

***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, 2023***

LAKE GROVE PARK, CLACKAMAS COUNTY, OREGON
(A Component Unit of Lake Oswego School District No.7J)
JUNE 30, 2023

BOARD OF DIRECTORS

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

The above Board Members receive mail at the address below.

ADMINISTRATION

Dr. Jennifer Schiele, Superintendent
Stuart Ketzler, CPA, Assistant Superintendent of Business Services

P.O. Box 70
Lake Oswego, Oregon 97034

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

redw
Advisors & CPAs

INDEPENDENT AUDITOR'S REPORT

Board of Directors
Lake Grove Park
(A Component Unit of Lake Oswego School District No.7J, Clackamas County)
Lake Oswego, Oregon

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities and the 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, 2023, and the related notes to the financial statements, which collectively comprise the Park's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the governmental activities and the major fund of the Park as of June 30, 2023, and the changes in its financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS, we:

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

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


Required Supplementary Information

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

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

Other Reporting Required by *Oregon Minimum Standards*

In accordance with Minimum Standards for Audits of Oregon Municipal Corporations, we have also issued our report dated March 28, 2024, on our consideration of the 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.

A handwritten signature in black ink, appearing to read "Larry E. Grant". The signature is fluid and cursive, with the first name "Larry" being the most prominent.

Larry E. Grant, Principal
For REDW LLC
Salem, Oregon
March 28, 2024

LAKE GROVE PARK
(A COMPONENT UNIT OF LAKE OSWEGO SCHOOL DISTRICT NO. 7J)
CLACKAMAS COUNTY, OREGON
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2023

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, 2023. 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 No. 7J. 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, 2023 was \$573,941, all of which is unrestricted and available to meet the Park's ongoing obligations to citizens and creditors.
- The Park's total net position decreased by \$56,436. This decrease in net position is due to initial planning and design for planned park improvements and higher operating costs, which had been reduced due to a slightly shorter operating season in prior summers due to the pandemic.
- The Park had \$312,622 in expenses related to governmental activities, \$10,815 of which was offset by program-specific charges for services provided within the Park.
- The Park's governmental fund reported an ending fund balance of \$567,700, a decrease of \$55,041 from the prior year. All of this is in the General Fund and is available for spending at management's discretion. These funds will primarily be used for intermittent maintenance and replacement of certain facilities of the Park.
- The Park has no debt.

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

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’s 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, 2023 and 2022.

	<u>2023</u>	<u>2022</u>
Assets		
Current and other assets – Total assets	\$ 601,401	\$ 640,457
Liabilities		
Current liabilities – Total liabilities	<u>27,460</u>	<u>10,080</u>
Net Position – Unrestricted – Total net position	<u>\$ 573,941</u>	<u>\$ 630,377</u>

The analysis reflects the resulting remaining net position of the Park at June 30, 2023 and 2022. The total amount of net position for both years 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 ended June 30, 2023 and 2022:

	<u>2023</u>	<u>2022</u>
Revenue		
Program revenue		
Charges for services	\$ 10,815	\$ 11,128
General revenue		
Property taxes	245,207	235,850
Other	<u>164</u>	<u>33</u>
Total revenue	256,186	247,011
Function/program expenses		
Community services – Total expenses	<u>312,622</u>	<u>197,413</u>
Changes in net position	(56,436)	49,598
Net position - Beginning of year	<u>630,377</u>	<u>580,779</u>
Net position - End of year	<u>\$ 573,941</u>	<u>\$ 630,377</u>

As reported in the statement of activities, the cost of all governmental activities this year was \$312,622 versus \$197,413 in the prior year. Specific activities were partially funded from those who realized benefits from the programs (\$10,815 in 2023 and \$11,128 in 2022). The remaining “public benefit” portion of the governmental activities was funded by \$245,207 and \$235,850 in property taxes and \$164 and \$33 in interest for the years ended June 30, 2023 and 2022, 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 \$567,700, a decrease of \$55,041 from the prior year. All of this is reported in the General Fund. Property taxes, which represent approximately 95% of the Park's revenues, increased \$12,420 from the prior year. All other revenues are relatively insignificant and were generally flat when compared to the prior year. General Fund expenditures were \$312,622 for the year ended June 30, 2023, an increase of \$115,209 from the prior year, mainly due increased maintenance costs, planning for improvements at the Park, inflation and a longer operating season than compared to prior summers as a result of the pandemic.

GENERAL FUND BUDGETARY HIGHLIGHTS

There was one change between the original and final budget for the year ended June 30, 2023 – an appropriation transfer of \$25,000 from contingency to the Personal Services appropriation category to account for staffing increases and inflation.

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 No. 7J.

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. 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 2023-24.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the 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 Assistant Superintendent of Business Services, Lake Oswego School District No. 7J, 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, 2023

ASSETS

Current Assets

Petty Cash	\$	2,100
Intergovernmental Receivable		589,290
Other Receivables		12
Property Taxes Receivable		9,999

Total Assets 601,401

LIABILITIES

Current Liabilities

Accounts Payable		27,460
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NET POSITION

Unrestricted		573,941
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Total Net Position \$ 573,941

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, 2023

<u>FUNCTIONS</u>	<u>EXPENSES</u>	<u>PROGRAM REVENUES</u> <u>CHARGES FOR</u> <u>SERVICES</u>	<u>NET (EXPENSE)</u> <u>REVENUE AND</u> <u>CHANGES IN NET</u> <u>POSITION</u>
Governmental Activities			
Community Services	\$ 312,622	\$ 10,815	\$ (301,807)
General Revenues			
			245,207
			164
Total General Revenues			<u>245,371</u>
Changes in Net Position			(56,436)
Net Position - Beginning of Year			<u>630,377</u>
Net Position - End of Year			<u>\$ 573,941</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, 2023

ASSETS

Petty Cash	\$ 2,100
Intergovernmental Receivable	589,290
Other Receivables	12
Property Taxes Receivable	9,999
	<hr/>
Total Assets	<u>\$ 601,401</u>

LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE

Liabilities	
Accounts Payable	\$ 27,460
Deferred Inflows of Resources	
Unavailable Revenue - Property Taxes	6,241
Fund Balance	
Unassigned	567,700
	<hr/>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 601,401</u>

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

Total Fund Balance - Governmental Fund	\$ 567,700
Deferred inflows of resources related to property taxes that will be collected after year-end, but do not meet the measurable and available criteria are not recognized as revenue in the current year in the governmental funds. In the Statement of Activities, property taxes are recognized as revenue when levied.	6,241
	<hr/>
Net Position	<u>\$ 573,941</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, 2023

REVENUES

Local Sources

Taxes	\$	246,602
Earnings on Investments		164
Other Local Sources		10,815

Total Revenues 257,581

EXPENDITURES

Current

Personal Services		112,163
Materials and Services		200,459

Total Expenditures 312,622

Excess of Revenues over Expenditures (55,041)

FUND BALANCE, Beginning of Year 622,741

FUND BALANCE, End of Year \$ 567,700

*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 \$ (55,041)

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. (1,395)

Change in net position of governmental activities \$ (56,436)

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, 2023

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 not separate legal entities, the Park has a separate smaller service and tax base area and the Park levies property taxes under the General Government limit of the Oregon Constitution and the school district levies property taxes under the Educational limit.

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, 2023

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.
- **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. The Park’s Finance Director uses this 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, 2023

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of Accounting (Continued)

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 assets 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 assets 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 are not recognized as an inflow of resources until 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, 2023

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 No. 7J on behalf of the Park.

PENSION PLAN

The Park contracts with Lake Oswego School District No. 7J for all employees who are members of PERS, as well as all other employees. All PERS contributions are made by the District on behalf of the Park.

CAPITAL ASSETS

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

BUDGET COMPLIANCE

Expenditures exceeded appropriations of \$170,000 in the Materials and Services appropriation category by \$30,459.

CLAIMS, LITIGATION AND CONTINGENCIES

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 No. 7J, 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.

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 -
ACTUAL AND BUDGET (BUDGETARY BASIS) - GENERAL FUND
YEAR ENDED JUNE 30, 2023

	ACTUAL	ORIGINAL BUDGET	FINAL BUDGET	VARIANCE WITH FINAL BUDGET
REVENUES				
Taxes-Current Year's	\$ 241,971	\$ 240,000	\$ 240,000	\$ 1,971
Levy Taxes-Prior Year's	4,631	5,000	5,000	(369)
Levies Earnings on	164	100	100	64
Investments Concession	10,815	14,900	14,900	(4,085)
Stand Sales				
	<u>257,581</u>	<u>260,000</u>	<u>260,000</u>	<u>(2,419)</u>
Total Revenues				
EXPENDITURES				
Personal Services				
Salaries	98,428	95,000	120,000	21,572
Employee Benefits	13,735	20,000	20,000	6,265
	<u>112,163</u>	<u>115,000</u>	<u>140,000</u>	<u>27,837</u>
Total Personal Services*				
Materials and Services				
Purchased Services	130,994	100,000	100,000	(30,994)
Supplies and Materials	25,426	30,000	30,000	4,574
Other Purchased Services	44,039	40,000	40,000	(4,039)
	<u>200,459</u>	<u>170,000</u>	<u>170,000</u>	<u>(30,459)</u>
Total Materials and Services*				
Capital Outlay*	-	300,000	300,000	300,000
Contingency*	-	50,000	25,000	25,000
	<u>312,622</u>	<u>635,000</u>	<u>635,000</u>	<u>322,378</u>
Total Expenditures				
Excess (Deficiency) of Revenues Over Expenditures	(55,041)	(375,000)	(375,000)	319,959
Beginning Fund Balance	622,741	550,000	550,000	72,741
Ending Fund Balance	<u>\$ 567,700</u>	<u>\$ 175,000</u>	<u>\$ 175,000</u>	<u>\$ 392,700</u>

*Appropriation level.

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



GROVE, MUELLER & SWANK

redw
Advisors & CPAs

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, 2023, and have issued our report thereon dated March 28, 2023.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Park's financial statements are free of material misstatements, 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 for:

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

Internal Control

In planning and performing our audit of the financial statements, we considered the 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 specified parties.

A handwritten signature in black ink, appearing to read "Larry E. Grant". The signature is fluid and cursive, with a large initial "L" and "G".

Larry E. Grant, Principal
For REDW LLC
Salem, Oregon
March 28, 2024