
The other supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic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

Report on Other Legal and Regulatory Requirements

Other Reporting Required by Oregon Minimum Standards

In accordance with Minimum Standards for Audits of Oregon Municipal Corporations, we have issued our report dated December 31, 2014, on our consideration of Lake Grove Park'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
December 31, 2014

**LAKE GROVE PARK
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2014**

This discussion and analysis of Lake Grove Park's (the Park) financial performance provides an overall review of the financial activities for the year ended June 30, 2014. The intent of this discussion and analysis is to look at the Park's performance as a whole. The Park consists of one governmental fund – its General Fund. As discussed in the notes, the Park is a component unit of the Lake Oswego School District. All capital assets of the Park are recorded in the District's capital assets. Readers should review the information provided in the basic financial statements and notes to enhance their understanding of the Park's financial activities.

FINANCIAL HIGHLIGHTS

- In the government-wide statements, the net position of the Park at June 30, 2014 was \$200,549, all of which is unrestricted and available to meet the Park's ongoing obligations to citizens and creditors.
- The Park's total net position increased by \$43,682. This increase in net position is due to current year tax revenues exceeding current year operating costs.
- The Park's governmental fund reported an ending fund balance of \$190,874, an increase of \$43,479 from the prior year. All of this is in the General Fund and is available for spending at the Park's discretion. These funds will primarily be used for intermittent maintenance and replacement of certain of the Park's facilities.
- The Park has no debt.
- The Park had \$146,689 in expenses related to governmental activities, \$16,781 of which was offset by program-specific charges for services provided within the Park.

USING THE BASIC FINANCIAL STATEMENTS

This annual report consists of a series of financial statements and notes to those statements. The management's discussion and analysis presented is intended to serve as an introduction to the Park's financial statements. The statements are organized so the reader can understand the financial activities of the Park taken as an entire operating entity. The statements then proceed to provide an increasingly detailed look at specific financial activities.

The Park's financial statements consist of the following components:

Basic Financial Statements

- Government-wide Financial Statements
- Governmental Fund Financial Statements
- Notes to Basic Financial Statements

Required Supplementary Information

- Budgetary Fund Comparison Schedule

Other Supplementary Information

- Schedule of Property Tax Transactions and Balances of Taxes Uncollected

The statement of net position and statement of activities provide information about the activities of the whole Park, presenting an aggregate view of the financial activities. The fund financial statements report individual fund activity of the General Fund, the sole fund of the Park. Fund financial statements are presented with a reconciliation schedule of fund statement totals to the Park statement of net position. The report also contains required supplementary information in addition to the basic financial statements reflecting the individual fund statement compared to the Board adopted and amended budget. The comparison will indicate compliance with local budget laws.

GOVERNMENT-WIDE FINANCIAL STATEMENTS

The government-wide financial statements are designed to provide readers with a broad overview of the Park’s finances, in a manner similar to a private-sector business. The statement of net position and the statement of activities reflect the total activities of the Park. The statements include all assets and liabilities using the accrual basis of accounting similar to the accounting basis used by most private sector companies. The accrual basis of accounting recognizes the increases or decreases in economic resources as soon as the underlying event occurs. Consequently, revenues are recognized as soon as they are earned and expenses are recognized as soon as the liability is incurred, regardless of the timing of the related cash inflows and outflows.

The Statement of Net Position: The statement of net position presents information on assets and liabilities of the Park at the end of the fiscal year. Net position includes the remaining assets after the liabilities have been paid or otherwise satisfied. Over time, increases or decreases in net position may serve as a useful indicator of the direction of the Park’s financial position. An increase in the net position would reflect an improving financial position, whereas, a decrease in the net position amounts would indicate a deteriorating financial position.

A summary of the Park’s net position is presented in the table below, as of June 30, 2014 and 2013.

	<u>2014</u>	<u>2013</u>
Assets		
Current and other assets – Total Assets	\$ 208,687	\$ 163,043
Liabilities		
Current liabilities – Total Liabilities	<u>8,138</u>	<u>6,176</u>
Net Position – Unrestricted – Total Net Position	<u>\$ 200,549</u>	<u>\$ 156,867</u>

The analysis reflects the resulting remaining net position of the Park at June 30, 2014 and 2013. The total amount of net position of \$200,549 and \$156,867 were unrestricted.

The Statement of Activities: The statement of activities presents information showing the changes in the Park’s net position over the fiscal year. Revenue, expenses and other transactions that increase or reduce net position are traced for the 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). In the government-wide statements, the Park activities are shown in a total category as governmental activities. For the Park, governmental activities include only the summer-time operation of the park. These activities are financed primarily through property taxes and nominally by fees from patrons of the Park.

A summary of the Park's changes in net position is presented in the table below for the fiscal years ending June 30, 2014 and 2013:

	<u>2014</u>	<u>2013</u>
Revenue		
Program revenue		
Charges for services	\$ 16,781	\$ 18,404
General revenue		
Property taxes	173,567	166,455
Other	<u>23</u>	<u>2</u>
Total revenue	190,371	184,861
Function/program expenses		
Community services – Total expenses	<u>146,689</u>	<u>161,648</u>
Changes in net position	43,682	23,213
Net position - Beginning of year	<u>156,867</u>	<u>133,654</u>
Net position - End of year	<u>\$ 200,549</u>	<u>\$ 156,867</u>

As reported in the statement of activities, the cost of all governmental activities this year was \$146,689 versus \$161,648 in the prior year. Costs decreased due to decreases in materials and services expenses in 2014 as compared to 2013. Specific activities were partially funded from those who realized benefits from the programs (\$16,781 in 2014 and \$18,404 in 2013). The remaining “public benefit” portion of the governmental activities was funded by \$173,567 and \$166,455 in property taxes and \$23 and \$2 in interest for the years ending June 30, 2014 and 2013, respectively.

FUND FINANCIAL STATEMENTS-GOVERNMENTAL FUNDS

The fund financial statements provide more detailed information about the Park's General Fund. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. Lake Grove Park, like other state and local governments, utilizes fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds are used to account for essentially the same functions reported as the 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 resources available at the end of the fiscal year. Such information may be useful in evaluating the Park's near-term financing requirements.

The focus of governmental funds is more limited 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 government's near-term financing decisions.

Both the governmental fund balance sheet and statement of revenues, expenditures and changes in fund balances are reconciled to the government-wide statements of net position and activities.

The Park maintains only one governmental fund – its General Fund. 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, which is considered to be a major fund.

At the end of the fiscal year, the Park had a total governmental fund balance of \$190,874, an increase of \$43,479 from the prior year. All of this is reported in the General Fund. Property taxes, which represent approximately 91% of the Park's revenues, increased in the year being reported by \$6,345 over the prior year. All other revenues are relatively insignificant and were comparable to prior year amounts. General Fund expenditures were \$146,689 for the year ended June 30, 2014, a decrease of \$14,959 over the prior year, mainly due to lower materials and services costs in 2014 as compared to 2013.

GENERAL FUND BUDGETARY HIGHLIGHTS

There were no changes between the original and final budget for the year ended June 30, 2014.

CAPITAL ASSETS

As noted in the notes to financial statements, the Park's investment in capital assets is recorded in the financial statements for the Lake Oswego School District.

DEBT

The Park has no debt.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

The most significant economic factor for the Park is the taxable assessed value of property within its boundary in Lake Oswego, Oregon. The Park's property tax levy is expressed as a permanent rate of \$0.042 per thousand of tax assessed value. As further discussed in the notes to the financial statements, the taxable assessed value is limited by how much it can increase from year to year. Substantially all Park revenues are derived from property taxes. Under the Oregon property tax system, these revenues are fairly stable and predictable for the Park. The Park and the Board considered this in preparing the budget for fiscal year 2014-2015.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of Lake Grove Park'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 Business Services, Lake Oswego School District, P.O. Box 70, Lake Oswego, Oregon 97034.

BASIC FINANCIAL STATEMENTS

LAKE GROVE PARK, CLACKAMAS COUNTY, OREGON
(A Component Unit of Lake Oswego School District No.7J)
STATEMENT OF NET POSITION
JUNE 30, 2014

ASSETS

Current Assets

Intergovernmental Receivable	\$	196,297
Other Receivables		1,785
Property Taxes Receivable		<u>10,605</u>

Total Assets 208,687

LIABILITIES

Current Liabilities

Accounts Payable		<u>8,138</u>
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NET POSITION

Unrestricted		<u>200,549</u>
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Total Net Position \$ 200,549

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

LAKE GROVE PARK, CLACKAMAS COUNTY, OREGON
(A Component Unit of Lake Oswego School District No.7J)
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2014

<u>FUNCTIONS</u>	<u>EXPENSES</u>	<u>CHARGES FOR SERVICES</u>	<u>NET (EXPENSE) REVENUE AND CHANGES IN NET POSITION</u>
Governmental Activities			
Community Services	\$ 146,689	\$ 16,781	\$ (129,908)
	General Revenues		
	Property Taxes, Levied for General Purposes		173,567
	Interest and Investment Earnings		<u>23</u>
	Total General Revenues		<u>173,590</u>
	Changes in Net Position		43,682
	Net Position - Beginning of Year		<u>156,867</u>
	Net Position - End of Year		<u>\$ 200,549</u>

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

LAKE GROVE PARK, CLACKAMAS COUNTY, OREGON
(A Component Unit of Lake Oswego School District No.7J)
BALANCE SHEET - GENERAL FUND
JUNE 30, 2014

ASSETS

Receivables		
Intergovernmental Receivable	\$	196,297
Other Receivables		1,785
Property Taxes Receivable		<u>10,605</u>
 Total Assets	 \$	 <u><u>208,687</u></u>

LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE

Liabilities		
Accrued Payroll Payables	\$	8,138
 Deferred Inflows of Resources		
Unavailable Revenue - Property Taxes		9,675
 Fund Balance		
Unassigned		<u>190,874</u>
 Total Liabilities, Deferred Inflows of Resources, and Fund Balances	 \$	 <u><u>208,687</u></u>

**RECONCILIATION OF THE GOVERNMENTAL FUND BALANCE SHEET
TO THE STATEMENT OF NET POSITION**

Total Fund Balance - Governmental Fund	\$	190,874
 Deferred inflows of resources related to property taxes that will be collected after year-end, but do not meet the measureable and available criteria are not recognized as revenue in the current year in the governmental funds. In the Statement of Activities, property taxes are recognized as revenue when levied.		<u>9,675</u>
 Net Position	 \$	 <u><u>200,549</u></u>

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

LAKE GROVE PARK, CLACKAMAS COUNTY, OREGON

(A Component Unit of Lake Oswego School District No.7J)

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - GENERAL FUND

YEAR ENDED JUNE 30, 2014

REVENUES

Local Sources

Taxes	\$	173,364
Earnings on Investments		23
Other Local Sources		<u>16,781</u>

Total Revenues 190,168

EXPENDITURES

Current

Personal Services		80,192
Materials and Services		40,492
Other Purchased Services		25,367
Capital Outlay		<u>638</u>

Total Expenditures 146,689

Excess of Expenditures Over Revenues 43,479

FUND BALANCE, Beginning of Year 147,395

FUND BALANCE, End of Year \$ 190,874

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - GENERAL FUND TO THE
STATEMENT OF ACTIVITIES**

Total Net Changes in Fund Balance - Governmental Funds \$ 43,479

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 an unavailable revenue for all property taxes levied but not received, however in the Statement of Activities, the full property tax receivable is accrued.

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Change in net position of governmental activities \$ 43,682

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

LAKE GROVE PARK, CLACKAMAS COUNTY, OREGON
(A Component Unit of Lake Oswego School District No.7J)
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2014

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

The Financial Reporting Entity

The Park, a component unit of Lake Oswego School District No. 7J, is a municipal corporation governed by the elected five member board of directors of the Lake Oswego School District No. 7J. The Park is a component unit of the Lake Oswego School District No. 7J because, even though they are separate legal entities, they share the same fiscal administration, and the Park's Board of Directors is the same as the Lake Oswego School District's Board of Directors.

The Park was organized under provisions of Oregon 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.

Basis of Presentation – Fund Accounting

Financial operations of the Park are accounted for in the General Fund. This fund accounts for all financial resources and expenditures of the Park, and it is the only fund maintained by the Park. The principal revenue sources are property taxes and charges for services. The Park has no debt.

Basis of Accounting

Government-Wide Financial Statements

The Park reports its financial position with a Statement of Net Position and a Statement of Activities, which are intended to report information about the Park as a whole. These Statements are prepared using the economic resources measurement focus and the accrual basis of accounting. Revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place.

Program revenues included in the Statement of Activities derive directly from the program itself or from parties outside the Park's taxpayers or citizenry, as a whole; program revenues reduce the cost of the function to be financed from the Park's general revenues. The Park reports all direct expenses by function in the Statement of Activities. Direct expenses are those that are clearly identifiable with a function.

Fund Financial Statements

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

LAKE GROVE PARK, CLACKAMAS COUNTY, OREGON
(A Component Unit of Lake Oswego School District No.7J)
NOTES TO BASIC FINANCIAL STATEMENTS (Continued)
YEAR ENDED JUNE 30, 2014

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of Accounting (Continued)

Governmental Fund Types

The General Fund is a governmental fund. This is the sole fund utilized by the Park. Governmental funds are accounted for on a current financial resources measurement focus. Only current assets and current liabilities are generally included in their balance sheet. Governmental fund operating statements present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets.

The governmental fund type is maintained using the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recorded in the accounting period when susceptible to accrual (i.e., when they become measurable and available), and expenditures are recorded in the accounting period in which the related fund liability is incurred.

Significant revenues which are susceptible to accrual under the modified accrual basis of accounting are property taxes received within approximately sixty days of the end of a fiscal year.

The basis of accounting described above is in accordance with accounting principles generally accepted in the United States of America.

Governmental Fund Balances

In the governmental financial statements, fund balances are reported in classifications that comprise a hierarchy based primarily on the extent to which the Park is bound to honor constraints on the specific purposes for which amounts in those funds can be spent.

Governmental Fund type fund balances are classified as follows:

- Nonspendable – Amounts that cannot be spent either because they are in a nonspendable form or because they are legally or contractually required to be maintained intact. Resources in nonspendable form include inventories, prepaids and deposits, and assets held for resale.
- Restricted – Amounts that can be spent only for specific purposes when the constraints placed on the use of these resources are either: (a) externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation.
- Committed – Amounts that can be used only for specific purposes determined by a formal action of the Park Board. The Park Board can modify or rescind the commitment at any time through taking a similar formal action (resolution).
- Assigned - Amounts that are constrained by the Park’s intent to use them for a specific purpose, but are neither restricted nor committed, are reported as assigned fund balance. Intent is expressed when the Park Board approves which resources should be “reserved” during the adoption of the annual budget. The Park’s Finance Director uses that information to determine whether those resources should be classified as assigned or unassigned for presentation in the Park’s Annual Financial Report.

LAKE GROVE PARK, CLACKAMAS COUNTY, OREGON
(A Component Unit of Lake Oswego School District No.7J)
NOTES TO BASIC FINANCIAL STATEMENTS (Continued)
YEAR ENDED JUNE 30, 2014

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of Accounting (Continued)

- Unassigned – All amounts not included in other spendable classifications. This residual classification represents fund balance that has not been restricted, committed, or assigned within the General Fund.

Use of Restricted Resources

When an expense is incurred that can be paid using either restricted or unrestricted resources, the Park's policy is to first apply the expense toward restricted resources and then toward unrestricted resources. In governmental funds, the Park'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.

Budget

A budget is prepared and legally adopted on the modified accrual basis of accounting in the main program categories required by Oregon Local Budget Law. The budget is adopted on a basis consistent with generally accepted accounting principles, except for the use of encumbrances. The Park begins its budget process early each fiscal year with the establishment of the budget committee. Recommendations are developed through late winter with the budget committee approving the budget in early spring. Public notices of the budget hearing are published generally in early spring with a public hearing being held approximately three weeks later. The Board may amend the budget prior to adoption; however, budgeted expenditures may not be increased by more than ten percent. The budget is then adopted, appropriations are made and the tax levy declared no later than June 30th. Appropriations are established at the major function level (personal services, materials and services, capital outlay and operating contingency) for the general fund.

Expenditures cannot legally exceed the above appropriation levels. Appropriations lapse at the fiscal year end. Management may amend line items in the budget without Board approval as long as appropriation levels (the legal levels of control) are not changed. Supplemental appropriations may occur if the Board approves them due to the receipt of revenues which are received as a result of prepayments or other unforeseen circumstances. There were no supplemental appropriations made during the year.

Deferred Outflows/Inflows of Resources

In addition to assets, the financial statements 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) and so will not be recognized as an outflow of resources (expense) until then. The Park has no items that qualify for reporting in this category.

In addition to liabilities, the financial statements 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) and so will not be recognized as an inflow of resources (revenue) until that time. The Park has only one item that qualifies for reporting in this category. It arises only under a modified accrual basis of accounting. Accordingly, the item, unavailable revenue – property taxes, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from property taxes. These amounts are not available and recognized as an inflow of resources in the period that the amounts become available.

LAKE GROVE PARK, CLACKAMAS COUNTY, OREGON
(A Component Unit of Lake Oswego School District No.7J)
NOTES TO BASIC FINANCIAL STATEMENTS (Continued)
YEAR ENDED JUNE 30, 2014

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Property Taxes Receivable

Ad valorem property taxes are a lien on all taxable property as of July 1. Property taxes are payable on November 15. Collection dates are November 15, February 15, and May 15. 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 and balance sheet. Uncollected taxes are deemed to be substantially collectible or recoverable through liens; therefore, no allowance for uncollectible taxes has been established. In the governmental fund statements, property taxes collected within approximately sixty days of fiscal year end are recognized as revenue. The remaining balance of taxes receivable is recorded as unavailable revenue because it is not deemed available to finance operations of the current period.

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 affect 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 these estimates.

INTERGOVERNMENTAL RECEIVABLE

The intergovernmental receivable is comprised of monies held by the Lake Oswego School District on behalf of the Park.

PENSION PLAN

Plan Description and Provisions:

All Park full-time employees participate in the State of Oregon Public Employees Retirement System (OPERS), a cost sharing multiple-employer public employee retirement system that acts as a common investment and administrative agent for government units in the State of Oregon. Within OPERS, school districts comprise a cost-sharing unit known as the "Oregon School Districts Retirement Plan" (the Park is included in this plan through inclusion with Lake Oswego School District No. 7J's PERS plan).

All Park full-time employees become members of PERS after six months service. Part-time and temporary employees are covered by the plan after 600 hours of employment. Generally, employees who retire at or after age 55 with 30 years of credited service are entitled to a retirement benefit, payable monthly for life, equal to 1.67% of their final average monthly salary for each year of credited service. Final average monthly salary is based upon either the three calendar years out of the last ten calendar years of employment during which the highest salaries were earned or the last 36 calendar months of membership, whichever is larger. Benefits fully vest on reaching 5 years of service. Vested employees with fewer than 30 years of service will receive reduced benefits if retirement occurs prior to age 58 (age 60 if hired after January 1, 1996). PERS also provides death and disability benefits. Benefits are established by state statute (Chapter 238, Oregon Revised Statutes). OPERS issues a publicly available comprehensive annual financial report that includes financial statements and required

LAKE GROVE PARK, CLACKAMAS COUNTY, OREGON
(A Component Unit of Lake Oswego School District No.7J)
NOTES TO BASIC FINANCIAL STATEMENTS (Continued)
YEAR ENDED JUNE 30, 2014

PENSION PLAN (Continued)

Plan Description and Provisions: (Continued)

supplementary information. The stand-alone report may be obtained by writing to PERS, P.O. Box 23700, Tigard, Oregon 97281-3700, or by calling (503) 598-7377, or by accessing the PERS website at www.oregon.gov/PERS/.

Funding Policy

Members of PERS are required to contribute 6.00% of their salary covered under the plan, which is invested in the OPSRP Individual Account Program. As allowed by state law, the Park makes this contribution on behalf of its regular employees. The Park is required by ORS 238.225 to contribute at an actuarially determined rate for the qualifying employees under the OPERF plan, and a general service rate for the employees for the qualifying employees under the OPSRP plan. The OPERF and the OPSRP rates in effect for the year ended June 30, 2014 were 8.64% and 10.64% respectively after adjustment for the effects of prepayment of a portion of the estimated unfunded liability. The contribution requirements for plan members are established by ORS Chapter 238 and may be amended by an act of the Oregon Legislature.

Annual Pension Cost

Current law permits employers to pay employee contributions to the Retirement Fund. The Park has elected to contribute the 6% "pick-up" of regular employees' contributions. The Park's contributions for the years ended June 30, 2014, 2013 and 2012 are \$2,330, \$2,079, and \$2,079, respectively. These amounts equaled the required contributions for each year.

CAPITAL ASSETS

Capital assets of the Park are recorded in the records of Lake Oswego School District No. 7J.

NEW PRONOUNCEMENTS

GASB Statement No. 65 "Items Previously Reported as Assets and Liabilities." The statement establishes accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities. The statement was implemented in the current year.

GASB Statement No. 70 "Accounting and Financial Reporting for Nonexchange Financial Guarantees." The objective of the statement is to improve accounting and financial reporting by State and local governments that extend and receive nonexchange financial guarantees. The statement was implemented in the current year, and had no significant impact to the Park.

The Park will implement 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.

LAKE GROVE PARK, CLACKAMAS COUNTY, OREGON
(A Component Unit of Lake Oswego School District No.7J)
NOTES TO BASIC FINANCIAL STATEMENTS (Continued)
YEAR ENDED JUNE 30, 2014

NEW PRONOUNCEMENTS (Continued)

GASB Statement No. 68 “Accounting and Reporting for Pension Plans—an amendment of GASB Statement No. 27.” The statement establishes accounting and financial reporting requirements related to pensions provided by governments. The statement is effective for fiscal years beginning after June 15, 2014.

GASB Statement No. 69 “Government Combinations and Disposals of Government Operations.” The statement establishes accounting and financial reporting standards related to government combinations and disposals of government operations. The statement is effective for fiscal years beginning after December 15, 2013.

GASB Statement No. 71 “Pension Transition for Contributions Made Subsequent to the Measurement Date”. The statement amends transition provisions of GASB Statement No. 68, establishes accounting and financial reporting standards for recognition of contributions made between the measurement date of the net pension liability and implementation of GASB Statement No. 68. The statement is effective for fiscal years beginning after June 15, 2014.

CLAIMS AND LITIGATION

The Park 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. Except for unemployment compensation and amounts for deductibles, the Park, through the Lake Oswego School District, purchases commercial insurance to minimize its exposure to these risks. Settled claims have not exceeded this commercial coverage for any of the past three years. No Park claims have been made or recorded for unemployment compensation for either the current or prior fiscal year.

SUBSEQUENT EVENTS

Management has evaluated subsequent events through December 31, 2014, the date on which the financial statements were available to be issued. Management is not aware of any subsequent events that require recognition or disclosure in the financial statements.

REQUIRED SUPPLEMENTARY INFORMATION

LAKE GROVE PARK, CLACKAMAS COUNTY, OREGON
(A Component Unit of Lake Oswego School District No.7J)
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL (BUDGETARY BASIS) - GENERAL FUND
YEAR ENDED JUNE 30, 2014

	ACTUAL	ORIGINAL BUDGET	FINAL BUDGET	VARIANCE WITH FINAL BUDGET
REVENUES				
Taxes-Current Years' Levy	\$ 168,390	\$ 166,000	\$ 166,000	\$ 2,390
Taxes-Prior Years' Levies	4,974	5,000	5,000	(26)
Earnings on Investments	23	100	100	(77)
Concession Stand Sales	16,781	14,900	14,900	1,881
Total Revenues	190,168	186,000	186,000	4,168
EXPENDITURES				
Personal Services				
Salaries	71,200	83,000	83,000	11,800
Employee Benefits	8,992	15,000	15,000	6,008
Total Personal Services	80,192	98,000	98,000	17,808
Materials and Services				
Purchased Services	25,950	30,000	30,000	4,050
Supplies and Materials	14,542	16,000	16,000	1,458
Other Purchased Services	25,367	24,000	24,000	(1,367)
Total Materials and Services	65,859	70,000	70,000	4,141
Capital Outlay	638	10,000	10,000	9,362
Total Expenditures	146,689	178,000	178,000	31,311
Excess (Deficiency) of Revenues Over Expenditures	43,479	8,000	8,000	35,479
Beginning Fund Balance	147,395	135,000	135,000	12,395
Ending Fund Balance	<u>\$ 190,874</u>	<u>\$ 143,000</u>	<u>\$ 143,000</u>	<u>\$ 47,874</u>

OTHER SUPPLEMENTARY INFORMATION

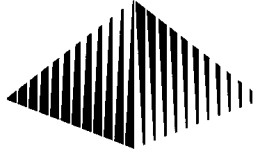
LAKE GROVE PARK, CLACKAMAS COUNTY, OREGON
(A Component Unit of Lake Oswego School District No.7J)
SCHEDULE OF PROPERTY TAX TRANSACTIONS AND BALANCES OF TAXES UNCOLLECTED
YEAR ENDED JUNE 30, 2014

TAX YEAR	ORIGINAL LEVY OR BALANCE UNCOLLECTED June 30, 2013	DEDUCT DISCOUNTS	ADJUSTMENTS TO ROLLS	ADD INTEREST	CASH COLLECTIONS BY COUNTY TREASURER	BALANCE UNCOLLECTED OR UNSEGREGATED June 30, 2014
Current:						
2013-14	\$ 177,189	\$ 4,499	\$ (290)	\$ 25	\$ 167,972	\$ 4,453
Prior Years:						
2012-13	5,080	(3)	(142)	152	2,616	2,477
2011-12	2,810	(1)	(44)	165	1,218	1,714
2010-11	1,772	-	(13)	186	972	973
2009-10	990	-	(19)	84	368	687
2008-09	176	-	(25)	15	47	119
2007-08	69	-	(9)	8	23	45
2006-07	40	-	(9)	3	8	26
2005-06	26	-	(2)	2	5	21
2004-05	21	-	(2)	3	7	15
2003-04	17	-	(1)	2	5	13
2002-03	13	-	(1)	1	1	12
2001-02	14	-	-	1	2	13
2000-01	11	-	-	1	2	10
1999-00	7	-	-	-	-	7
1998-99	5	-	-	-	-	5
1997-98	3	-	(1)	-	-	2
1996-97	2	-	-	2	2	2
1995-96 and Prior	11	-	-	2	2	11
Total Prior	11,067	(4)	(268)	627	5,278	6,152
Total	\$ 188,256	\$ 4,495	\$ (558)	\$ 652	\$ 173,250	\$ 10,605

RECONCILIATION TO REVENUE:

Cash Collections by County Treasurers Above	\$ 173,250
Accrual of Available Taxes Receivable:	
June 30, 2013	(823)
June 30, 2014	930
Taxes in Lieu of Property Taxes	<u>7</u>
Total Tax Revenues on the Modified Accrual Basis	173,364
Unavailable Taxes Receivable	
June 30, 2013	(9,472)
June 30, 2014	<u>9,675</u>
Total Tax Revenues per Statement of Activities - Full Accrual Basis	<u>\$ 173,567</u>

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



GROVE, MUELLER & SWANK, P.C.

CERTIFIED PUBLIC ACCOUNTANTS AND CONSULTANTS
475 Cottage Street NE, Suite 200, Salem, Oregon 97301
(503) 581-7788

INDEPENDENT AUDITOR'S REPORT REQUIRED BY OREGON STATE REGULATIONS

Board of Directors
Lake Grove Park
(A component unit of Lake Oswego School District 7J)
Lake Oswego, Oregon

We have audited, in accordance with auditing standards generally accepted in the United States of America, the basic financial statements of Lake Grove Park (the Park), a component unit of Lake Oswego School District No. 7J, Clackamas County, Oregon as of and for the year ended June 30, 2014, and have issued our report thereon dated December 31, 2014.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Park'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 statements amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion.

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

- **Deposit of public funds with financial institutions (ORS Chapter 295).**
- **Indebtedness limitations, restrictions and repayment.**
- **Budgets legally required (ORS Chapter 294).**
- **Insurance and fidelity bonds in force or required by law.**
- **Programs funded from outside sources.**
- **Authorized investment of surplus funds (ORS Chapter 294).**
- **Public contracts and purchasing (ORS Chapters 279A, 279B, 279C).**

In connection with our testing nothing came to our attention that caused us to believe the Park was not in substantial compliance with certain provisions of laws, regulations, contracts, and grants, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules 162-10-000 through 162-10-320 of the Minimum Standards for Audits of Oregon Municipal Corporations, except that the excess of actual revenues over actual expenditures in the second preceding year within Lake Grove Park did not equal the beginning balance in the first preceding year by \$9,000.


Internal Control

In planning and performing our audit of the financial statements, we considered the Park'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 Park's internal control. Accordingly, we do not express an opinion on the effectiveness of the Park's internal control.

Restriction on Use

This report is intended solely for the information and use of the board of directors and management of Lake Grove Park 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
December 31, 2014