

***LAKE OSWEGO SCHOOL
DISTRICT NO. 7J
CLACKAMAS COUNTY, OREGON
FINANCIAL REPORT
For the Fiscal Year Ended June 30, 2023***

Prepared by:
Business Services Department
* * * * *

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LAKE OSWEGO SCHOOL DISTRICT NO. 7J
CLACKMAS COUNTY, OREGON
JUNE 30, 2023

BOARD OF DIRECTORS

<u><i>Name</i></u>	<u><i>Title</i></u>	<u><i>Term Expires</i></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

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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FINANCIAL SECTION



GROVE, MUELLER & SWANK

redw
Advisors & CPAs

INDEPENDENT AUDITOR'S REPORT

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

Report on the Audit of the Financial Statements

Opinions

We have audited the 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 (the District), as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Lake Oswego School District No. 7J as of June 30, 2023, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher

than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

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

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

Required Supplementary Information

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

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

Supplementary Information

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

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

Other Information Included in the Annual Financial Report (AFR)

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

Reports on Other Legal and Regulatory Requirements

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 28, 2024 on our consideration of Lake Oswego School District No. 7J’s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District’s internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District’s internal control over financial reporting and compliance.

Other Reporting Required by Oregon Minimum Standards

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



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

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, 2023.

Financial Highlights

- The assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources of Lake Oswego School District at the close of the most recent fiscal year by \$9,059,271 at June 30, 2023. Of this amount, \$77,761,769 is invested in capital assets, net of related debt, \$1,825,358 is restricted for to the payment of the District's general obligation and pension bonded debt, and the remainder, \$(70,527,856), is unrestricted. The negative unrestricted portion of net position is due primarily to the District's postemployment benefit and net pension liabilities recorded under generally accepted accounting principles as well as the fact that government entities tend to raise resources when the liabilities are expected to be paid rather than when they are incurred.
- Net position increased by \$11,703,086 from the prior year's balance, due primarily to recognition of significant portions of the District's deferred inflows related to PERS Pension and continued strong revenues.
- At June 30, 2023, the District's governmental funds reported combined ending fund balances of \$175,652,740. This substantial balance is due primarily to the unexpended portion of \$165.6 million of general obligation bond proceeds received in 2022 following approval by District voters to issue up to \$180 million in new bonds at the November 2021 election to replace Lake Oswego Middle School and River Grove Elementary School and make capital improvements throughout the District.
- At June 30, 2023, the General Fund had an unassigned fund balance of \$17,405,008, a small decrease from the prior year's unassigned fund balance of \$17,810,992. This decrease was due primarily to transfers to other funds to cover costs in excess of grant funds or earned 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 Grants Fund, the Debt Service Fund, and the Capital Projects Fund, all of which are considered to be major funds. Data from the other four governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds at the fund appropriation level is provided in the form of *combining statements* elsewhere in this report.

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

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

Notes To Basic Financial Statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 19 - 54 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 exceeded liabilities and deferred inflows of resources by \$9,059,271 at the close of the most recent fiscal year. A condensed Statement of Net Position for the current and prior fiscal year-end, after GASB 96 restatement, is as follows:

Condensed Statement of Net Position

	Statements of Net Position	
	June 30,	
	2023	2022
Assets		
Current and Other Assets	\$ 209,744,638	\$ 245,453,258
Net Capital Assets	315,682,892	272,246,939
Total Assets	<u>525,427,530</u>	<u>517,700,197</u>
Deferred Outflows of Resources	<u>25,969,996</u>	<u>29,100,366</u>
Total Assets and Deferred Outflows of Resources	<u>551,397,526</u>	<u>546,800,563</u>
Liabilities		
Other Liabilities	32,178,573	18,904,468
Long-Term Debt	412,208,218	429,280,315
Pension and OPEB Liabilities	72,306,694	59,789,233
Total Liabilities	<u>516,693,485</u>	<u>507,974,016</u>
Deferred Inflows of Resources	<u>25,644,770</u>	<u>41,470,362</u>
Total Liabilities and Deferred Inflows of Resources	<u>542,338,255</u>	<u>549,444,378</u>
Net Position		
Net Investment in Capital Assets	77,761,769	70,779,934
Restricted	1,825,358	-
Unrestricted	(70,527,856)	(73,423,749)
Total Net Position	<u><u>\$ 9,059,271</u></u>	<u><u>\$ (2,643,815)</u></u>

Current and other assets decreased due to the planned spend down for capital improvements funded by the \$165.6 million in bond sale proceeds received in April 2022 for districtwide facility improvements. Long-term debt obligations have decreased by \$17.1 million due to normal annual principal payments and amortization of premiums.

Pension and OPEB liabilities increased due to pension plan results through June 30, 2022 under GASBS No. 68 and District OPEB results through June 30, 2023 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 pension footnotes, plus the OPEB liabilities as more fully discussed in the OPEB footnotes. Net capital assets have increased due to the various facility improvements that are underway financed primarily by the 2022 general obligation debt.

By far the largest portion of the District's net position is its investment in capital assets (e.g., land, buildings, vehicles, and equipment), less any related debt used to acquire those assets that is still outstanding. The District uses these capital assets for classrooms and supporting services for providing K-12 education; consequently, these assets are not available for future spending. Although the District's investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. The source is primarily property taxes levied for debt service.

As previously noted, due primarily to an increase in the District's property tax revenues, continued strong state revenues and lower operating costs as a result of the recognition of significant portions of the District's Deferred Inflows related to its PERS Pension obligations, the net position of the District increased by \$11,703,086 during the current fiscal year.

At the end of the current fiscal year, the District's net position - unrestricted shows a deficit balance of \$70,527,856. 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, 2023 and 2022, with 2022's beginning balance restated for implementation of GASB 96.

	2023		2022	
Revenues				
Program Revenues				
Charges for Services	\$ 8,170,359	5.42%	\$ 6,380,267	5.16%
Grants and Contributions	14,710,956	9.75%	15,564,540	12.59%
Total Program Revenues	22,881,315	15.17%	21,944,807	17.75%
General Revenues				
Property Taxes	83,334,212	55.24%	72,126,663	58.35%
State Revenue Sharing	40,128,988	26.60%	33,279,377	26.92%
Other Federal, State and Local Sources	114,696	0.08%	1,475,391	1.19%
Investment Earnings	4,493,688	2.98%	(571,964)	-0.46%
Net Gain (Loss) on Disposal of Capital Assets	(98,373)	-0.07%	(4,635,783)	-3.75%
Total General Revenues	127,973,211	84.83%	101,673,684	82.25%
Total Revenues	150,854,526	100.00%	123,618,491	100.00%
Expenses				
Instruction	73,547,745	52.85%	64,027,769	51.94%
Support Services	38,756,082	27.85%	34,812,580	28.24%
Community Services	4,113,136	2.96%	4,723,038	3.83%
Facilities	(40,976)	-0.03%	(64,613)	-0.05%
Depreciation and Amortization	7,860,876	5.65%	7,254,539	5.89%
Interest and Other Charges	14,914,577	10.72%	12,510,721	10.15%
Total Expenses	139,151,440	100.00%	123,264,034	100.00%
Change in Net Position	11,703,086		354,457	
Net Position - Beginning (Restated)	(2,643,815)		(2,998,272)	
Net Position - Ending	\$ 9,059,271		\$ (2,643,815)	

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% or more of the funding required for governmental programs. Property taxes and State Revenue Sharing combined account for 96% and 104% of general revenues and 82% and 85% of total revenues for the 2023 and 2022 fiscal years, respectively. State Revenue Sharing has continued to be strong due to healthy personal and corporate income tax receipts by the state. Property taxes have also continued to show strong growth, continuing a trend that began in 2014. Other than planned reductions due to the elimination of district provided extended care services at the end of the 2022 fiscal year, charges for services have rebounded following major declines in fiscal year 2021 due to significant operating constraints due to the pandemic. They are comprised of the following items for which it is appropriate to charge tuition or fees:

	<u>2023</u>	<u>2022</u>
Community services charges for enrichment and extended day care programs	\$ 1,887,106	\$ 1,949,448
Food services charges not only for lunch and breakfast, but also for catering and contract services	1,389,674	27,840
Tuition and fees are charged for participation in various extra-curricular activities and out-of-district students and use of district facilities	<u>4,893,579</u>	<u>4,402,979</u>
Total Charges for Services:	<u>\$ 8,170,359</u>	<u>\$ 6,380,267</u>

Charges for services had decreased in fiscal year 2021 due to the ongoing effects of the pandemic, but have since rebounded. Grants and contributions represent 9.7% and 12.6% of total revenues for the 2023 and 2022 fiscal years, respectively. Grants decreased in 2023 due to larger federal reimbursement and subsidy under the National School Lunch Program and pandemic stimulus grant revenues in 2022. Included in this category is \$819,051 and \$3,304,852 for federal reimbursement and subsidy under the school lunch program for the 2023 and 2022 fiscal years, respectively. Other federal, state, and other grants for designated programs totaled \$10,021,714 and \$10,820,557, respectively, with the decrease coming primarily from lower federal stimulus funds, offset by a small increase in Student Investment Account (SIA) funds received under the Student Success Act. The balance is comprised primarily of contributions through the Lake Oswego School District Foundation, which was \$945,000 in fiscal year 2023 and \$925,000 in fiscal year 2022, as well as donations from parents and each school's booster organization.

Investment earnings have increased due to significant increases in market interest rates on District investments. The District will hold all investments to maturity such that no realized losses on its investments are expected.

Expenses. Expenses related to governmental activities are presented in five broad functional categories. Costs of direct classroom instruction activities account for 52% and 56% of the total expenses of \$139,151,440 and \$123,264,034 for the 2023 and 2022 fiscal years, respectively. In addition, approximately half of the costs in supporting services relate to students, instructional staff and school administration.

	<u>Total Cost of Services</u>	<u>Net Cost of Services</u>	<u>Total Cost of Services</u>	<u>Net Cost of Services</u>
	<u>2023</u>	<u>2023</u>	<u>2022</u>	<u>2022</u>
Instruction	\$ 73,547,745	\$ 60,789,956	\$ 64,027,769	\$ 50,118,764
Support Services	38,756,082	33,313,006	34,812,580	32,451,357
Enterprise and Community Services	4,113,136	(260,603)	4,723,038	(585,701)
Facilities	(40,976)	(347,687)	(64,613)	(430,453)
Depreciation and Amortization	7,860,876	7,860,876	7,254,539	7,254,539
Interest and Other Charges	14,914,577	14,914,577	12,510,721	12,510,721
Total	<u>\$ 139,151,440</u>	<u>\$ 116,270,125</u>	<u>\$ 123,264,034</u>	<u>\$ 101,319,227</u>

Total and net costs of services continued to rebound in fiscal year 2023, having decreased in fiscal years 2021 and 2022 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 and to better evaluate the financial results of certain of its programs. The focus of the District's *governmental funds* is to provide information on near-term inflows, outflows, and balances of *spendable* resources. Such information is useful in assessing the District's financing requirements. In particular, *fund balance* may serve as a useful measure of the District's net resources available for spending at the end of the fiscal year.

As of June 30, 2023, the District's governmental funds reported combined ending fund balances of \$175,652,740. Additionally, \$418,983 is unspendable inventories and prepaid costs for use by various funds. \$2,269,271 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. \$2,482,383 is restricted for debt service and \$153,077,095 is restricted for capital projects. The remaining \$17,405,008 constitutes *unassigned fund balance*, which is available for spending at the District's discretion.

The General Fund is the chief operating fund of the District. At the end of the current fiscal year, unassigned fund balance of the General Fund was \$17,405,008, a decrease of \$405,984 from the prior year. This decrease was due primarily to \$472,040 in transfers to other funds to offset operating deficits in fee programs and certain grants.

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

The Debt Service Fund had an ending fund balance restricted for debt service of \$2,482,383 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 \$153,077,095. This fund balance was created primarily with the April 2022 sale of \$152.7 million of bonds at par under the District's bond authority of \$180 million approved by voters in the November 2021 election, plus remaining funds from the district's sale of bonds in 2017 and 2020 under a \$187 million bond measure approved by district voters in May 2017. Except for a new pool to be built as part of a joint recreational facility with the City of Lake Oswego that is scheduled to be completed in late 2024, capital improvements funded by the 2017 bond were largely concluded in the fall of 2023. Capital improvements funded by the 2022 bond are currently expected to be ongoing into 2025.

Budgetary Highlights

The General Fund is usually the largest fund of the governmental funds. Due to the continued strong real estate market, property tax revenues increased by \$1 million and exceeded budgeted amounts of \$52.75 million by \$560,000. State revenue sources exceeded budgeted amounts by \$1 million due primarily to higher per student State School Fund revenues from lower state-wide enrollment. There was a positive variance of \$4.5 million above the \$13.1 million budgeted for the ending fund balance. Except as discussed in the budget compliance footnote, spending was within authorized appropriations.

The differences between the original budget and the final amended budgets of the governmental funds were budget transfers of \$200,000 from the Grants Fund's support services appropriation category to the instruction services appropriation category to cover increased grant operating costs and a transfer in the Capital Projects Fund of \$600,000 from the facilities construction services appropriation category to the instruction and support services appropriation categories of \$500,000 and \$100,000, respectively, to support higher technology investments. There were also four supplemental appropriations approved under two separate resolutions: two combined for a \$5 million increase in the General Fund's State and Property Tax Revenues, \$4.5 million of which was appropriated in the instruction services appropriation category and \$500,000 in support services, \$500,000 in the Grants Fund for additional grants revenues used for instruction services category expenditures, and \$125,000 in a supplemental appropriation in the Food Services Fund for additional federal supply disruption funds, which was appropriated in the community services appropriation category.

Capital Asset and Debt Administration

Capital assets. The District’s investment in capital assets for its governmental activities as of June 30, 2023, amounts to \$315,682,892, an increase of \$43.4 million from the prior year amount of \$272,246,939 (net of accumulated depreciation and amortization). This investment in capital assets includes land and land improvements, buildings and improvements, equipment and furniture, and construction in progress. The District’s investment in capital assets for the current fiscal year increased by 3.2% due to capital improvements funded by the new bonds approved in May 2017 and November 2021, offset by ongoing regular annual depreciation and amortization.

Capital Assets (Net of Depreciation and Amortization)	Governmental Activities Total School District		Percentage Change
	2023	2022	
Land	\$ 9,297,870	\$ 9,297,870	0.00%
Buildings and Improvements	237,804,839	223,228,258	6.53%
Vehicles and Equipment	12,460,120	9,945,442	25.28%
Intangible Right-to-Use Assets	373,226	147,778	152.56%
Construction in Progress	55,746,837	29,627,591	88.16%
Total	\$ 315,682,892	\$ 272,246,939	15.95%

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

- Ongoing construction of the new River Grove Elementary School and major planning and design work for the new Lake Oswego Middle School and various renovation projects that began in 2022 and 2023 or will begin in 2024, primarily enhancements and renovations in each high school..

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

Long-term debt. At the end of the current fiscal year, the District had total debt outstanding of \$412,208,218, which does not include its pension or other postemployment benefit liabilities that total \$72,306,694. Of this \$412,208,218, \$396,063,744 is comprised of general obligation debt and pension obligation debt net of unaccreted discounts and unamortized premiums and discounts, \$15,825,000 comprises debts backed by the full faith and credit of the District, and \$319,474 is comprised of lease and subscriptions liabilities. The District’s total long-term debt decreased by \$17.1 million during fiscal year 2023 due to normal scheduled principal payments and amortization of premiums.

	Outstanding Long-Term Debt Total School District		Percentage Change
	2023	2022	
Bonded Debt	\$ 396,063,744	\$ 411,890,141	-3.8%
Other Long-Term Debt	16,144,474	17,390,174	-7.2%
Total	\$ 412,208,218	\$ 429,280,315	-4.0%

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

District voters approved a \$180 million bond measure at the November 2, 2021 general election. The District issued \$152.72 million of bonds under this approved measure in April 2022 and expects to issue the balance of \$27.28 million 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 \$1.47 billion, calculated as 7.95% of Real Market Value of \$18.56 billion. This limit is significantly in excess of the District’s June 30, 2023 outstanding general obligation debt of \$342,880,000. Additional information on the District’s long-term debt can be found in the notes to the basic financial statements.

Economic Factors and Next Year's Budget

The State of Oregon has no sales tax so funding for public schools essentially relies on a combination of income taxes collected at the state level and property taxes collected at the local level. These resources are aggregated under a state-wide formula and distributed to school districts based on each district's attendance and various weighting of certain factors. Since the implementation of two state-wide measures in the 1990's that reduced property tax levies, property taxes now provide approximately one third of the resources distributed via this state-wide formula. Prior to the implementation of these two state-wide measures, property taxes accounted for almost two thirds of the resources in this formula. This increased reliance on income tax receipts introduced a greater measure of volatility in State School Fund (SSF) revenues. The state budget, including K-12 funding, experienced significant reductions in the wake of the 2001-02 and 2008-09 recessions, but has since increased every biennium. 2021-23 SSF was \$9.3 billion and 2023-25 SSF funding was approved at \$10.2 billion. An additional roughly \$2 billion in state funds for Oregon public school districts was provided during the 2021-23 biennium under the 2019 Student Success Act's Student Investment Account (SIA). SIA statewide funding for the 2023-25 biennium was approved at \$2.2 billion. 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 \$900 million increase to \$10.2 billion in SSF for the 2023-25 biennium was one of if not the largest biennial increase in SSF allocations. Additionally, the District received \$5.1 million in SIA funds in fiscal year 2022-23 and will receive \$6 million in fiscal year 2023-24 through the Student Success Act. State funding for the District's regular operations is presently estimated to be over \$34 million for fiscal year 2024, which, in combination with Foundation fund-raising and local-option property tax revenues, will allow the District to retain and slightly expand its current program offerings and end the 2024 fiscal year with a positive fund balance. The \$2.5 million in federal stimulus funds awarded the District in 2020 and 2021 to aid its response to the ongoing pandemic was fully spent as of June 30, 2023. As discussed more fully below, the District expects General Fund expenditures to exceed revenues by roughly \$2 million in fiscal year 2024.

- In June 2023, the Board adopted the District budget for fiscal year 2023-24. The adopted budget for the General Fund for that period is \$117.75 million, an increase of \$5.5 million over the 2022-23 budget. A three year summary of General Fund budgets is included in the Statistical Section of this report. Due to cost increases exceeding expected increases in total revenues, the District expects General Fund expenditures will exceed revenues by approximately \$2 million in fiscal year 2023-24, and that its June 30, 2024 General Fund ending fund balance will be close to or below the upper range of its upper fund balance target as more fully discussed below.
- Partially offsetting the loss of state funding or supplementing it has been very successful volunteer fund-raising efforts by the independent private non-profit Foundation. As a result of its efforts and the generosity of the Lake Oswego community, for the eight years from fiscal years 2011 through 2021, the Foundation provided a total of \$14.3 million to the District, plus, \$945,000 for fiscal year 2023 and \$925,000 in fiscal year 2022. The Foundation expects to provide just under \$1 million for fiscal year 2024.
- 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. For fiscal year 2020, the rate increase provided an additional \$2 million to fund increased staff, primarily for innovation lab programs and social emotional supports for students. Due to a renewal in May 2023, the levy will provide local-option tax revenues to the District each year through fiscal year 2029. Local-option tax revenues were \$10.97 million in fiscal year 2019 and \$10.17 million in fiscal year 2018. Due primarily to the rate increase, the revenues generated by this local-option tax increased to \$15.24 million, \$14.8 million, \$13.8 million and \$13.15 million in fiscal years 2023, 2022, 2021 and 2020, respectively, and are expected to provide approximately \$15.9 million in property tax revenues in fiscal year 2024.
- The District and City's Inter-Governmental Agreement forming 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 was modified. The District will provide an additional \$1.25 million to the \$15 million allocated in 2022 from bond funds towards the \$40 million estimated cost; work began in 2023 with completion anticipated late in 2024.

- The District's licensed staff are represented by the Lake Oswego Education Association and its classified staff by the Lake Oswego School Employees Association under separate agreements that were ratified in June 2022 and effective July 1, 2022; both expire on June 30, 2024. Negotiations for successor contracts will begin in the spring of 2024.
- Administration and the School Board are actively involved in strategic planning to continue to lead the District in a fiscally responsible manner. A fund balance policy was adopted in March 2015 which, among other things, established a minimum General Fund balance target of 8% of General Fund adopted expenditures and a maximum of 15% for the ensuing fiscal year. Ending fund balances projected to be outside these ranges require a corrective plan of action for the School Board's consideration. The General fund balance at June 30, 2023 is 14.82% of adopted 2023-24 General Fund expenditures and is expected to remain below 15% as of June 30, 2024. Administration is evaluating options, but is moving cautiously due to cost pressures. Long-term strategic plans are in process to guide the District as major decisions are made.
- Dr. Jennifer Schiele and the school board continue to work on implementing the five year strategic plan adopted in fiscal year 2022 that will ensure "The work of creating a culture of belonging and ensuring educational excellence is the most important work we are doing in LOSD." Four new board appointed committees were established in 2022 to help guide this work.

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

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BASIC FINANCIAL STATEMENTS

LAKE OSWEGO SCHOOL DISTRICT NO. 7J
CLACKAMAS COUNTY, OREGON
STATEMENT OF NET POSITION
JUNE 30, 2023

	PRIMARY GOVERNMENT	COMPONENT UNIT
ASSETS:		
Cash and Investments	\$ 200,639,761	\$ 2,100
Intergovernmental Receivables	-	589,290
Property Taxes and Other Receivables	7,524,799	10,011
Prepays	305,475	-
Inventories	113,508	-
Capital Assets Not Being Depreciated/Amortized	65,044,707	-
Capital Assets, Net of Accumulated Depreciation/Amortization	250,638,185	-
Net RHIA OPEB Asset	1,161,095	-
Total Assets	<u>525,427,530</u>	<u>601,401</u>
DEFERRED OUTFLOWS OF RESOURCES		
Deferred Outflows Related to OPEB	1,881,158	-
Deferred Outflows Related to Stipend Pension	218,384	-
Deferred Outflows Related to PERS Pension	23,870,454	-
Total Deferred Outflows of Resources	<u>25,969,996</u>	<u>-</u>
Total Assets and Deferred Outflows of Resources	<u>551,397,526</u>	<u>601,401</u>
LIABILITIES:		
Accounts and Retainage Payable	16,884,560	27,460
Accrued Payroll, Taxes, and Employee Withholdings	10,972,593	-
Intergovernmental Payables	589,290	-
Unearned Revenue	1,744,032	-
Accrued Interest and Matured Coupons Payable	1,228,479	-
Vested Compensated Absences Payable	759,619	-
Long-term Liabilities:		
Long-term debt:		
Due Within One Year	20,142,082	-
Due in More Than One Year	392,066,136	-
Pension and OPEB Liabilities Due in More Than One Year:		
Net Pension Liability	59,476,396	-
Total Stipend Pension Liability	1,520,144	-
Total Other Postemployment Benefits Liability	11,310,154	-
Total Liabilities	<u>516,693,485</u>	<u>27,460</u>
DEFERRED INFLOWS OF RESOURCES		
Deferred Inflows Related to OPEB	2,719,918	-
Deferred Inflows Related to Stipend Pension	984,880	-
Deferred Inflows Related to PERS Pension	21,167,054	-
Deferred Inflows Related to Lease Receivables	772,918	-
Total Deferred Inflows of Resources	<u>25,644,770</u>	<u>-</u>
Total Liabilities and Deferred Inflows of Resources	<u>542,338,255</u>	<u>27,460</u>
NET POSITION:		
Net Investment in Capital Assets	77,761,769	-
Restricted for Debt Service	1,825,358	-
Unrestricted	(70,527,856)	573,941
Total Net Position	<u>\$ 9,059,271</u>	<u>\$ 573,941</u>

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

LAKE OSWEGO SCHOOL DISTRICT NO. 7J
CLACKAMAS COUNTY, OREGON
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2023

FUNCTIONS	EXPENSES	PROGRAM REVENUES			NET (EXPENSE) REVENUE AND CHANGES IN NET POSITION	
		CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	CAPITAL GRANTS AND CONTRIBUTIONS	PRIMARY GOVERNMENT	COMPONENT UNIT
Governmental Activities:						
Instruction	\$ 73,547,745	\$ 3,481,181	\$ 9,276,608	\$ -	\$ (60,789,956)	\$ -
Support Services	38,756,082	1,134,490	4,308,586	-	(33,313,006)	-
Community Services	4,113,136	3,554,688	819,051	-	260,603	-
Facilities Acquisition	(40,976)	-	-	306,711	347,687	-
Depreciation and Amortization	7,860,876	-	-	-	(7,860,876)	-
Interest and Other Charges	14,914,577	-	-	-	(14,914,577)	-
Total Governmental Activities - Primary Government	<u>\$ 139,151,440</u>	<u>\$ 8,170,359</u>	<u>\$ 14,404,245</u>	<u>\$ 306,711</u>	<u>(116,270,125)</u>	<u>-</u>
Component Unit - Lake Grove Park	<u>\$ 312,622</u>	<u>\$ 10,815</u>	<u>\$ -</u>	<u>\$ -</u>	<u>-</u>	<u>(301,807)</u>
General Revenues						
Taxes:						
Property Taxes, Levied for General Purposes					56,484,265	245,207
Property Taxes, Levied for Debt Service					26,849,947	-
State Revenue Sharing					40,128,988	-
Grants and Contributions Not Restricted to Specific Programs:						
Federal					112,307	-
State and Local Grants					2,389	-
Interest and Investment Earnings					4,493,688	164
Net Gain (Loss) on Disposal of Capital Assets					(98,373)	-
Total General Revenues					<u>127,973,211</u>	<u>245,371</u>
Changes in Net Position					11,703,086	(56,436)
Net Position - Beginning as Originally Reported					(2,677,419)	630,377
Restatement for Implementation of SBITA under GASB Statement No. 96					33,604	-
Net Position - Beginning as Restated					<u>(2,643,815)</u>	<u>630,377</u>
Net Position - Ending					<u>\$ 9,059,271</u>	<u>\$ 573,941</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, 2023

	GENERAL	SPECIAL REVENUE GRANTS FUND
ASSETS:		
Cash and Investments	\$ 24,299,532	\$ 500
Interfund Receivables	4,672,138	511,189
Receivables:		
Taxes	2,258,438	-
Accounts	933,674	1,297,415
Leases Receivable	772,918	-
Accrued Interest	44,730	-
Prepays	23,271	-
Inventories	27,815	-
	<hr/>	<hr/>
Total Assets	\$ 33,032,516	\$ 1,809,104
	<hr/> <hr/>	<hr/> <hr/>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES:		
Liabilities		
Interfund Payables	\$ -	\$ 1,281,126
Intergovernmental Payable	589,290	-
Accrued Payroll and Benefits Payable	10,972,593	-
Accounts and Retainage Payable	1,842,362	30,890
Unearned Revenue	3,305	497,088
Matured Bond and Coupons Payable	-	-
	<hr/>	<hr/>
Total Liabilities	13,407,550	1,809,104
	<hr/>	<hr/>
Deferred Inflows of Resources		
Unavailable Revenue - Property Taxes	1,395,954	-
Unavailable Revenue - Leases Receivable	772,918	-
	<hr/>	<hr/>
Total Deferred Inflows of Resources	2,168,872	-
	<hr/>	<hr/>
Fund Balances:		
Nonspendable:		
Prepays	23,271	-
Inventories	27,815	-
Restricted for:		
Debt Service	-	-
Capital Projects	-	-
Committed to:		
Community Support	-	-
Student Activities	-	-
Unassigned	17,405,008	-
	<hr/>	<hr/>
Total Fund Balances	17,456,094	-
	<hr/>	<hr/>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 33,032,516	\$ 1,809,104
	<hr/> <hr/>	<hr/> <hr/>

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

DEBT SERVICE	CAPITAL PROJECTS	OTHER NONMAJOR FUNDS	TOTAL GOVERNMENTAL FUNDS
\$ 473,944	\$ 174,887,488	\$ 978,297	\$ 200,639,761
1,649,646	-	2,096,863	8,929,836
929,011	-	-	3,187,449
-	261,146	537,184	3,029,419
-	-	-	772,918
1,238	489,045	-	535,013
-	282,204	-	305,475
-	-	85,693	113,508
<u>\$ 3,053,839</u>	<u>\$ 175,919,883</u>	<u>\$ 3,698,037</u>	<u>\$ 217,513,379</u>
\$ -	\$ 7,648,710	\$ -	\$ 8,929,836
-	-	-	589,290
-	-	-	10,972,593
-	14,911,874	99,434	16,884,560
-	-	1,243,639	1,744,032
244	-	-	244
<u>244</u>	<u>22,560,584</u>	<u>1,343,073</u>	<u>39,120,555</u>
571,212	-	-	1,967,166
-	-	-	772,918
<u>571,212</u>	<u>-</u>	<u>-</u>	<u>2,740,084</u>
-	282,204	-	305,475
-	-	85,693	113,508
2,482,383	-	-	2,482,383
-	153,077,095	-	153,077,095
-	-	875,291	875,291
-	-	1,393,980	1,393,980
-	-	-	17,405,008
<u>2,482,383</u>	<u>153,359,299</u>	<u>2,354,964</u>	<u>175,652,740</u>
<u>\$ 3,053,839</u>	<u>\$ 175,919,883</u>	<u>\$ 3,698,037</u>	<u>\$ 217,513,379</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, 2023

Total Fund Balances - Governmental Funds \$ 175,652,740

The cost of capital assets (land, buildings and improvements, furniture and equipment, and intangible right to use lease and subscription assets) 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 315,682,892

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)	\$ (10,149,059)	
Total/Net Stipend and PERS pension asset (liability)	(60,996,540)	
Deferred inflows of resources related to pensions and OPEBs	(24,871,852)	
Deferred outflows of resources related to pensions and OPEBs	<u>25,969,996</u>	
		(70,047,455)

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	(759,619)	
Leases and SBITA Payable	(319,474)	
FF & C's Payable	(15,825,000)	
Accrued Interest Payable	(1,228,235)	
PERS Bonds Payable	(21,210,000)	
General Obligation Bonds Payable	<u>(342,880,000)</u>	
		(382,222,328)

Unamortized Premiums on Issuance of Long-Term Debt (31,973,744)

Unavailable Revenue Related to:

Property Taxes	<u>1,967,166</u>
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Net Position \$ 9,059,271

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, 2023**

	<u>GENERAL</u>	<u>SPECIAL REVENUE GRANTS FUND</u>
REVENUES:		
Local Sources:		
Taxes	\$ 56,357,625	\$ -
Earnings on Investments	1,068,769	-
Other Local Sources	2,484,286	250
Intermediate Sources	1,752,567	226,471
State Sources	40,601,837	8,106,790
Federal Sources	112,307	1,688,453
	<u>102,377,391</u>	<u>10,021,964</u>
Total Revenues		
EXPENDITURES:		
Current:		
Instruction	65,757,007	6,431,623
Support Services	34,970,053	3,993,800
Enterprise and Community Services	-	-
Capital Outlay	375,504	5,201
Debt Service:		
Principal	1,152,965	-
Interest and Other Charges	335,564	-
	<u>102,591,093</u>	<u>10,430,624</u>
Total Expenditures		
Excess (Deficiency) of Revenues Over Expenditures	<u>(213,702)</u>	<u>(408,660)</u>
OTHER FINANCING SOURCES (USES):		
Issuance of Long-term Debt	279,665	-
Sale/Compensation For Loss of Capital Assets	2,210	-
Transfers In	-	408,660
Transfers Out	(472,040)	-
	<u>(190,165)</u>	<u>408,660</u>
Total Other Financing Sources (Uses)		
Increase (Decrease) in Inventories	<u>(12,932)</u>	<u>-</u>
Net Change in Fund Balance	(416,799)	-
FUND BALANCE, Beginning of Year	<u>17,872,893</u>	<u>-</u>
FUND BALANCE, End of Year	<u>\$ 17,456,094</u>	<u>\$ -</u>

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

DEBT SERVICE	CAPITAL PROJECTS	OTHER NONMAJOR FUNDS	TOTAL GOVERNMENTAL FUNDS
\$ 26,847,714	\$ 472,410	\$ -	\$ 83,677,749
384,988	3,039,931	-	4,493,688
5,130,931	417,779	6,915,206	14,948,452
-	-	-	1,979,038
-	-	108,275	48,816,902
-	-	710,776	2,511,536
<u>32,363,633</u>	<u>3,930,120</u>	<u>7,734,257</u>	<u>156,427,365</u>
-	1,676,125	3,258,589	77,123,344
-	1,221,643	21,483	40,206,979
-	-	4,250,989	4,250,989
-	50,508,405	488,589	51,377,699
13,182,658	298,035	-	14,633,658
18,328,005	105,973	-	18,769,542
<u>31,510,663</u>	<u>53,810,181</u>	<u>8,019,650</u>	<u>206,362,211</u>
852,970	(49,880,061)	(285,393)	(49,934,846)
-	-	-	279,665
-	-	-	2,210
-	-	63,380	472,040
-	-	-	(472,040)
-	-	63,380	281,875
-	-	37,483	24,551
852,970	(49,880,061)	(184,530)	(49,628,420)
1,629,413	203,239,360	2,539,494	225,281,160
<u>\$ 2,482,383</u>	<u>\$ 153,359,299</u>	<u>\$ 2,354,964</u>	<u>\$ 175,652,740</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, 2023*

Total Net Changes in Fund Balances - Governmental Funds	\$ (49,628,420)
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.	15,626,124
Long-term debt proceeds, leases and subscriptions are reported as other financing sources in governmental funds. In the Statement of Net Position, this debt increases liabilities. Similarly, repayment of principal is an expenditure in the governmental funds, but reduces the liability in the Statement of Net Position. This is the amount by which proceeds exceeds repayments for lease and subscription liability related repayments:	(185,585)
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 and amortization expense. This is the amount by which capital outlay exceeds depreciation and amortization.	
Capitalized Assets	\$ 51,377,697
Depreciation and Amortization Expense	<u>(7,860,876)</u>
	43,516,821
Disposals of capital 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 capital assets.	(100,583)
In the Statement of Activities, pension expense is adjusted based on the actuarially determined contribution changes.	
Net Change in Pension and OPEB liabilities/assets	(12,522,450)
Net Change in Pension and OPEB deferred outflows of resources	(3,130,370)
Net Change in Pension and OPEB deferred inflows of resources	<u>15,685,038</u>
	32,218
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.	2,786,048
Property tax and lease revenue in the Statement of Activities differs from the amount reported in the governmental funds. In the governmental funds, which are on the modified accrual basis, the District recognizes unavailable revenue for all property taxes levied but not received, however in the Statement of Activities, there is no unavailable revenue and the full property tax receivable is accrued.	<u>(343,537)</u>
Change in Net Position of Governmental Activities	<u><u>\$ 11,703,086</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, 2023

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 defined as 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 and the Park District's assets are owned by the School 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, while they are not a legally corporate entity separate and apart from the School District, their tax base and service area are the former attendance boundary for the Lake Grove Elementary School District No. 106 that merged with Oswego Public Schools in 1953 to form the Lake Oswego School District No. 7J. In addition to a separate property tax base and permanent property tax rate from the District, tax levies for the Park District are under the General Government limitation under section 11b, Article XI of the Oregon Constitution, whereas School District levies are under the Education limit. The Park District 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 \$945,000 for the year ended June 30, 2023.

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.

LAKE OSWEGO SCHOOL DISTRICT NO. 7J
CLACKAMAS COUNTY, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS (Continued)
YEAR ENDED JUNE 30, 2023

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of Presentation (Continued)

Government-wide Financial Statements (Continued)

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:

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

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

Fund Financial Statements

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

The District reports the following major governmental funds:

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

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

Debt Service Fund - This fund accounts for the payment of principal and interest on general obligation and PERS bonded debt. Principal revenue sources are property taxes for general obligation debt service payments plus charges to other funds to generate resources for debt service payments of PERS bonded debt effective July 1, 2022.

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

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

Special Revenue Funds

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

LAKE OSWEGO SCHOOL DISTRICT NO. 7J
CLACKAMAS COUNTY, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS (Continued)
YEAR ENDED JUNE 30, 2023

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of Presentation (Continued)

Special Revenue Funds (Continued)

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.

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

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

Measurement Focus and Basis of Accounting

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

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

Cash and Investments

The District's investments consist of U.S. Treasury obligations, U.S. Government Agency securities, highly rated corporate debt securities, and the State of Oregon Treasurer's Local Government Investment Pool (LGIP). U.S. Treasury obligations, Government Agency and corporate 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, 2023

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Property Taxes Receivable

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

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

Accounts and Other Receivables

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

Lease Receivables

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

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 (USDA) in the Food Service Fund are included in the District's inventories at USDA wholesale value. The District accounts for the inventory based on the purchase method. Under this method, inventory is recorded as an expenditure when purchased. Inventory amounts at year-end are recorded on the governmental funds balance sheet as 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.

Capital Assets

Capital assets are recorded at original or estimated original cost except for right to use lease and Subscription Based Information Technology Agreement (SBITA) assets that are recorded at their net present value of future expected payments plus any initial costs. 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 \$5,000 and an estimated life in excess of one year. Right to use assets are amortized on a straight-line basis over the term of their agreement. All other 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

LAKE OSWEGO SCHOOL DISTRICT NO. 7J
CLACKAMAS COUNTY, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS (Continued)
YEAR ENDED JUNE 30, 2023

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Deferred Outflows/Inflows of Resources

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

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

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.

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.

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. Lease and SBITA payables are recorded at the net present value of future expected payments using an implicit interest rate or the District's incremental cost of funds.

LAKE OSWEGO SCHOOL DISTRICT NO. 7J
CLACKAMAS COUNTY, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS (Continued)
YEAR ENDED JUNE 30, 2023

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Long-term Debt (Continued)

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. Lease and SBITA payments and bond issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

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, 2023 actuarial valuation. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms. Investments for OPEB benefits are carried at fair market value.

Definitions of Governmental Fund Types

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

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

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

Debt Service Funds are used to account for and report financial resources that are restricted, committed, or assigned to expenditure for debt service principal and interest payments. 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.

LAKE OSWEGO SCHOOL DISTRICT NO. 7J
CLACKAMAS COUNTY, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS (Continued)
YEAR ENDED JUNE 30, 2023

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Budget

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

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

Supplemental budgets less than 10% of a fund's original budget may be adopted by the Board at a regular meeting. A supplemental budget greater than 10% of a fund's original budget requires hearings before the public, publication in newspapers and approval by the Board. Original and supplemental budgets may be modified by the use of appropriation transfers between the levels of control (major function levels) with Board approval. During the year, two supplemental appropriation resolutions and one appropriation transfer resolution 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, 2023:

Cash and Investments

Cash on hand	\$ 8,755
Deposits with financial institutions	33,566,564
Investments	167,064,442
	<u>\$ 200,639,761</u>

LAKE OSWEGO SCHOOL DISTRICT NO. 7J
CLACKAMAS COUNTY, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS (Continued)
YEAR ENDED JUNE 30, 2023

CASH AND INVESTMENTS (Continued)

Deposits

The District's deposits with various financial institutions had a bank value of \$34,294,869 and a book value of \$33,566,564 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. Additionally, District deposits of \$28,899,973 at June 30, 2023 are deposited through a network of financial institutions under a deposit sweep program that provides full FDIC coverage up to \$49 million dollars. 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, 2023, \$1,808,791 of the District's bank balances were covered by the PFCP.

Investments

As of June 30, 2023, the District held the following investments and maturities:

Investment type	<i>Fair Value</i>	<i>Weighted Average Maturity in years</i>	<i>% of portfolio</i>
US Treasury Notes & Bonds	\$ 135,316,627	0.922	81.0%
Government Sponsored Enterprise	12,731,435	0.898	7.6%
Corporate Securities	1,000,442	2.298	0.6%
Local Government Investment Pool	18,015,938	0.003	10.8%
	\$ 167,064,442	0.829	100.0%

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, 2023

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 \$56.8 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, 2023, 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, 2023

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 35% of the portfolio may be invested in any specific agency. Bankers Acceptances must be purchased from an Oregon chartered financial institution. Investments in commercial paper or corporate indebtedness with any one issuer may not exceed 5% of the total portfolio at settlement date and combined may not exceed 35% of maximum holdings. Bond proceeds investments are the same as listed below except no corporate bonds are permitted and maximum maturity will match cash flow expectations based on managed disbursement schedules with liquidity through the LGIP or bank deposits.

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

<u><i>General, Reserve or Capital Investments</i></u>	<u><i>Maximum % of Portfolio</i></u>	<u><i>Maximum % per Issuer</i></u>	<u><i>Maximum length to maturity</i></u>
U.S. Treasury Obligations (Bills, Notes, Bonds)	100%	None	5 years
US Agency Obligations	100%	35%	5 years
Municipal Bonds (OR, CA, ID, WA)	10%	5%	5 years
Local Government Investment Pool (LGIP)	100%	None	N/A
Corporate Bonds	35%	5%	5 years
Commercial Paper	*	*	270 days
Bank Time Deposits/Savings Accounts	25%	15%	N/A
Certificates of Deposit	10%	5%	5 years
Banker's Acceptances	25%	5%	180 days

LAKE OSWEGO SCHOOL DISTRICT NO. 7J
CLACKAMAS COUNTY, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS (Continued)
YEAR ENDED JUNE 30, 2023

ACCOUNTS AND OTHER RECEIVABLES

Accounts and Other Receivables are comprised of the following as of June 30, 2023:

Property taxes receivable		
General Fund	\$	2,258,438
Debt Service Fund		929,011
Total property taxes receivable		<u>3,187,449</u>
Accounts, grants and accrued interest receivable		
General Fund		978,404
Grants Fund		1,297,415
Debt Service Fund		1,238
Capital Projects Fund		750,191
Other Nonmajor Governmental Funds		<u>537,184</u>
Total accounts, grants and accrued interest receivable		<u>3,564,432</u>
Leases Receivable		
General Fund		<u>772,918</u>
Total	\$	<u><u>7,524,799</u></u>

Leases Receivable are comprised of the following as of June 30, 2023:

	<u>Outstanding</u> <u>June 30, 2022</u>	<u>Additions</u>	<u>Decreases</u>	<u>Outstanding</u> <u>June 30, 2023</u>
Cell Tower bare land leases with varying terms, 5% interest, current aggregate monthly payments of \$17,911, varying end dates through September, 2028	\$ 698,850	\$ 158,760	\$ 233,817	\$ 623,793
Transportation center lease, 5% interest, current monthly payment of \$6,913 through June, 2025	<u>214,622</u>	<u>10,453</u>	<u>75,950</u>	<u>149,125</u>
Totals	<u><u>\$ 913,472</u></u>	<u><u>\$ 169,213</u></u>	<u><u>\$ 309,767</u></u>	<u><u>\$ 772,918</u></u>

LAKE OSWEGO SCHOOL DISTRICT NO. 7J
CLACKAMAS COUNTY, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS (Continued)
YEAR ENDED JUNE 30, 2023

ACCOUNTS AND OTHER RECEIVABLES (Continued)

Future maturities of leases receivable are as follows:

Fiscal Year Ending June 30,	Principal	Interest	Total
2024	\$ 269,162	\$ 14,166	\$ 283,328
2025	235,251	12,381	247,632
2026	128,661	6,772	135,433
2027	108,123	5,691	113,814
2028	26,095	1,373	27,468
2029	5,626	296	5,922
	<u>\$ 772,918</u>	<u>\$ 40,679</u>	<u>\$ 813,597</u>

INTERFUND RECEIVABLES AND PAYABLES

The composition of interfund receivable and payable balances as of June 30, 2023 is as follows:

	<i>Due from Other Funds</i>	<i>Due to Other Funds</i>
General	\$ 4,672,138	\$ -
Grants Fund	511,189	1,281,126
Debt Service	1,649,646	-
Capital Projects	-	7,648,710
Other Nonmajor Governmental Funds	<u>2,096,863</u>	<u>-</u>
Total	<u>\$ 8,929,836</u>	<u>\$ 8,929,836</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, 2023

CAPITAL ASSETS

Capital assets activity for the year was as follows:

	<i>Balances July 1, 2022</i>	<i>Increases</i>	<i>Decreases</i>	<i>Balances June 30, 2023</i>
Capital assets not being depreciated:				
Land	\$ 9,297,870	\$ -	\$ -	\$ 9,297,870
Construction in progress	29,627,591	47,394,136	(21,274,890)	55,746,837
<i>Total Capital Assets Not Being Depreciated</i>	<u>38,925,461</u>	<u>47,394,136</u>	<u>(21,274,890)</u>	<u>65,044,707</u>
Capital assets being depreciated/amortized:				
Buildings and improvements	284,255,948	21,040,883	(43,808)	305,253,023
Vehicles and equipment	16,997,217	3,937,903	(72,312)	20,862,808
Intangible right-to-use Lease assets	-	299,380	-	299,380
Intangible right-to-use subscription assets	289,551	-	(135,657)	153,894
<i>Total Capital Assets Being Depreciated/Amortized</i>	<u>301,542,716</u>	<u>25,278,166</u>	<u>(251,777)</u>	<u>326,569,105</u>
Less accumulated depreciation/amortization for:				
Buildings and improvements	(61,027,690)	(6,431,281)	10,787	(67,448,184)
Vehicles and equipment	(7,051,775)	(1,355,663)	4,750	(8,402,688)
Intangible right-to-use Lease assets	-	(4,101)	-	(4,101)
Intangible right-to-use subscription assets	(141,773)	(69,831)	135,657	(75,947)
<i>Total Accumulated Depreciation/Amortization</i>	<u>(68,221,238)</u>	<u>(7,860,876)</u>	<u>151,194</u>	<u>(75,930,920)</u>
<i>Total Capital Assets Being Depreciated/Amortized, net</i>	<u>233,321,478</u>	<u>17,417,290</u>	<u>(100,583)</u>	<u>250,638,185</u>
<i>Total Capital Assets, net</i>	<u>\$ 272,246,939</u>	<u>\$ 64,811,426</u>	<u>\$ (21,375,473)</u>	<u>\$ 315,682,892</u>

Construction in progress as of June 30, 2023 is primarily related to the construction of the new replacement River Grove Elementary School, Career and Technical Education (CTE) improvements at both high schools, and the costs incurred through June 30, 2023 for planning, designing and preparations for the replacement of Lake Oswego Middle School.

LAKE OSWEGO SCHOOL DISTRICT NO. 7J
CLACKAMAS COUNTY, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS (Continued)
YEAR ENDED JUNE 30, 2023

LONG-TERM DEBT

The following is a summary and changes of long-term debt during the year ended June 30, 2023:

	<u>Original Issue</u>	<u>Outstanding July 1, 2022</u>	<u>Issued</u>	<u>Matured and Redeemed</u>	<u>Outstanding June 30, 2023</u>	<u>Amounts Due in One Year</u>
General obligation bonds used for Capital Purposes:						
August 4, 2005	\$ 80,740,000	\$ 25,405,000	\$ -	\$ (6,970,000)	\$ 18,435,000	\$ 7,605,000
August 24, 2017	160,000,000	149,200,000	-	(1,985,000)	147,215,000	2,390,000
April 2, 2020	27,000,000	26,270,000	-	(430,000)	25,840,000	470,000
April 2, 2022	152,715,000	152,715,000	-	(1,325,000)	151,390,000	2,560,000
Total G.O. Bonds		<u>353,590,000</u>	<u>-</u>	<u>(10,710,000)</u>	<u>342,880,000</u>	<u>13,025,000</u>
Pension Bonds:						
October 1, 2002	23,926,732	14,410,000	-	(2,040,000)	12,370,000	2,290,000
April 1, 2003	16,302,037	9,272,657	-	(432,657)	8,840,000	1,625,000
Total Pension Bonds		<u>23,682,657</u>	<u>-</u>	<u>(2,472,657)</u>	<u>21,210,000</u>	<u>3,915,000</u>
Total		<u>377,272,657</u>	<u>-</u>	<u>(13,182,657)</u>	<u>364,090,000</u>	<u>16,940,000</u>
Unamortized premiums		33,634,576	-	(1,660,832)	31,973,744	1,579,354
Unaccreted discounts		<u>982,908</u>	<u>89,435</u>	<u>(1,072,343)</u>	<u>-</u>	<u>-</u>
Total bonds payable		411,890,141	89,435	(15,915,832)	396,063,744	18,519,354
Direct Borrowings:						
2019 Full faith and credit obligations	15,000,000	12,420,000	-	(895,000)	11,525,000	920,000
2015 Full faith and credit obligations	8,371,000	<u>4,856,000</u>	<u>-</u>	<u>(556,000)</u>	<u>4,300,000</u>	<u>570,000</u>
Total bonds and direct borrowings, net		\$ 429,166,141	\$ 89,435	\$ (17,366,832)	\$ 411,888,744	\$ 20,009,354
Lease liability		-	279,665	(4,309)	275,356	93,556
Subscriptions liability		<u>114,174</u>	<u>-</u>	<u>(70,056)</u>	<u>44,118</u>	<u>39,172</u>
Total long-term debt		<u>\$ 429,280,315</u>	<u>\$ 369,100</u>	<u>\$ (17,441,197)</u>	<u>\$ 412,208,218</u>	<u>\$ 20,142,082</u>

General obligation bonds - issued August 4, 2005, due in annual installments of \$2,555,000 to \$8,275,000 plus interest paid semi-annually at 4.13% to 5.5% through 2026.	\$ 18,435,000
General obligation bonds - issued August 24, 2017, due in annual installments of \$1,985,000 to \$13,415,000 plus interest paid semi-annually at 4% to 5% through 2043.	147,215,000
General obligation bonds - issued April 2, 2020 due in annual installments of \$430,000 to \$4,110,000 plus interest paid semi-annually at 4% to 5% through 2039.	25,840,000
General obligation bonds - issued April 13, 2022, due in annual installments of \$1,325,000 to \$13,485,000 plus interest paid semi-annually at 4% to 5% through 2047.	151,390,000
Pension obligation bonds - issued October 9, 2002, due in annual installments of \$1,480,000 to \$3,175,000 plus interest paid semi-annually at 2.1% to 6.1% through 2028.	12,370,000
Pension obligation bonds - issued April 3, 2003, due in annual installments of \$432,658 to \$2,250,000 plus interest paid semi-annually at 1.5% to 6.27% through 2028.	8,840,000
Unamortized premiums and unaccreted discounts.	31,973,744
Full faith and credit obligations - issued June 18, 2019 due in annual installments of \$895,000 to \$1,185,000 plus interest paid semiannually at 2.56% through 2034.	11,525,000
Full faith and credit obligations - issued June 2, 2015 due in annual installments of \$556,000 to \$662,000 plus interest paid semiannually at 2.545% through 2030.	4,300,000
Lease liability - issued June 15, 2023 due in monthly installments with implicit interest of 5% of \$8,617 to \$9,142 through 2026.	275,356
Subscriptions liability - issued at various dates from August 2018 to June 2023, due in various annual installments ranging from \$5,095 to \$39,899 with implicit interest at 3% through 2026.	44,118
Total long-term debt	<u>\$ 412,208,218</u>

LAKE OSWEGO SCHOOL DISTRICT NO. 7J
CLACKAMAS COUNTY, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS (Continued)
YEAR ENDED JUNE 30, 2023

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>
2024	\$ 16,940,000	\$ 15,767,539	\$ 32,707,539
2025	18,925,000	14,883,709	33,808,709
2026	12,980,000	13,895,574	26,875,574
2027	11,800,000	13,239,293	25,039,293
2028	9,905,000	12,616,531	22,521,531
2029-2033	52,715,000	55,903,425	108,618,425
2034-2038	85,330,000	41,401,225	126,731,225
2039-2043	106,845,000	22,074,525	128,919,525
2044-2047	48,650,000	5,038,200	53,688,200
	<u>\$ 364,090,000</u>	<u>\$ 194,820,021</u>	<u>\$ 558,910,021</u>

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

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

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

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

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

LAKE OSWEGO SCHOOL DISTRICT NO. 7J
CLACKAMAS COUNTY, OREGON
 NOTES TO BASIC FINANCIAL STATEMENTS (Continued)
 YEAR ENDED JUNE 30, 2023

LONG-TERM DEBT (Continued)

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

<u>Fiscal Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 1,490,000	\$ 404,475	\$ 1,894,475
2025	1,528,000	366,417	1,894,417
2026	1,568,000	327,387	1,895,387
2027	1,606,000	287,336	1,893,336
2028	1,649,000	246,315	1,895,315
2029-2033	6,799,000	630,407	7,429,407
2034	1,185,000	50,336	1,235,336
	<u>\$ 15,825,000</u>	<u>\$ 2,312,673</u>	<u>\$ 18,137,673</u>

In June 2023, the District entered into a lease for office space that expires June 30, 2026 with monthly payments of \$8,617 in the initial year and escalating to \$9,142 in the final year. The net asset associated with this lease as of June 30, 2023 is \$295,279. Future lease obligations with an implicit interest rate of 5% are as follows:

<u>Fiscal Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 93,556	\$ 4,924	\$ 98,480
2025	91,774	4,830	96,604
2026	90,026	4,738	94,764
	<u>\$ 275,356</u>	<u>\$ 14,492</u>	<u>\$ 289,848</u>

The District has four subscription-based information technology arrangements (SBITA) for software licenses that extend over a year. All SBITA have a schedule of annual payments with an implicit interest rate of 3% for each over the contract period and commencement payments ranging from \$5,095 to \$36,447 per year; no other payments were not included in the measurement of the subscription liability. The breakdown of the SBITA are as follows:

<u>Commencement</u>	<u>End Date</u>	<u>Annual Commencement Payment</u>	<u>Initial Asset Value</u>	<u>Net Asset Value as of June 30, 2023</u>	<u>Initial Subscription Liability</u>	<u>Subscription Liability as of June 30, 2023</u>
7/1/2019	6/30/2023	\$ 36,447	\$ 135,657	\$ -	\$ 103,094	\$ -
8/1/2018	7/31/2024	10,266	80,060	26,687	54,395	18,273
6/1/2022	5/31/2025	16,580	49,383	32,922	31,725	16,097
7/1/2021	6/30/2025	5,095	24,451	18,338	19,356	9,748
				<u>\$ 77,947</u>		<u>\$ 44,118</u>

LAKE OSWEGO SCHOOL DISTRICT NO. 7J
CLACKAMAS COUNTY, OREGON
 NOTES TO BASIC FINANCIAL STATEMENTS (Continued)
 YEAR ENDED JUNE 30, 2023

LONG-TERM DEBT (Continued)

Future subscription obligations are as follows:

<u>Fiscal Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 39,172	\$ 1,324	\$ 40,496
2025	4,946	149	5,095
	<u>\$ 44,118</u>	<u>\$ 1,473</u>	<u>\$ 45,591</u>

Compensated absences activity for the year is as follows:

	<u>Outstanding July 1, 2022</u>	<u>Increases</u>	<u>Decreases</u>	<u>Outstanding June 30, 2023</u>	<u>Amount Due in One Year</u>
Compensated absences	\$ 679,743	\$ 759,619	\$ (679,743)	\$ 759,619	\$ 759,619

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

INTERFUND TRANSFERS

Interfund transfers for the year ended June 30, 2023 are as follows:

	<u>Transfers In</u>	<u>Transfers Out</u>
General	\$ -	\$ 472,040
Grants	408,660	-
Other Nonmajor Governmental Funds	63,380	-
Total	<u>\$ 472,040</u>	<u>\$ 472,040</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 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.

LAKE OSWEGO SCHOOL DISTRICT NO. 7J
CLACKAMAS COUNTY, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS (Continued)
YEAR ENDED JUNE 30, 2023

PENSION PLAN

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

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

PERS Pension (Chapter 238)

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

Pension Benefits. The PERS retirement allowance is payable monthly for life. It may be selected from 13 retirement benefit options. These options include survivorship benefits and lump-sum refunds. The basic benefit is based on years of service and final average salary. A percentage (2.0 percent for police and fire employees, and 1.67 percent for general service employees) is multiplied by the number of years of service and the final average salary. Benefits may also be calculated under either a formula plus annuity (for members who were contributing before August 21, 1981) or a money match computation if a greater benefit results.

A member is considered vested and will be eligible at minimum retirement age for a service retirement allowance if he or she has had a contribution in each of five calendar years or has reached at least 50 years of age before ceasing employment with a participating employer (age 45 for police and fire members). General service employees may retire after reaching age 55. Police and fire members are eligible after reaching age 50. Tier One general service employee benefits are reduced if retirement occurs prior to age 58 with fewer than 30 years of service. Police and fire member benefits are reduced if retirement occurs prior to age 55 with fewer than 25 years of service. Tier Two members are eligible for full benefits at age 60. The ORS Chapter 238 Defined Benefit Pension Plan is closed to new members hired on or after August 29, 2003. Members hired after that date are eligible for the a new plan under ORS Chapter 238A as more fully explained on the next page.

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

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

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

PENSION PLAN (Continued)

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

Oregon Public Service Retirement Plan Pension Program (OPSRP DB)

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

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

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

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

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

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

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

Benefit Changes After Retirement. Under ORS 238A.210 monthly benefits are adjusted annually through cost-of-living changes. The cap on the COLA will vary based on the amount of the annual benefit.

LAKE OSWEGO SCHOOL DISTRICT NO. 7J
CLACKAMAS COUNTY, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS (Continued)
YEAR ENDED JUNE 30, 2023

PENSION PLAN (Continued)

Contributions

PERS funding policy provides for monthly employer contributions at actuarially determined rates. These contributions, expressed as a percentage of covered payroll, are intended to accumulate sufficient assets to pay benefits when due. The funding policy applies to the PERS Defined Benefit Plan and the Other Postemployment Benefit Plans. Employer contribution rates during the period were based on the December 31, 2019 actuarial valuation, which became effective July 1, 2021. The state of Oregon and certain schools, community colleges, and political subdivision have made unfunded actuarial liability payments and their rates have been reduced. Employer contributions for the year ended June 30, 2023 were \$7,768,047, excluding amounts to fund employer specific liabilities. Employer PERS pension expense of (\$5,394) was recognized during the reporting period.

At June 30, 2023, the District reported a net pension liability of \$59,476,396 for its proportionate share of the net pension liability. The pension liability was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2020. 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, 2022, the District's proportion was 0.388 percent, an increase from June 30, 2021's proportion of 0.381 percent.

	<i>Deferred Outflow of Resources</i>	<i>Deferred (Inflow) of Resources</i>
Difference between expected and actual experience	\$ 2,887,099	\$ (370,906)
Changes in assumptions	9,332,168	(85,259)
Net difference between projected and actual earnings on pension plan investments	-	(10,633,229)
Changes in proportionate share	3,883,140	(54,056)
Difference between employer contributions and employer's proportionate share of system contributions	-	(10,023,604)
Subtotal - Amortized Deferrals	16,102,407	(21,167,054)
District contributions subsequent to measurement date	7,768,047	-
Total deferred outflow (inflow) of resources	<u>\$ 23,870,454</u>	<u>\$ (21,167,054)</u>
Net deferred outflow (inflow) of resources		<u>\$ 2,703,400</u>
Net Amortized Deferrals (below)		<u>\$ (5,064,647)</u>

LAKE OSWEGO SCHOOL DISTRICT NO. 7J
CLACKAMAS COUNTY, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS (Continued)
YEAR ENDED JUNE 30, 2023

PENSION PLAN (Continued)

Deferred outflows of resources related to PERS of \$7,768,047 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, 2024. Other amounts reported as deferred outflow or inflow of resources related to PERS will be recognized in pension expense as follows:

<i>Year ending June 30,</i>	<u><i>Amount</i></u>
2024	\$ (727,274)
2025	(1,973,173)
2026	(5,481,487)
2027	3,736,860
2028	(619,573)
Total	<u>\$ (5,064,647)</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 January 20, 2023.

Actuarial Valuations

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

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

LAKE OSWEGO SCHOOL DISTRICT NO. 7J
CLACKAMAS COUNTY, OREGON
 NOTES TO BASIC FINANCIAL STATEMENTS (Continued)
 YEAR ENDED JUNE 30, 2023

PENSION PLAN (Continued)

Actuarial Methods and Assumptions

Valuation date	December 31, 2020
Measurement date	June 30, 2022
Experience study	2020, published July 20, 2021
Actuarial cost method	Entry age normal
Actuarial Assumptions	
Inflation Rate	2.4%
Long-term expected rate of return	6.90%
Discount rate	6.90%
Projected salary increases	3.40%
Cost of living adjustments (COLA)	Blend of 2.00% COLA and graded COLA (1.25%/0.15%) in accordance with Moro decision; blend based on service.
Mortality	<p>Healthy retirees and beneficiaries: PUB-2010 Healthy retiree, sex-distinct, generational with Unisex, SSD Scale, with job category adjustments and set-backs as described in the valuation.</p> <p>Active members: PUB-2010 Employee, sex-distinct, generational with Unisex, SSD Scale, with job category adjustments and set-backs as described in the valuation.</p> <p>Disabled retirees: PUB-2010 Disable Retiree, sex-distinct, generational with Unisex, SSD with job category adjustments and set-backs as described in the valuation.</p>

(Source: June 30, 2022 PERS Annual Comprehensive Financial Report; page 71)

Actuarial valuations of an ongoing plan involve estimates of value of reported amounts and assumptions about the probability of events far into the future. Actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. Experience studies are performed as of December 31 of even numbered years. The method and assumptions shown are based on the 2020 Experience Study which is reviewed for the four-year period ending December 31, 2020.

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

LAKE OSWEGO SCHOOL DISTRICT NO. 7J
CLACKAMAS COUNTY, OREGON
 NOTES TO BASIC FINANCIAL STATEMENTS (Continued)
 YEAR ENDED JUNE 30, 2023

PENSION PLAN (Continued)

Depletion Date Projection – GASB 67 generally requires that a blended discount rate be used to measure the Total Pension Liability (the Actuarial Accrued Liability calculated using the Individual Entry Age Normal Cost Method). The long-term expected return on plan investments may be used to discount liabilities to the extent that the plan’s Fiduciary Net Position (fair market value of assets) is projected to cover benefit payments and administrative expenses. A 20-year high quality (AA/Aa or higher) municipal bond rate must be used for periods where the Fiduciary Net Position is not projected to cover benefit payments and administrative expenses. Determining the discount rate under GASB 67 will often require that the actuary perform complex projections of future benefit payments and asset values. GASB 67 (paragraph 43) does allow for alternative evaluations of projected solvency, if such evaluation can reliably be made. GASB does not contemplate a specific method for making an alternative evaluation of sufficiency; it is left to professional judgment.

The following circumstances justify an alternative evaluation of sufficiency for Oregon PERS:

- Oregon PERS has a formal written policy to calculate an Actuarially Determined Contribution (ADC), which is articulated in the actuarial valuation report.
- The ADC is based on a closed, layered amortization period, which means that payment of the full ADC each year will bring the plan to a 100% funded position by the end of the amortization period if future experience follows assumption.
- GASB 67 specifies that the projections regarding future solvency assume that plan assets earn the assumed rate of return and there are no future changes in the plan provisions or actuarial methods and assumptions, which means that the projections would not reflect any adverse future experience which might impact the plan’s funded position.

Based on these circumstances, it is our PERS' actuary's opinion that the detailed depletion date projections outlined in GASB 67 would clearly indicate that the Fiduciary Net Position is always projected to be sufficient to cover benefit payments and administrative expenses.

(Source: June 30, 2022 PERS Annual Comprehensive Financial Report; page 70)

Assumed Asset Allocation

Asset Class/Strategy	OIC Policy Range	Current Year Target (%)
Debt Securities	15.0 - 25.0	20.0
Public Equity	25.0 - 35.0	30.0
Real Estate	7.5 - 17.5	12.5
Private Equity	15.0 - 27.5	20.0
Real Assets	2.5 - 10.0	7.5
Diversifying Strategies	2.5 - 10.0	7.5
Opportunity Portfolio	0.0 - 5.0	0.0
Risk Parity	0.0 - 3.5	2.5
Total		100

(Source: June 30, 2022 PERS Annual Comprehensive Financial Report; page 104)

LAKE OSWEGO SCHOOL DISTRICT NO. 7J
CLACKAMAS COUNTY, OREGON
 NOTES TO BASIC FINANCIAL STATEMENTS (Continued)
 YEAR ENDED JUNE 30, 2023

PENSION PLAN (Continued)

Long-Term Expected Rate of Return

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

(Source: June 30, 2022 PERS Annual Comprehensive Financial Report; page 70)

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

(Source: June 30, 2022 PERS Annual Comprehensive Financial Report; page 74)

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

	<u>1% Decrease (5.90%)</u>	<u>Discount Rate (6.90%)</u>	<u>1% Increase (7.90%)</u>
District's proportionate share of the net pension liability (asset)	\$ 105,476,243	\$ 59,476,396	\$ 20,976,647

LAKE OSWEGO SCHOOL DISTRICT NO. 7J
CLACKAMAS COUNTY, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS (Continued)
YEAR ENDED JUNE 30, 2023

PENSION PLAN (Continued)

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

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

OPSRP Individual Account Program (OPSRP IAP)

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

Pension Benefits – An IAP member becomes vested on the date the employee account is established or on the date the rollover account was established. If the employer makes optional employer contributions for a member, the member becomes vested on the earliest of the following dates: the date the member completes 600 hours of service in each of five calendar years, the date the member reaches normal retirement age, the date the IAP is terminated, the date the active member becomes disabled, or the date the active member dies. Upon retirement, a member of the OPSRP Individual Account Program (IAP) may receive the amounts in his or her employee account, rollover account, and vested employer account as a lump-sum payment or in equal installments over a 5-, 10-, 15-, 20-year period or an anticipated life span option. Each distribution option has a \$200 minimum distribution limit.

Death Benefits – Upon the death of a non-retired member, the beneficiary receives in a lump sum the member’s account balance, rollover account balance, and vested employer optional contribution account balance. If a retired member dies before the installment payments are completed, the beneficiary may receive the remaining installment payments or choose a lump sum payment.

Contributions – The District pays the 6 percent of regular employee's covered payroll for its staff in the Lake Oswego Education Association. Total District paid contributions were \$2,077,445 for the year ended June 30, 2023. The District did not make any optional contributions to member IAP accounts for the year ended June 30, 2023.

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, 2023. As of June 30, 2023, program participants included 845 active employees and 76 retired employees or beneficiaries currently receiving benefits.

Early Retirement Incentives

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

LAKE OSWEGO SCHOOL DISTRICT NO. 7J
CLACKAMAS COUNTY, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS (Continued)
YEAR ENDED JUNE 30, 2023

PENSION PLAN (Continued)

Funding Policy

The District provides payments in accordance with current contracts on a pay-as-you-go basis. At June 30, 2023, the District was providing early retirement pension benefits to 25 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, 2023, governmental fund expenditures related to early retirement stipend benefits totaled \$123,652.

Total Stipend Pension Liability

The District’s total stipend pension liability as of June 30, 2023 of \$1,520,144 was measured as of June 30, 2023, and was determined by an actuarial valuation as of June 30, 2023 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, 2023 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	3.65%

- The discount rate of 3.65% is an increase over the discount rate of 2.16% used in the prior valuation and 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, 2021 PERS actuarial valuation.
- The actuarial assumptions used in the June 30, 2023 valuation were based on the results of an actuarial experience study for the period July 1, 2021 to June 30, 2023.

Changes in the Total Stipend Pension Liability

	Total Stipend Pension Liability
Balance at July 1, 2022	\$ 1,826,769
Changes for the year:	
Service cost	179,470
Interest on Total Pension Liability	65,502
Change in Assumptions	(125,259)
Experience (Gain)/Loss	(361,955)
Benefit payments - Stipends	(64,383)
Net changes	<u>(306,625)</u>
Balance at June 30, 2023	<u>\$ 1,520,144</u>

LAKE OSWEGO SCHOOL DISTRICT NO. 7J
CLACKAMAS COUNTY, OREGON
 NOTES TO BASIC FINANCIAL STATEMENTS (Continued)
 YEAR ENDED JUNE 30, 2023

PENSION PLAN (Continued)

Changes in the Total Stipend Pension Liability (Continued)

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

The following presents the total stipend pension liability of the District, as well as what the District's total stipend pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.65 percent) or 1-percentage-point higher (4.65 percent) than the current discount rate:

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

	<u>1% Decrease (2.65%)</u>	<u>Discount Rate (3.65%)</u>	<u>1% Increase (4.65%)</u>
Total Stipend Pension Liability	\$ 1,603,710	\$ 1,520,144	\$ 1,439,588

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

For the year ended June 30, 2023, the District recognized a stipend pension expense credit of \$115,022. At June 30, 2023, the District reported deferred outflow of resources and deferred inflow of resources related to the stipend plan from the following sources:

	<u>Deferred Outflow of Resources</u>	<u>Deferred (Inflow) of Resources</u>
Net difference between projected and actual earnings on investments	\$ 41,086	\$ (764,299)
Changes of assumptions and other inputs	177,298	(220,581)
Total deferred outflow (inflow) of resources	<u>\$ 218,384</u>	<u>\$ (984,880)</u>
Net deferred outflow (inflow) of resources, amortized below		<u>\$ (766,496)</u>

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

<u>Year ending June 30,</u>	<u>Amount</u>
2024	\$ (129,950)
2025	(129,950)
2026	(129,950)
2027	(104,652)
2028	(36,252)
Thereafter	(235,742)
Total	<u>\$ (766,496)</u>

LAKE OSWEGO SCHOOL DISTRICT NO. 7J
CLACKAMAS COUNTY, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS (Continued)
YEAR ENDED JUNE 30, 2023

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, 2023, components of the OPEB asset/liability and the deferred inflows/outflows for each.

	Retirement Health	Retirement Health	
	Insurance Account	Insurance Subsidy	Total
Net OPEB Asset	\$ 1,161,095	\$ -	\$ 1,161,095
Total OPEB Liability	-	11,310,154	11,310,154
Deferred Outflows of Resources	225,995	1,655,163	1,881,158
Deferred Inflows of Resources	158,716	2,561,202	2,719,918
OPEB Expense (Revenue)	(54,790)	822,039	767,249

Retirement Health Insurance Account

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

Funding Policy – Participating school districts are contractually required to contribute at a rate assessed each year by the OPERS: rates for the year ended June 30, 2023 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, 2023, 2022, and 2021 were \$8,772, \$8,054, and \$9,086, which equaled the required contributions each year.

At June 30, 2023, the District reported a net OPEB liability/(asset) of (\$1,161,095) for its proportionate share of the net OPEB liability/(asset). The OPEB liability/(asset) was measured as of June 30, 2022, and the total OPEB liability/(asset) used to calculate the net OPEB liability/(asset) was determined by an actuarial valuation as of December 31, 2020. 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, 2022, the District’s proportion was 0.33 percent. OPEB expense related to RHIA for the year ended June 30, 2023 was a credit of \$54,790. The major actuarial assumptions and long-term expected rate of return for the RHIA OPEB liability/(asset) are essentially the same as the major assumptions for the PERS plan. Except for information on discount rate sensitivity and deferred outflows and inflows of resources, the other standard GASB disclosures for the RHIA OPEB are immaterial and accordingly are not disclosed.

LAKE OSWEGO SCHOOL DISTRICT NO. 7J
CLACKAMAS COUNTY, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS (Continued)
YEAR ENDED JUNE 30, 2023

OTHER POST EMPLOYMENT BENEFITS (OPEBs) (Continued)

At June 30, 2023, 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	\$ -	\$ (31,465)
Changes of assumptions	9,091	(38,703)
Net difference between projected and actual earnings on investments	-	(88,548)
Change in proportionate share	208,132	-
Subtotal - Amortized Deferrals	217,223	(158,716)
District contributions subsequent to measurement date	8,772	-
Total deferred outflow (inflow) of resources	<u>\$ 225,995</u>	<u>\$ (158,716)</u>
Net deferred outflow (inflow) of resources		<u>\$ 67,279</u>
Net Amortized Deferrals (below)		<u>\$ 58,507</u>

Deferred outflows of resources related to RHIA OPEB of \$8,772 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, 2024. 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>
2024	\$ 133,429
2025	(47,402)
2026	(55,878)
2027	28,358
Total	<u>\$ 58,507</u>

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

	<u>1% Decrease (5.9%)</u>	<u>Discount Rate (6.9%)</u>	<u>1% Increase (7.9%)</u>
District's proportionate share of the Net OPEB Liability (Asset)	<u>\$ (1,046,474)</u>	<u>\$ (1,161,095)</u>	<u>\$ (1,259,352)</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 (\$1,161,095). The ORS stipulates a \$60 monthly payment, so there would be no change to the total OPEB liability if it were calculated using health care cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current rates.

OTHER POST EMPLOYMENT BENEFITS (OPEBs) (Continued)

Early Retirement Program

Postemployment Healthcare Benefits

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

Funding Policy

The District provides payments in accordance with current employee contracts on a pay-as-you-go basis. At June 30, 2023, the District was providing early retirement incentive health care benefits to 76 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 \$572,107 during the year ended June 30, 2023.

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, 2023. As of the most recent valuation date, program participants included 76 retired members in the plan and 845 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, 2023

OTHER POST EMPLOYMENT BENEFITS (OPEBs) (Continued)

Total Health Insurance OPEB Liability

The District's total health insurance OPEB liability of \$11,310,154 was measured as of June 30, 2023, and was determined by an actuarial valuation as of June 30, 2023 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, 2023 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	3.65%
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, 2021 PERS actuarial valuation.
- The actuarial assumptions used in the June 30, 2023 valuation were based on the results of an actuarial experience study for the period July 1, 2021 to June 30, 2022.

Changes in the Total Health Insurance OPEB Liability

	Total Health Insurance OPEB Liability
Balance at July 1, 2022	\$ 12,312,168
Changes for the year:	
Service cost	540,805
Interest on Total OPEB Liability	433,978
Benefit payments - Medical premiums	(564,247)
Benefit payments - Implicit subsidy	(280,465)
Changes in assumptions	(1,219,867)
Experience (Gain)/Loss	87,782
Net changes	(1,002,014)
Balance at June 30, 2023	<u>\$ 11,310,154</u>

Other than the increase in discount rate from 2.16 to 3.65%, there were no significant changes in assumptions and benefit terms since the last valuation date.

LAKE OSWEGO SCHOOL DISTRICT NO. 7J
CLACKAMAS COUNTY, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS (Continued)
YEAR ENDED JUNE 30, 2023

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 (2.65 percent) or 1-percentage-point higher (4.65 percent) than the current discount rate:

	<u>1% Decrease</u> <u>(2.65%)</u>	<u>Discount Rate</u> <u>(3.65%)</u>	<u>1% Increase</u> <u>(4.65%)</u>
Total Health Insurance OPEB Liability on June 30, 2023	\$ 12,086,319	\$ 11,310,154	\$ 10,582,739

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

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

	<u>1% Decrease</u>	<u>Current Healthcare</u> <u>Trend Rates</u>	<u>1% Increase</u>
Total Health Insurance OPEB Liability on June 30, 2023	\$ 10,699,719	\$ 11,310,154	\$ 12,026,812

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

For the year ended June 30, 2023, the District recognized health insurance related OPEB expense of \$822,039. At June 30, 2023, 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	\$ 79,873	\$ (1,431,103)
Changes of assumptions and other inputs	1,575,290	(1,130,099)
Total deferred outflow (inflow) of resources	<u>\$ 1,655,163</u>	<u>\$ (2,561,202)</u>
Net deferred outflow (inflow) of resources		<u>\$ (906,039)</u>

LAKE OSWEGO SCHOOL DISTRICT NO. 7J
CLACKAMAS COUNTY, OREGON
 NOTES TO BASIC FINANCIAL STATEMENTS (Continued)
 YEAR ENDED JUNE 30, 2023

OTHER POST EMPLOYMENT BENEFITS (OPEBs) (Continued)

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Healthcare (Continued)

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

<u>Year ending June 30,</u>	<u>Amount</u>
2024	\$ (152,744)
2025	(152,744)
2026	(57,032)
2027	(40,154)
2028	(40,154)
Thereafter	(463,211)
Total	<u>\$ (906,039)</u>

RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters for which the District purchases commercial insurance. There were no significant reductions in insurance coverage from coverage in prior years in any of the major categories of risk. The amounts of any settlements have not exceeded insurance coverage for the past three fiscal years.

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

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

The District's unemployment claims and MOP are recorded as a payable in the District's General Fund. Claims activity, including estimated incurred but not reported claims, for the fiscal years ended June 30, 2023, 2022, and 2021 are as follows:

	<u>2023</u>	<u>2022</u>	<u>2021</u>
Beginning accrued claims liability	\$ 1,032,154	\$ 1,342,655	\$ 1,601,955
Claims liability adjustments	(550,000)	(775,000)	(550,000)
Incurred claims (including IBNRs)	851,961	937,575	1,033,064
Claims payments	<u>(421,794)</u>	<u>(473,076)</u>	<u>(742,364)</u>
Accrued claims liability, June 30	<u>\$ 912,321</u>	<u>\$ 1,032,154</u>	<u>\$ 1,342,655</u>

LAKE OSWEGO SCHOOL DISTRICT NO. 7J
CLACKAMAS COUNTY, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS (Continued)
YEAR ENDED JUNE 30, 2023

BUDGET COMPLIANCE

Expenditures in Excess of Appropriations

Oregon law prohibits expenditures in excess of board approved appropriations. The board approves appropriations for each fund by major function. For the year ended June 30, 2023, expenditures in the General Fund Support Services appropriation category exceeded its \$33.2 million appropriation by \$1,795,972.

Budgetary Basis of Accounting

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

	<u><i>General Fund</i></u>	<u><i>Capital Projects Fund</i></u>	<u><i>Other Nonmajor Funds</i></u>
Budget basis ending fund balance	\$ 17,596,407	\$ 156,733,474	\$ 2,269,271
Adjustments:			
Unrealized loss on investments	(168,128)	(3,374,175)	-
Inventories	27,815	-	85,693
	<u>\$ 17,456,094</u>	<u>\$ 153,359,299</u>	<u>\$ 2,354,964</u>
GAAP basis ending fund balance			

TAX ABATEMENTS

Tax abatements result from agreements between Clackamas County and others, which reduced the District’s levied property taxes. For the year ended June 30, 2023, the District was not materially affected by tax abatement agreements.

NEW ACCOUNTING STANDARDS IMPLEMENTED

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

GASB Statement No. 91 "Conduit Debt Obligations." This Statement clarifies the definition of conduit debt obligations and establishes the required accounting and note disclosures.

GASB Statement No. 94 "Public-Private and Public-Public Partnerships (PPP) and Availability Payment Arrangements." This Statement provides guidance for accounting and financial reporting for public-private and public-public partnership arrangements, including service concession arrangements and availability payment arrangements, that do not meet the definition of a lease.

GASB Statement No. 96 "Subscription-Based Information Technology Arrangements." This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements, including terminology, capitalization criteria, and note disclosures.

LAKE OSWEGO SCHOOL DISTRICT NO. 7J
CLACKAMAS COUNTY, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS (Continued)
YEAR ENDED JUNE 30, 2023

NEW ACCOUNTING STANDARDS IMPLEMENTED (Continued)

For the fiscal year ended June 30, 2023, the District partially implemented the following new accounting standards that had multiple implementation dates:

GASB Statement No. 99 "Omnibus 2022." This Statement clarifies requirements and accounting related to use of LIBOR, SNAP distribution, nonmonetary transactions, pledges of future revenues, terminology updates, derivative instruments, and requirements related to leases and PPPs. These aspects were implemented in the prior fiscal year. This Statement also clarifies requirements related to SBITA, which were implemented in the current fiscal year. This Statement also clarifies the requirements related to financial guarantees, which is effective for fiscal years beginning after June 15, 2023

NEW PRONOUNCEMENTS

The District 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.

GASB Statement No. 100 "Accounting Changes and Error Corrections - an amendment of GASB Statement No. 62." This Statement provides guidance and accounting related to accounting changes and error corrections. This Statement is effective for fiscal years beginning after June 15, 2023.

GASB Statement No. 101 "Compensated Absences." This Statement provides for accounting and financial reporting for compensated absences, including the definition of leave and guidance for measuring the liability for leave that has not been used. The Statement is effective for fiscal years beginning after December 15, 2023.

RESTATEMENT OF PRIOR YEAR NET POSITION

The District had previously entered into subscription-based information technology arrangements that were recorded as expenditures as payments occurred. Per GASB 96, these arrangements are treated as a subscription asset and a subscription liability, along with accrued interest associated with the liability. A restatement of the prior year net position was required to record these arrangements that had previously been entered into.

The total restatement for the government-wide financial statements is as follows:

Net Position - July 1, 2022, as originally reported	\$ (2,677,419)
Addition of Subscription Asset, net	147,778
Addition of Subscription Liability	<u>(114,174)</u>
Net Position - July 1, 2022, as restated	<u>\$ (2,643,815)</u>

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, 2023

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 a legal action arising in the normal course of its activities. The action is still in the discovery phase of litigation; the District believes it has substantial defenses against the action. A settlement or adverse judgement in this matter, if any, would be covered by the District's insurance.

COMMITMENTS AND CONTINGENCIES

The District has remaining commitments under various service contracts of approximately \$3.2 million at June 30, 2023. The contracts relate primarily to design and construction management services for various facility improvement projects that are or will be undertaken by the District over the course of the next several years. The District has remaining commitments under construction contracts of approximately \$33.9 million at June 30, 2023.

Under an Intergovernmental Agreement (IGA) with the City of Lake Oswego dated April 11, 2022 and modified in 2023, the District has committed to pay up to \$16.25 million from a portion of the District's proceeds from its \$187 million 2017 general obligation bond authorization to the City for their construction of a new Lake Oswego Recreation and Aquatics Center (LORAC). As of June 30, 2023, the District has remaining commitments under this IGA of \$14.7 million. LORAC construction began in the spring of 2023 and is currently estimated to cost \$40 million with the project to be completed in late 2024. Under the IGA, the District shall own a fifty percent undivided interest in the competition pool built as part of LORAC.

The District is dependent on and receives a substantial portion of its operating funding from the State of Oregon. State funding is allocated to individual school districts based on pupil counts and other factors in the State School Fund (SSF) revenue formula. SSF funding is appropriated on a biennial basis that ends June 30 of each odd year. The SSF funding level for K-12 schools is not guaranteed and has fluctuated significantly in prior years. SSF allocations are primarily distributed to each district based on their average daily membership of students (ADM_r), with additional weights for certain categories, such as students on Individual Education Plans at each annual December 1 census or for students in special programs such as English as a Second Language or district poverty factors. The State then apportions the SSF based on the resulting weighted average daily membership (ADM_w) of each district compared to the state totals using the higher of the current ADM_w or the ADM_w of the immediate prior year ADM_w. There are many variables that influence SSF allocations each year. The extent to which future biennial SSF appropriations or other events may ultimately impact the amount of current or future state funding the District receives is not yet determinable.

SUBSEQUENT EVENTS

The District entered into a construction contract of \$64.5 million in November, 2023 for the construction of a new Lake Oswego Middle School. The project is anticipated to be finished in 2026 and is funded by the \$180 million general obligation bond authorization approved by voters in November 2021.

REQUIRED SUPPLEMENTARY INFORMATION

LAKE OSWEGO SCHOOL DISTRICT NO. 7J**CLACKAMAS COUNTY, OREGON****SCHEDULE OF THE PROPORTIONATE SHARE OF THE NET PENSION LIABILITY FOR PERS****JUNE 30, 2023**

<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>
2023	0.39%	\$ 59,476,396	\$ 50,925,714	116.8%	84.5%
2022 (7)	0.38%	45,650,296	46,650,597	97.9%	87.6%
2021	0.37%	80,665,681	46,787,588	172.4%	75.8%
2020	0.35%	59,728,707	42,618,897	140.1%	80.2%
2019 (6)	0.35%	52,609,596	39,436,556	133.4%	82.1%
2018	0.32%	42,674,444	36,337,121	117.4%	83.1%
2017 (5)	0.31%	46,194,321	34,002,920	135.9%	80.5%
2016 (4)	0.29%	16,722,378	32,142,790	52.0%	91.9%
2015 (3)	0.30%	(6,730,334)	30,660,107	-22.0%	103.6%
2014	0.30%	15,152,274	30,731,648	49.3%	92.0%

Notes:

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

LAKE OSWEGO SCHOOL DISTRICT NO. 7J
CLACKAMAS COUNTY, OREGON
SCHEDULE OF CONTRIBUTIONS FOR PERS
YEAR ENDED JUNE 30, 2023

<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>
2023	\$ 7,768,047	\$ 7,768,047	\$ -	\$ 54,186,278	14.3%
2022	6,259,997	6,259,997	-	50,925,714	12.3%
2021	6,831,303	6,831,303	-	46,650,597	14.6%
2020	6,306,144	6,306,144	-	46,787,588	13.5%
2019	4,021,847	4,021,847	-	42,618,897	9.4%
2018	3,448,515	3,448,515	-	39,436,556	8.7%
2017	1,831,393	1,831,393	-	36,337,121	5.0%
2016	1,966,103	1,966,103	-	34,002,920	5.8%
2015	3,157,554	3,157,554	-	32,142,790	9.8%
2014	3,037,840	3,037,840	-	30,660,107	9.9%

Notes:

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

LAKE OSWEGO SCHOOL DISTRICT NO. 7J

CLACKAMAS COUNTY, OREGON

SCHEDULE OF THE PROPORTIONATE SHARE OF THE NET OPEB LIABILITY FOR RHIA

JUNE 30, 2023

<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>
2023	0.33%	\$ (1,161,095)	\$ 50,925,714	-2.28%	194.6%
2022	0.34%	(1,166,084)	46,650,597	-2.50%	183.9%
2021	0.71%	(1,453,067)	46,787,588	-3.11%	150.1%
2020	0.39%	(760,402)	42,618,897	-1.78%	144.4%
2019	0.38%	(426,717)	39,436,556	-1.08%	124.0%
2018	0.38%	(160,170)	36,337,121	-0.44%	108.9%
2017	0.36%	97,099	34,002,920	0.29%	94.1%

LAKE OSWEGO SCHOOL DISTRICT NO 7J

CLACKAMAS COUNTY, OREGON

SCHEDULE OF CONTRIBUTIONS FOR RHIA

YEAR ENDED JUNE 30, 2023

<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>
2023	\$ 8,772	\$ 8,772	\$ -	\$ 54,186,278	0.02%
2022	8,054	8,054	-	50,925,714	0.02%
2021	9,086	9,086	-	46,650,597	0.02%
2020	50,926	50,926	-	46,787,588	0.11%
2019	195,031	195,031	-	42,618,897	0.46%
2018	185,096	185,092	-	39,436,556	0.47%
2017	178,408	178,408	-	36,337,121	0.49%

Notes:

(1) The amounts presented for each fiscal year were 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.

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, 2023

Stipend Benefits

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Service cost	\$ 179,470	\$ 88,171	\$ 85,189	\$ 60,583	\$ 58,534	\$ 69,334	\$ 66,989
Interest on Total Pension Liability	65,502	38,108	35,889	59,398	64,927	68,297	104,020
Differences between expected and actual experience	(361,955)	-	(95,035)	-	68,851	95,825	(1,028,202)
Changes in assumptions or other inputs	(125,259)	-	221,214	-	(175,878)	(2,127)	22,822
Benefit payments - Stipends	<u>(64,383)</u>	<u>(127,545)</u>	<u>(161,463)</u>	<u>(149,652)</u>	<u>(199,164)</u>	<u>(275,152)</u>	<u>(145,505)</u>
Net changes	(306,625)	(1,266)	85,794	(29,671)	(182,730)	(43,823)	(979,876)
Total Pension Liability at beginning of the year	<u>1,826,769</u>	<u>1,828,035</u>	<u>1,742,241</u>	<u>1,771,912</u>	<u>1,954,642</u>	<u>1,998,465</u>	<u>2,978,341</u>
Total Pension Liability at end of the year	<u>\$ 1,520,144</u>	<u>\$ 1,826,769</u>	<u>\$ 1,828,035</u>	<u>\$ 1,742,241</u>	<u>\$ 1,771,912</u>	<u>\$ 1,954,642</u>	<u>\$ 1,998,465</u>
Estimated covered employee payroll	\$ 35,040,000	\$ 37,278,000	\$ 35,093,000	\$ 33,800,000	\$ 30,500,000	\$ 28,954,000	\$ 28,954,000
Total Pension Liability as a percentage of covered employee payroll	4.34%	4.90%	5.21%	5.15%	5.81%	6.75%	6.90%
Discount Rate	3.65%	2.16%	2.16%	3.50%	3.50%	3.58%	3.58%

Notes:

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

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

LAKE OSWEGO SCHOOL DISTRICT NO. 7J**CLACKAMAS COUNTY, OREGON****SCHEDULE OF CHANGES IN THE TOTAL OPEB LIABILITY AND RELATED RATIOS FOR HEALTH INSURANCE BENEFITS****YEAR ENDED JUNE 30, 2023****Health Insurance**

	2023	2022	2021	2020	2019	2018	2017
Service cost	\$ 540,805	\$ 745,702	\$ 720,485	\$ 486,710	\$ 470,251	\$ 470,656	\$ 454,740
Interest on Total OPEB Liability	433,978	252,761	248,096	402,464	384,015	391,476	422,738
Differences between expected and actual experience	87,782	-	(1,495,749)	-	(200,957)	103,226	(944,510)
Changes in assumptions or other inputs	(1,219,867)	-	1,553,373	-	808,515	9,364	(85,678)
Benefit payments - Medical premiums	(564,247)	(456,956)	(471,508)	(548,755)	(524,892)	(552,684)	(497,385)
Benefit payments - Implicit subsidy	(280,465)	(319,398)	(372,590)	(411,652)	(384,089)	(301,657)	(201,896)
Net changes	(1,002,014)	222,109	182,107	(71,233)	552,843	120,381	(851,991)
Total OPEB Liability at beginning of the year	<u>12,312,168</u>	<u>12,090,059</u>	<u>11,907,952</u>	<u>11,979,185</u>	<u>11,426,342</u>	<u>11,305,961</u>	<u>12,157,952</u>
Total OPEB Liability at end of the year	<u>\$ 11,310,154</u>	<u>\$ 12,312,168</u>	<u>\$ 12,090,059</u>	<u>\$ 11,907,952</u>	<u>\$ 11,979,185</u>	<u>\$ 11,426,342</u>	<u>\$ 11,305,961</u>
Estimated covered employee payroll	\$ 52,695,000	\$ 45,890,000	\$ 44,338,000	\$ 45,832,000	\$ 41,952,000	\$ 39,227,000	\$ 35,982,000
Total OPEB Liability as a percentage of covered employee payroll	21.46%	26.83%	27.27%	25.98%	28.55%	29.13%	31.42%
Discount Rate	3.65%	2.16%	2.16%	3.50%	3.50%	3.58%	3.58%

Notes:

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

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

LAKE OSWEGO SCHOOL DISTRICT NO 7J**CLACKAMAS COUNTY, OREGON****SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -****ACTUAL AND BUDGET (BUDGETARY BASIS) - GENERAL FUND****YEAR ENDED JUNE 30, 2023**GENERAL FUND

	<u>ACTUAL</u>	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>VARIANCE TO FINAL BUDGET</u>
REVENUES:				
Local Sources	\$ 60,078,808	\$ 57,170,000	\$ 57,720,000	\$ 2,358,808
Intermediate Sources	1,752,567	1,655,000	1,655,000	97,567
State Sources	40,601,837	35,150,000	39,600,000	1,001,837
Federal Sources	<u>112,307</u>	<u>15,000</u>	<u>15,000</u>	<u>97,307</u>
Total Revenues	<u>102,545,519</u>	<u>93,990,000</u>	<u>98,990,000</u>	<u>3,555,519</u>
EXPENDITURES:				
Instruction	65,826,927	62,350,000	66,850,000	1,023,073
Support Services	34,995,972	32,700,000	33,200,000	(1,795,972)
Facilities Acquisition and Construction	-	1	1	1
Debt Service	1,488,529	1,500,000	1,500,000	11,471
Operating Contingency	<u>-</u>	<u>2,000,000</u>	<u>2,000,000</u>	<u>2,000,000</u>
Total Expenditures	<u>102,311,428</u>	<u>98,550,001</u>	<u>103,550,001</u>	<u>1,238,573</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	234,091	(4,560,001)	(4,560,001)	4,794,092
OTHER FINANCING SOURCES (USES):				
Transfer in	-	1	1	(1)
Transfer out	(472,040)	(625,000)	(625,000)	152,960
Sale of/Compensatoin for Loss of Capital Assets	<u>2,210</u>	<u>10,000</u>	<u>10,000</u>	<u>(7,790)</u>
Total Other Financing Sources (Uses)	<u>(469,830)</u>	<u>(614,999)</u>	<u>(614,999)</u>	<u>145,169</u>
NET CHANGE IN FUND BALANCE	(235,739)	(5,175,000)	(5,175,000)	4,939,261
FUND BALANCE, Beginning of year	<u>17,832,146</u>	<u>18,250,000</u>	<u>18,250,000</u>	<u>(417,854)</u>
FUND BALANCE, End of year	<u>\$ 17,596,407</u>	<u>\$ 13,075,000</u>	<u>\$ 13,075,000</u>	<u>\$ 4,521,407</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, 2023

GRANTS FUND

	<u>ACTUAL</u>	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>VARIANCE TO FINAL BUDGET</u>
REVENUES:				
Local Sources	\$ 250	\$ 4,000	\$ 4,000	\$ (3,750)
Intermediate Sources	226,471	200,000	200,000	26,471
State Sources	8,106,790	8,850,000	9,350,000	(1,243,210)
Federal Sources	1,688,453	1,761,000	1,761,000	(72,547)
Total Revenues	<u>10,021,964</u>	<u>10,815,000</u>	<u>11,315,000</u>	<u>(1,293,036)</u>
EXPENDITURES:				
Instruction	6,436,824	6,295,000	6,995,000	558,176
Support Services	3,993,800	4,660,000	4,460,000	466,200
Enterprise and Community Services	-	50,000	50,000	50,000
Debt Service - Interest	-	10,000	10,000	10,000
Total Expenditures	<u>10,430,624</u>	<u>11,015,000</u>	<u>11,515,000</u>	<u>1,084,376</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(408,660)	(200,000)	(200,000)	(208,660)
OTHER FINANCING SOURCES (USES):				
Transfers In	<u>408,660</u>	<u>200,000</u>	<u>200,000</u>	<u>208,660</u>
NET CHANGE IN FUND BALANCE	-	-	-	-
FUND BALANCE, Beginning of year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCE, End of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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, 2023

<u>GENERAL FUND</u>				
	<u>ACTUAL</u>	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>VARIANCE TO FINAL BUDGET</u>
REVENUES:				
Local Sources:				
Taxes-Current Levy	\$ 40,289,378	\$ 40,050,000	\$ 40,050,000	\$ 239,378
Taxes-Prior Levies	825,255	500,000	500,000	325,255
Local Option Taxes-Current Levy	14,989,280	14,500,000	15,050,000	(60,720)
Local Option Taxes-Prior Levy	253,712	200,000	200,000	53,712
Tuition	623,727	205,000	205,000	418,727
Transportation Fees	35,200	-	-	35,200
Earnings on Investments	1,236,897	320,000	320,000	916,897
Gate Receipts	69,692	60,000	60,000	9,692
Sports Participation Fees	547,956	600,000	600,000	(52,044)
Student Fees	77,482	60,000	60,000	17,482
Device Fees	65,114	70,000	70,000	(4,886)
Property Lease Fees	234,789	305,000	305,000	(70,211)
Miscellaneous Income	830,326	300,000	300,000	530,326
Total From Local Sources	<u>60,078,808</u>	<u>57,170,000</u>	<u>57,720,000</u>	<u>2,358,808</u>
Intermediate Sources:				
County School Fund	2,389	5,000	5,000	(2,611)
ESD Choice Fund	1,750,178	1,650,000	1,650,000	100,178
Total From Intermediate Sources	<u>1,752,567</u>	<u>1,655,000</u>	<u>1,655,000</u>	<u>97,567</u>
State Sources:				
School Support Fund	39,222,224	34,300,000	38,750,000	472,224
Common School Fund	906,764	750,000	750,000	156,764
Miscellaneous Grants	472,849	100,000	100,000	372,849
Total From State Sources	<u>40,601,837</u>	<u>35,150,000</u>	<u>39,600,000</u>	<u>1,001,837</u>
Federal Sources:				
Federal Forest Fees	112,307	15,000	15,000	97,307
Other Sources:				
Interfund Transfers	-	1	1	(1)
Sales/Compensation for Loss of Capital Assets	2,210	10,000	10,000	(7,790)
Total From Other Sources	<u>2,210</u>	<u>10,001</u>	<u>10,001</u>	<u>(7,791)</u>
Total Revenues	<u>\$ 102,547,729</u>	<u>\$ 94,000,001</u>	<u>\$ 99,000,001</u>	<u>\$ 3,547,728</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, 2023**

	SALARIES	EMPLOYEE BENEFITS	PURCHASED SERVICES	SUPPLIES & MATERIALS
EXPENDITURES:				
Instruction:				
Regular Programs:				
Primary, K-5	\$ 10,943,934	\$ 6,612,648	\$ 266,767	\$ 1,171,099
Jr. High Programs	6,160,059	3,493,436	463,400	155,351
Jr. High School Extra-curricular	225,975	81,244	15,704	10,981
High School Programs	9,131,795	5,281,610	87,454	451,178
High School Extra-curricular	1,759,815	534,459	156,117	60,643
Special Programs:				
Talented and Gifted	358,488	172,200	-	1,314
More Restrictive Special Programs	4,334,477	2,642,705	1,434,521	13,532
Less Restrictive Special Programs	4,456,804	2,699,381	309,062	25,728
Alternative Education	685,104	377,606	355,831	-
English 2nd Language	472,285	264,324	5,020	907
Summer School Programs	17,500	6,228	-	-
Total Instruction	<u>38,546,236</u>	<u>22,165,841</u>	<u>3,093,876</u>	<u>1,890,733</u>
Support Services:				
Students:				
Attendance and Social Work Services	268,117	125,321	201,091	16,352
Guidance Services	1,979,640	1,158,595	4,056	4,346
Health Services	269,648	155,661	2,430	7,142
Psychological Services	614,537	338,764	15,480	14,021
Speech Pathology and Audiology	802,930	429,395	178,322	1,093
Service Direction, Student Support	414,778	193,226	30,150	34,138
Instructional Staff:				
Improvement of Instruction	1,015,184	634,589	290,084	86,495
Educational Media	535,439	302,969	29,237	55,274
Assessment and Testing	168	46	-	1
General Administration:				
Board of Education	-	-	205,729	6,504
Executive Administration	553,852	248,276	19,628	12,349
School Administration - Office of the Principal	3,707,853	1,825,345	38,627	67,988
Business:				
Fiscal Services	579,640	243,500	70,651	29,146
Operation & Maintenance of Plant	2,518,804	1,284,788	3,240,483	541,359
Student Transportation	8,912	1,123	4,522,086	79,435
Central Activities:				
Information	260,218	121,975	112,392	2,980
Staff	966,388	321,642	181,006	18,578
Technology	607,332	317,872	525,536	156,426
Supplemental Retirement Program	123,652	572,106	-	-
Total Support Services	<u>15,227,092</u>	<u>8,275,193</u>	<u>9,666,988</u>	<u>1,133,627</u>
Facilities Acquisition and Construction				
Facilities Acquisitions/Improvements	-	-	-	-

(continued)

CAPITAL OUTLAY	OTHER OBJECTS	ACTUAL	ORIGINAL BUDGET	FINAL BUDGET	VARIANCE TO FINAL BUDGET
\$ 6,204	\$ -	\$ 19,000,652	\$ 18,133,699	\$ 19,333,699	\$ 333,047
7,011	-	10,279,257	9,304,186	10,104,186	(175,071)
-	434	334,338	298,567	298,567	(35,771)
-	384	14,952,421	15,348,949	15,348,949	396,528
56,705	59,503	2,627,242	2,167,503	2,467,503	(159,739)
-	-	532,002	573,806	573,806	41,804
-	-	8,425,235	8,332,776	9,032,776	607,541
-	-	7,490,975	6,065,078	7,265,078	(225,897)
-	-	1,418,541	1,582,921	1,582,921	164,380
-	-	742,536	542,515	842,515	99,979
-	-	23,728	-	-	(23,728)
<u>69,920</u>	<u>60,321</u>	<u>65,826,927</u>	<u>62,350,000</u>	<u>66,850,000</u>	<u>1,023,073</u>
-	-	610,881	549,290	549,290	(61,591)
-	1,396	3,148,033	3,228,052	3,228,052	80,019
-	-	434,881	437,707	437,707	2,826
-	-	982,802	994,954	994,954	12,152
-	-	1,411,740	1,129,297	1,129,297	(282,443)
-	-	672,292	631,202	631,202	(41,090)
-	324	2,026,676	2,430,430	2,430,430	403,754
-	-	922,919	932,834	932,834	9,915
-	-	215	21,991	21,991	21,776
-	12,120	224,353	257,500	257,500	33,147
-	10,575	844,680	840,081	840,081	(4,599)
-	12,502	5,652,315	5,165,287	5,165,287	(487,028)
-	3,874	926,811	760,689	760,689	(166,122)
25,919	624,352	8,235,705	7,724,871	7,724,871	(510,834)
-	-	4,611,556	4,650,716	4,650,716	39,160
-	1,225	498,790	364,532	364,532	(134,258)
-	485	1,488,099	619,627	1,119,627	(368,472)
-	300	1,607,466	1,160,940	1,160,940	(446,526)
-	-	695,758	800,000	800,000	104,242
<u>25,919</u>	<u>667,153</u>	<u>34,995,972</u>	<u>32,700,000</u>	<u>33,200,000</u>	<u>(1,795,972)</u>
-	-	-	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, 2023

	<u>SALARIES</u>	<u>EMPLOYEE BENEFITS</u>	<u>PURCHASED SERVICES</u>	<u>SUPPLIES & MATERIALS</u>
EXPENDITURES (Cont.):				
Debt Service	\$ -	\$ -	\$ -	\$ -
Operating Contingency	-	-	-	-
Total Expenditures	<u>\$ 53,773,328</u>	<u>\$ 30,441,034</u>	<u>\$ 12,760,864</u>	<u>\$ 3,024,360</u>
Excess of Revenues Over, (Under) Expenditures				
Other Financing Uses:				
Transfers Out				
Net Change in Fund Balance				
Beginning Fund Balance				
Ending Fund Balance				

(continued)

CAPITAL OUTLAY	OTHER OBJECTS	ACTUAL	ORIGINAL BUDGET	FINAL BUDGET	VARIANCE TO FINAL BUDGET
\$ -	\$ 1,488,529	\$ 1,488,529	\$ 1,500,000	\$ 1,500,000	\$ 11,471
-	-	-	2,000,000	2,000,000	2,000,000
<u>\$ 95,839</u>	<u>\$ 2,216,003</u>	<u>102,311,428</u>	<u>98,550,001</u>	<u>103,550,001</u>	<u>1,238,573</u>
		236,301	(4,550,000)	(4,550,000)	4,786,301
		(472,040)	(625,000)	(625,000)	152,960
		(235,739)	(5,175,000)	(5,175,000)	4,939,261
		17,832,146	18,250,000	18,250,000	(417,854)
		<u>\$ 17,596,407</u>	<u>\$ 13,075,000</u>	<u>\$ 13,075,000</u>	<u>\$ 4,521,407</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) - GRANTS FUND

YEAR ENDED JUNE 30, 2023

REVENUES:

- Local Sources:
 - Contributions and Donations
 - Miscellaneous
- Intermediate Sources:
 - Grants-In-Aid
- State Sources:
 - Grants-In-Aid
- Federal Sources:
 - Grants-In-Aid
- Total Revenues

Detail by Object

	SALARIES	EMPLOYEE BENEFITS	PURCHASED SERVICES	SUPPLIES & MATERIALS
EXPENDITURES:				
Instruction:				
Regular Programs:				
Elementary Instruction	\$ 1,268,993	\$ 771,107	\$ -	\$ 2,212
Junior High Instruction	780,387	390,240	-	-
High School Program	1,141,156	674,996	885	35,379
Special Programs:				
More Restrictive Programs	89,691	46,208	-	22,832
Less Restrictive Programs	340,204	215,306	631	34,979
Title I Programs	230,118	134,260	-	60
Alternative Education	27,749	6,217	8,064	-
Summer School and Other Programs	7,769	2,140	76,215	-
Total Instruction	<u>3,886,067</u>	<u>2,240,474</u>	<u>85,795</u>	<u>95,462</u>
Support Services:				
Students:				
Attendance and Social Work Services	323,539	181,267	3,442	-
Safety Services	-	-	-	-
Guidance Services	-	-	-	-
Nursing Services	95,660	34,283	-	-
Service Direction, Student Support	651,041	356,931	4,109	-
Instructional Staff:				
Improvement of Instruction	620,568	326,025	193,415	59,153
Media Services	124,464	67,597	-	-
Student Assessment	-	-	-	-
Business and Central Activities:				
Operations and Maintenance of Plant	-	-	2,475	-
Personnel Services	646,363	212,228	-	-
Information Services	-	-	-	-
Technology	-	-	91,240	-
Total Support Services	<u>2,461,635</u>	<u>1,178,331</u>	<u>294,681</u>	<u>59,153</u>
Community Services - Child Care	-	-	-	-
Debt Service - Interest	-	-	-	-
Total Expenditures	<u>\$ 6,347,702</u>	<u>\$ 3,418,805</u>	<u>\$ 380,476</u>	<u>\$ 154,615</u>
Excess of Revenues Over (Under) Expenditures				
Other Financing Sources and (Uses):				
Transfers In				
Net Change in Fund Balance				
Beginning Fund Balance				
Ending Fund Balance				

		ACTUAL	ORIGINAL BUDGET	FINAL BUDGET	VARIANCE TO FINAL BUDGET
	\$	-	\$ 4,000	\$ 4,000	\$ (4,000)
		250	-	-	250
		226,471	200,000	200,000	26,471
		8,106,790	8,850,000	9,350,000	(1,243,210)
		1,688,453	1,761,000	1,761,000	(72,547)
		<u>10,021,964</u>	<u>10,815,000</u>	<u>11,315,000</u>	<u>(1,293,036)</u>
Detail by Object					
CAPITAL OUTLAY	OTHER OBJECTS				
\$ -	\$ 123,825	2,166,137	1,150,000	1,850,000	(316,137)
-	-	1,170,627	1,100,000	1,100,000	(70,627)
5,201	-	1,857,617	1,870,000	1,870,000	12,383
-	-	158,731	100,000	100,000	(58,731)
-	-	591,120	1,126,000	1,126,000	534,880
-	-	364,438	449,000	449,000	84,562
-	-	42,030	-	-	(42,030)
-	-	86,124	500,000	500,000	413,876
<u>5,201</u>	<u>123,825</u>	<u>6,436,824</u>	<u>6,295,000</u>	<u>6,995,000</u>	<u>558,176</u>
-	-	508,248	-	-	(508,248)
-	-	-	-	-	-
-	-	-	190,000	190,000	190,000
-	-	129,943	-	-	(129,943)
-	-	1,012,081	1,636,000	1,636,000	623,919
-	-	1,199,161	2,601,000	2,401,000	1,201,839
-	-	192,061	160,000	160,000	(32,061)
-	-	-	9,000	9,000	9,000
-	-	2,475	-	-	(2,475)
-	-	858,591	-	-	(858,591)
-	-	-	14,000	14,000	14,000
-	-	91,240	50,000	50,000	(41,240)
-	-	<u>3,993,800</u>	<u>4,660,000</u>	<u>4,460,000</u>	<u>466,200</u>
-	-	-	50,000	50,000	50,000
-	-	-	10,000	10,000	10,000
<u>\$ 5,201</u>	<u>\$ 123,825</u>	<u>10,430,624</u>	<u>11,015,000</u>	<u>11,515,000</u>	<u>1,084,376</u>
		(408,660)	(200,000)	(200,000)	(208,660)
		<u>408,660</u>	<u>200,000</u>	<u>200,000</u>	<u>208,660</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

YEAR ENDED JUNE 30, 2023

DEBT SERVICE FUND

	<u>ACTUAL</u>	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>VARIANCE TO FINAL BUDGET</u>
REVENUES:				
Local Sources:				
Taxes-Current Levy	\$ 26,490,924	\$ 26,000,000	\$ 26,000,000	\$ 490,924
Taxes-Prior Levies	356,790	200,000	200,000	156,790
Earnings on Investments	384,988	20,000	20,000	364,988
PERS UAL Fees	5,130,931	4,690,000	4,690,000	440,931
Total Revenues	<u>32,363,633</u>	<u>30,910,000</u>	<u>30,910,000</u>	<u>1,453,633</u>
EXPENDITURES:				
Debt Service:				
Long-Term Debt Service:				
Redemption of Principal	13,182,658	13,185,000	13,185,000	2,342
Interest	18,328,005	18,335,000	18,335,000	6,995
Total Expenditures	<u>31,510,663</u>	<u>31,520,000</u>	<u>31,520,000</u>	<u>9,337</u>
Excess of Revenues Over (Under) Expenditures	852,970	(610,000)	(610,000)	1,462,970
Beginning Fund Balance	<u>1,629,413</u>	<u>1,850,000</u>	<u>1,850,000</u>	<u>(220,587)</u>
Ending Fund Balance	<u>\$ 2,482,383</u>	<u>\$ 1,240,000</u>	<u>\$ 1,240,000</u>	<u>\$ 1,242,383</u>

LAKE OSWEGO SCHOOL DISTRICT NO 7J

CLACKAMAS COUNTY, OREGON

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

ACTUAL AND BUDGET (BUDGETARY BASIS) - CAPITAL PROJECTS FUND

YEAR ENDED JUNE 30, 2023

REVENUES:

- From Local Sources:
 - Construction Excise Tax
 - Interest Income
 - Participation Fees
 - Contributions and Donations
 - Miscellaneous

Total Revenues

Detail by Object

	SALARIES	EMPLOYEE BENEFITS	PURCHASED SERVICES	SUPPLIES & MATERIALS
EXPENDITURES:				
Instruction:				
Regular Instruction				
Primary K-5	\$ -	\$ -	\$ -	\$ 444,673
Jr. High Program	-	-	-	482,251
High School Program	-	-	-	743,326
High School Program Extra-curricular	-	-	-	-
Total Instruction	-	-	-	1,670,250
Support Services:				
Students				
Attendance and Social Work Services	-	-	-	37,944
Board of Education Services	-	-	864	-
Office of the Principal Services	-	-	-	50,703
Operation and Maintenance of Plant Services	-	-	79,499	-
Central Activities - Technology	-	-	-	1,052,633
Total Support Services	-	-	80,363	1,141,280
Facilities Acquisition and Construction	456,790	228,907	10,025,055	401,810
Debt Service	-	-	-	-
Operating Contingency	-	-	-	-
Total Expenditures	\$ 456,790	\$ 228,907	\$ 10,105,418	\$ 3,213,340

Excess of Revenues Over (Under) Expenditures

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	
		\$	472,410	\$ 450,000	\$ 450,000	\$ 22,410	
			4,698,945	2,000,000	2,000,000	2,698,945	
			111,068	200,000	200,000	(88,932)	
			100,000	50,000	50,000	50,000	
			206,711	150,000	150,000	56,711	
			<u>5,589,134</u>	<u>2,850,000</u>	<u>2,850,000</u>	<u>2,739,134</u>	
Detail by Object							
	CAPITAL OUTLAY		OTHER OBJECTS				
\$	26,477	\$	-	471,150	1,200,000	1,700,000	1,228,850
	-		-	482,251	-	-	(482,251)
	-		-	743,326	-	-	(743,326)
	23,570		-	23,570	500,000	500,000	476,430
	<u>50,047</u>		-	<u>1,720,297</u>	<u>1,700,000</u>	<u>2,200,000</u>	<u>479,703</u>
	-		-	37,944	-	-	(37,944)
	-		-	864	-	-	(864)
	-		-	50,703	-	-	(50,703)
	36,924		-	116,423	-	-	(116,423)
	-		-	1,052,633	1,250,000	1,350,000	297,367
	<u>36,924</u>		-	<u>1,258,567</u>	<u>1,250,000</u>	<u>1,350,000</u>	<u>91,433</u>
	38,503,881		810,866	50,427,309	103,130,000	102,530,000	52,102,691
	-		404,008	404,008	450,002	450,002	45,994
	-		-	-	2,500,000	2,500,000	2,500,000
\$	<u>38,590,852</u>	\$	<u>1,214,874</u>	<u>53,810,181</u>	<u>109,030,002</u>	<u>109,030,002</u>	<u>55,219,821</u>
				(48,221,047)	(106,180,002)	(106,180,002)	57,958,955
				-	200,000	200,000	(200,000)
				-	(1)	(1)	1
				-	199,999	199,999	(199,999)
				(48,221,047)	(105,980,003)	(105,980,003)	57,758,956
				<u>204,954,521</u>	<u>202,040,002</u>	<u>202,040,002</u>	<u>2,914,519</u>
\$	<u>156,733,474</u>	\$	<u>96,059,999</u>	<u>96,059,999</u>	<u>96,059,999</u>	<u>96,059,999</u>	<u>60,673,475</u>

LAKE OSWEGO SCHOOL DISTRICT NO.7J
CLACKAMAS COUNTY, OREGON
COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2023

	SPECIAL REVENUE FUNDS				
	COMMUNITY CONTRIBUTIONS	COMMUNITY SERVICES FUND	STUDENT ACTIVITY FUND	FOOD SERVICE FUND	TOTAL NONMAJOR GOVERNMENTAL FUNDS
ASSETS:					
Cash and Investments	\$ -	\$ 500	\$ 976,947	\$ 850	\$ 978,297
Interfund Receivables	1,047,344	233,276	-	816,243	2,096,863
Accounts Receivable	9,461	11,902	417,033	98,788	537,184
Inventories	-	-	-	85,693	85,693
Total Assets	\$ 1,056,805	\$ 245,678	\$ 1,393,980	\$ 1,001,574	\$ 3,698,037
LIABILITIES AND FUND BALANCES:					
Liabilities:					
Accounts Payable	\$ 10,491	\$ 88,037	\$ -	\$ 906	\$ 99,434
Unearned Revenue	888,213	157,641	-	197,785	1,243,639
Total Liabilities	898,704	245,678	-	198,691	1,343,073
Fund Balances:					
Nonspendable:					
Inventories	-	-	-	85,693	85,693
Committed to:					
Community Support	158,101	-	-	717,190	875,291
Student Activities	-	-	1,393,980	-	1,393,980
Total Fund Balances	158,101	-	1,393,980	802,883	2,354,964
Total Liabilities and Fund Balances	\$ 1,056,805	\$ 245,678	\$ 1,393,980	\$ 1,001,574	\$ 3,698,037

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, 2023**

	SPECIAL REVENUE FUNDS				TOTAL NONMAJOR GOVERNMENTAL FUNDS
	COMMUNITY CONTRIBUTIONS	COMMUNITY SERVICES FUND	STUDENT ACTIVITY FUND	FOOD SERVICE FUND	
REVENUES:					
Local Sources	\$ 1,563,523	\$ 1,887,106	\$ 2,074,903	\$ 1,389,674	\$ 6,915,206
State Sources	-	-	-	108,275	108,275
Federal Sources	-	-	-	710,776	710,776
Total Revenues	1,563,523	1,887,106	2,074,903	2,208,725	7,734,257
EXPENDITURES:					
Current:					
Instruction	1,071,958	-	2,186,631	-	3,258,589
Support Services	21,483	-	-	-	21,483
Enterprise and Community Services	-	1,947,109	-	2,303,880	4,250,989
Capital Outlay	474,266	-	-	14,323	488,589
Total Expenditures	1,567,707	1,947,109	2,186,631	2,318,203	8,019,650
Excess (Deficiency) of Revenues Over Expenditures	(4,184)	(60,003)	(111,728)	(109,478)	(285,393)
Other Financing Sources:					
Transfers In	-	60,003	-	3,377	63,380
Increase (Decrease) in Inventories	-	-	-	37,483	37,483
Net Change in Fund Balance	(4,184)	-	(111,728)	(68,618)	(184,530)
Beginning Fund Balance	162,285	-	1,505,708	871,501	2,539,494
Ending Fund Balance	\$ 158,101	\$ -	\$ 1,393,980	\$ 802,883	\$ 2,354,964

LAKE OSWEGO SCHOOL DISTRICT NO. 7J

CLACKAMAS COUNTY, OREGON

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - ACTUAL
AND BUDGET (BUDGETARY BASIS) - COMMUNITY CONTRIBUTIONS FUND
YEAR ENDED JUNE 30, 2023**

REVENUES:

- Local Sources:
 - Foundation Contributions
 - Other Contributions and Donations

Total Revenues

	Detail by Object			
	SALARIES	EMPLOYEE BENEFITS	PURCHASED SERVICES	SUPPLIES & MATERIALS
EXPENDITURES:				
Instruction:				
Regular Programs:				
Primary K-5	\$ 621,629	\$ -	\$ -	\$ 17,055
Jr. High Programs	147,890	-	2,800	22,553
Jr. High School Extra-curricular	-	-	-	7,508
High School Programs	175,481	-	10,740	60,864
High School Extra-curricular	-	-	2,318	2,965
Other Special Programs	-	-	-	155
Total Instruction	945,000	-	15,858	111,100
Support Services:				
Pupils:				
Improvement of Instruction	-	-	-	-
Instructional Staff and Educational Media	-	-	-	11,045
School Administration - Office of the Principal	-	-	-	10,438
Business:				
Operation and Maintenance	-	-	-	-
Total Support Services	-	-	-	21,483
Facilities Acquisition and Construction	-	-	-	-
Debt Service	-	-	-	-
Total Expenditures	\$ 945,000	\$ -	\$ 15,858	\$ 132,583

Excess of Revenues Over (Under) Expenditures

Beginning Fund Balance

Ending Fund Balance

		<u>ACTUAL</u>	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>VARIANCE TO FINAL BUDGET</u>
		\$ 945,000	\$ 2,000,000	\$ 2,000,000	\$ (1,055,000)
		618,523	518,000	518,000	100,523
		<u>1,563,523</u>	<u>2,518,000</u>	<u>2,518,000</u>	<u>(954,477)</u>
Detail by Object					
<u>CAPITAL OUTLAY</u>	<u>OTHER OBJECTS</u>				
\$ -	\$ -	638,684	1,093,000	1,093,000	454,316
-	-	173,243	432,000	432,000	258,757
-	-	7,508	-	-	(7,508)
-	-	247,085	681,000	681,000	433,915
474,266	-	479,549	11,000	11,000	(468,549)
-	-	155	3,000	3,000	2,845
<u>474,266</u>	<u>-</u>	<u>1,546,224</u>	<u>2,220,000</u>	<u>2,220,000</u>	<u>673,776</u>
-	-	-	20,000	20,000	20,000
-	-	11,045	45,000	45,000	33,955
-	-	10,438	20,000	20,000	9,562
-	-	-	80,000	80,000	80,000
-	-	21,483	165,000	165,000	143,517
-	-	-	78,000	78,000	78,000
-	-	-	10,000	10,000	10,000
<u>\$ 474,266</u>	<u>\$ -</u>	<u>1,567,707</u>	<u>2,473,000</u>	<u>2,473,000</u>	<u>905,293</u>
		(4,184)	45,000	45,000	(49,184)
		162,285	155,000	155,000	7,285
		<u>\$ 158,101</u>	<u>\$ 200,000</u>	<u>\$ 200,000</u>	<u>\$ (41,899)</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, 2023

COMMUNITY SERVICES FUND

	<u>ACTUAL</u>	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>VARIANCE TO FINAL BUDGET</u>
REVENUES:				
Local Sources, Community Service Activities:				
Community Services Tuition	\$ 1,199,222	\$ 1,300,000	\$ 1,300,000	\$ (100,778)
Extended Child Care Fees	392,151	570,000	570,000	(177,849)
Driver's Ed. Fees	141,325	120,000	120,000	21,325
Pool Fees	79,634	150,000	150,000	(70,366)
Rent From School Facility	74,774	140,000	140,000	(65,226)
Miscellaneous	-	10,001	10,001	(10,001)
Total Revenues	1,887,106	2,290,001	2,290,001	(402,895)
EXPENDITURES:				
Enterprise and Community Services				
Other Enterprise:				
Community Recreation:				
Salaries	759,682	550,000	550,000	(209,682)
Employee Benefits	220,734	250,000	250,000	29,266
Purchased Services	274,637	450,000	450,000	175,363
Supplies & Materials	287,061	335,000	335,000	47,939
Capital Outlay	-	5,000	5,000	5,000
Other Objects	11,914	10,000	10,000	(1,914)
Swim Pool:				
Salaries	5,759	20,000	20,000	14,241
Employee Benefits	461	5,000	5,000	4,539
Purchased Services	67,866	150,000	150,000	82,134
Supplies & Materials	31,632	20,000	20,000	(11,632)
Capital Outlay	-	4,000	4,000	4,000
Other Objects	-	1,000	1,000	1,000
Custody and Care of Children:				
Salaries	177,041	300,000	300,000	122,959
Employee Benefits	88,437	185,000	185,000	96,563
Purchased Services	11,239	20,000	20,000	8,761
Supplies & Materials	10,646	30,000	30,000	19,354
Capital Outlay	-	5,000	5,000	5,000
Total Enterprise and Community Services	1,947,109	2,340,000	2,340,000	392,891
Debt Service- Interest:	-	1	1	1
Total Expenditures	1,947,109	2,340,001	2,340,001	392,892
Excess (Deficiency) of Revenues Over Expenditures	(60,003)	(50,000)	(50,000)	(10,003)
Other Financing Sources:				
Transfers In	60,003	50,000	50,000	10,003
Net Change in Fund Balance	-	-	-	-
Beginning Fund Balance	-	-	-	-
Ending Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

LAKE OSWEGO SCHOOL DISTRICT NO. 7J
CLACKAMAS COUNTY, OREGON
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
ACTUAL AND BUDGET - BUDGETARY BASIS
FOR THE YEAR ENDED JUNE 30, 2023

	<u>STUDENT ACTIVITY FUND</u>			
	<u>ACTUAL</u>	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>VARIANCE TO FINAL BUDGET</u>
REVENUES:				
Local Sources:				
Community Services Activities	\$ 2,074,903	\$ 3,100,000	\$ 3,100,000	\$ (1,025,097)
EXPENDITURES:				
Instruction:				
Regular Programs:				
Elementary-Extra-curricular:				
Supplies & Materials	51,663	125,000	125,000	73,337
Jr. High-Extra-curricular:				
Supplies & Materials	216,062	350,000	350,000	133,938
High School Extra-curricular:				
Supplies & Materials	1,918,906	2,625,000	2,625,000	706,094
Total Expenditures	<u>2,186,631</u>	<u>3,100,000</u>	<u>3,100,000</u>	<u>913,369</u>
Net Change in Fund Balance	(111,728)	-	-	(111,728)
Beginning Fund Balance	<u>1,505,708</u>	<u>1,000,000</u>	<u>1,000,000</u>	<u>505,708</u>
Ending Fund Balance	<u>\$ 1,393,980</u>	<u>\$ 1,000,000</u>	<u>\$ 1,000,000</u>	<u>\$ 393,980</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, 2023

	<u>FOOD SERVICE FUND</u>			
	<u>ACTUAL</u>	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>VARIANCE TO FINAL BUDGET</u>
REVENUES:				
Local Sources - Food Service:				
Food Service Sales	\$ 1,350,451	\$ 1,450,000	\$ 1,450,000	\$ (99,549)
Banquets & Miscellaneous	39,223	50,000	50,000	(10,777)
Total Local Sources - Food Service	<u>1,389,674</u>	<u>1,500,000</u>	<u>1,500,000</u>	<u>(110,326)</u>
State Sources:				
State Grants in Aid	108,275	30,000	30,000	78,275
Federal Sources:				
National School Lunch Reimbursement	577,194	320,000	445,000	132,194
USDA Commodities	133,582	95,000	95,000	38,582
Total Federal Sources	<u>710,776</u>	<u>415,000</u>	<u>540,000</u>	<u>170,776</u>
Total Revenues	<u>2,208,725</u>	<u>1,945,000</u>	<u>2,070,000</u>	<u>138,725</u>
EXPENDITURES:				
Enterprise and Community Services				
Food Service:				
Salaries	726,686	700,000	760,000	33,314
Employee Benefits	379,648	350,000	415,000	35,352
Purchased Services	78,004	50,000	50,000	(28,004)
Supplies & Materials	1,095,917	1,165,000	1,165,000	69,083
Capital Outlay	14,323	40,000	40,000	25,677
Other Objects	23,625	5,000	5,000	(18,625)
Total Enterprise and Community Services	<u>2,318,203</u>	<u>2,310,000</u>	<u>2,435,000</u>	<u>116,797</u>
Debt Service - Interest	-	10,000	10,000	10,000
Total Expenditures	<u>2,318,203</u>	<u>2,320,000</u>	<u>2,445,000</u>	<u>126,797</u>
Excess (Deficiency) of Revenues Over Expenditures	(109,478)	(375,000)	(375,000)	265,522
Other Financing Sources:				
Transfers In	3,377	175,000	175,000	(171,623)
Net Change in Fund Balance	(106,101)	(200,000)	(200,000)	93,899
Beginning Fund Balance	823,291	250,000	250,000	573,291
Ending Fund Balance	<u>\$ 717,190</u>	<u>\$ 50,000</u>	<u>\$ 50,000</u>	<u>\$ 667,190</u>

OTHER FINANCIAL SCHEDULES

LAKE OSWEGO SCHOOL DISTRICT NO. 7J
CLACKAMAS COUNTY, OREGON
 DEPARTMENT OF EDUCATION SUPPLEMENTAL INFORMATION
 YEAR ENDED JUNE 30, 2023

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	\$ 1,997,151
Function 2550	-

B. Replacement of Equipment - General Fund:

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

\$ 12,408

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, 2023

Foundation unearned revenues as of June 30, 2022		\$	963,493
(Amounts received from Foundation in prior fiscal year for current fiscal year)			
Amounts unspent as of June 30, 2023		\$	33,493 (33,493)
Foundation donations to District for the fiscal year ended June 30, 2023			
Total foundation donations received by District during the current fiscal year	\$	<u>855,000</u>	
Allocation of donations received in current fiscal year:			
Donations received for current fiscal year		-	15,000
Donations received in current fiscal year for the next fiscal year		<u>840,000</u>	<u>-</u>
Foundation revenues recognized for fiscal year ended June 30, 2023			945,000
Total Foundation unearned revenues as of June 30, 2023		<u>\$</u>	<u>873,493</u>
Expenditure of Foundation donations within the Community Contributions Fund:			
Teacher and Aide Salaries and Wages			<u>945,000</u>
Total Foundation expenditures			<u>945,000</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.

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STATISTICAL SECTION

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

	2019	2020	2021	2022	2023
ASSETS:					
Cash	\$ 39,085,598	\$ 22,065,490	\$ 37,400,795	\$ 30,345,423	\$ 24,299,532
Interfund Receivables	-	1,096,187			4,672,138
Receivables:					
Taxes	1,460,419	1,650,986	1,633,053	1,967,500	2,258,438
Accounts	429,185	361,304	1,207,037	686,345	933,674
Leases Receivable	-	-	-	913,472	772,918
Intergovernmental Loan	-	-	-	-	-
Accrued Interest	1,379	1,440	279	612	44,730
Prepays	58,913	55,690	21,070	21,154	23,271
Inventories	46,127	46,565	47,727	40,747	27,815
Total Assets	<u>\$ 41,081,621</u>	<u>\$ 25,277,662</u>	<u>\$ 40,309,961</u>	<u>\$ 33,975,253</u>	<u>\$ 33,032,516</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES:					
LIABILITIES:					
Interfund Payables	\$ 14,329,854	\$ -	\$ 9,037,935	\$ 4,167,143	\$ -
Intergovernmental Payable	471,830	531,262	577,083	631,869	589,290
Accrued Payroll and Benefits Payable	5,634,727	7,399,904	7,463,086	7,003,058	10,972,593
Accounts and Retainage Payable	1,631,226	1,066,372	910,393	1,630,159	1,842,362
Unearned Revenue	5,467	5,467	8,500	14,935	3,305
Total Liabilities	<u>22,073,104</u>	<u>9,003,005</u>	<u>17,996,997</u>	<u>13,447,164</u>	<u>13,407,550</u>
DEFERRED INFLOWS OF RESOURCES:					
Unavailable Revenue - Taxes	1,171,772	1,267,742	1,315,824	1,741,724	1,395,954
Unavailable Revenue - Leases	-	-	-	913,472	772,918
Total Deferred Inflows of Resources	<u>1,171,772</u>	<u>1,267,742</u>	<u>1,315,824</u>	<u>2,655,196</u>	<u>2,168,872</u>
FUND BALANCES:					
Nonspendable Prepays	58,913	55,690	21,070	21,154	23,271
Nonspendable Inventories	46,127	46,565	47,727	40,747	27,815
Unassigned	17,731,705	14,904,660	20,928,343	17,810,992	17,405,008
Total Fund Balances	<u>17,836,745</u>	<u>15,006,915</u>	<u>20,997,140</u>	<u>17,872,893</u>	<u>17,456,094</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 41,081,621</u>	<u>\$ 25,277,662</u>	<u>\$ 40,309,961</u>	<u>\$ 33,975,253</u>	<u>\$ 33,032,516</u>

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

	2019	2020	2021	2022	2023
REVENUES:					
Local Sources:					
Taxes	\$ 46,793,066	\$ 49,528,306	\$ 51,654,497	\$ 53,341,698	\$ 56,357,625
Earnings on Investments	1,103,272	736,425	243,581	234,718	1,068,769
Other Local Sources	1,729,728	2,141,262	1,473,098	2,288,496	2,484,286
Intermediate Sources	1,521,795	1,427,287	2,397,017	1,025,585	1,752,567
State Sources	31,782,473	32,963,134	34,448,801	33,466,694	40,601,837
Federal Sources	26,385	-	341	32,953	112,307
Total Revenues	<u>82,956,719</u>	<u>86,796,414</u>	<u>90,217,335</u>	<u>90,390,144</u>	<u>102,377,391</u>
EXPENDITURES:					
Current:					
Instruction	48,080,281	54,279,581	50,674,493	54,277,138	65,757,007
Support Services	26,963,296	28,385,091	26,055,194	30,056,772	34,970,053
Capital Outlay	2,434,511	541,120	464,232	66,623	375,504
Debt Service:					
Principal	1,443,048	2,031,630	2,782,474	3,369,428	1,152,965
Interest and Other Changes	2,938,290	3,332,930	2,404,613	2,194,262	335,564
Total Expenditures	<u>81,859,426</u>	<u>88,570,352</u>	<u>82,381,006</u>	<u>89,964,223</u>	<u>102,591,093</u>
Excess (Deficiency) of Revenues Over Expenditures	1,097,293	(1,773,938)	7,836,329	425,921	(213,702)
OTHER FINANCING SOURCES (USES):					
Issuance of Long-term Debt	-	-	-	-	279,665
Compensation for Loss of Capital Assets	25,008	6,000	51,128	4,939	2,210
Transfers Out	(277,906)	(1,062,330)	(1,898,394)	(3,548,127)	(472,040)
Total Other Financing Sources (Uses)	<u>(252,898)</u>	<u>(1,056,330)</u>	<u>(1,847,266)</u>	<u>(3,543,188)</u>	<u>(190,165)</u>
Excess (Deficiency) of Revenues Over Expenditures and Other Uses	844,395	(2,830,268)	5,989,063	(3,117,267)	(403,867)
Increase (Decrease) in Inventories	(17,619)	438	1,162	(6,980)	(12,932)
FUND BALANCE, Beginning of Year	<u>17,009,969</u>	<u>17,836,745</u>	<u>15,006,915</u>	<u>20,997,140</u>	<u>17,872,893</u>
FUND BALANCE, End of Year	<u>\$ 17,836,745</u>	<u>\$ 15,006,915</u>	<u>\$ 20,997,140</u>	<u>\$ 17,872,893</u>	<u>\$ 17,456,094</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 AND 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
2023	\$ 9,998,470,930	\$ 611,281,029	\$ 9,387,189,901	\$ 18,568,078,948	\$ 1,476,162,276	\$ 342,880,000	\$ 1,133,282,276
2022	9,567,135,914	529,014,165	9,038,121,749	15,843,517,666	1,259,559,654	353,590,000	905,969,654
2021	9,197,875,222	492,444,752	8,705,430,470	14,606,359,951	1,161,205,616	209,260,000	951,945,616
2020	8,800,664,316	444,788,050	8,355,876,266	14,030,801,580	1,115,448,726	216,705,000	898,743,726
2019	8,401,180,889	363,345,168	8,037,835,721	13,279,078,936	1,055,686,775	197,580,000	858,106,775
2018	8,073,333,002	341,948,946	7,731,384,056	12,294,192,730	977,388,322	204,605,000	772,783,322
2017	7,749,618,202	321,226,290	7,428,391,912	11,480,485,565	912,698,602	52,150,000	860,548,602
2016	7,405,781,328	278,792,794	7,126,988,534	10,126,271,085	805,038,551	56,120,000	748,918,551
2015	7,072,810,033	249,508,529	6,823,301,504	9,232,430,532	733,978,227	59,705,000	674,273,227
2014	6,757,280,255	231,544,977	6,525,735,278	8,243,485,395	655,357,089	62,940,000	592,417,089

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 AND GO BOND CAPACITY BY
COUNTY LAST TEN FISCAL YEARS**

Clackamas County

Fiscal Year	Total Assessed Valuation	Urban Renewal Excess	AV Used to Calculate Rates	M5 Real Market Value
2023	\$ 9,883,889,244	\$ 611,281,029	\$ 9,272,608,215	\$ 18,349,589,825
2022	9,456,450,858	529,014,165	8,927,436,693	15,653,013,241
2021	9,089,878,516	496,444,752	8,593,433,764	14,425,693,560
2020	8,697,516,880	444,788,050	8,252,728,830	13,856,453,814
2019	8,302,927,751	363,345,168	7,939,582,583	13,119,299,528
2018	7,978,043,715	341,948,946	7,636,094,769	12,143,029,494
2017	7,653,043,997	321,226,290	7,331,817,707	11,342,009,758
2016	7,317,397,618	278,792,794	7,038,604,824	10,005,026,423
2015	6,986,692,619	249,508,529	6,737,184,090	9,119,190,699
2014	6,679,937,831	231,544,977	6,448,392,854	8,141,797,928

Washington County

Fiscal Year	Total Assessed Valuation	Urban Renewal Excess	AV Used to Calculate Rates	M5 Real Market Value
2023	\$ 84,985,706	\$ -	\$ 84,985,706	\$ 167,371,013
2022	81,999,656	-	81,999,656	144,399,215
2021	80,196,196	-	80,196,196	139,225,711
2020	76,097,556	-	76,097,556	132,650,626
2019	71,982,468	-	71,982,468	118,076,278
2018	69,810,067	-	69,810,067	111,731,056
2017	71,944,655	-	71,944,655	103,381,587
2016	64,423,540	-	64,423,540	87,680,802
2015	62,914,114	-	62,914,114	83,484,253
2014	54,760,564	-	54,760,564	73,988,097

Multnomah County

Fiscal Year	Total Assessed Valuation	Urban Renewal Excess	AV Used to Calculate Rates	M5 Real Market Value
2023	\$ 29,595,980	\$ -	\$ 29,595,980	\$ 51,118,110
2022	28,685,400	-	28,685,400	46,105,210
2021	27,800,510	-	27,800,510	41,440,680
2020	27,049,880	-	27,049,880	41,697,140
2019	26,270,670	-	26,270,670	41,703,130
2018	25,479,220	-	25,479,220	39,432,180
2017	24,629,550	-	24,629,550	35,094,220
2016	23,960,170	-	23,960,170	33,563,860
2015	23,203,300	-	23,203,300	29,755,580
2014	22,581,860	-	22,581,860	27,699,370

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, 2023

Real Market Value	\$	18,568,078,948
Estimated Population		46,701
Per Capita Real Market Value	\$	397,595

Debt Information	Gross		Net	
	Overlapping		Overlapping	
	Debt ¹		Debt ²	
District	\$	382,387,657	\$	382,387,657
Overlapping		302,648,994		181,248,368
Total Direct Debt	\$	685,036,651	\$	563,636,025

Bonded Debt Ratios

District Direct Debt to Real Market Value		2.06%		2.06%
Total Direct Debt to Real Market Value		3.69%		3.04%
Per Capita District Direct Debt	\$	8,188	\$	8,188
Per Capita Total Direct Debt	\$	14,669	\$	12,069

(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, 2023

Fiscal Year 2023 Tax Code Area 007-021*

	Permanent Rate	Bond Levy Rate	Local Option Rate	Levy Rate
General Government				
City of Lake Oswego inside LOSD Boundary	\$ 4.6240	\$ 0.1801	\$ 0.0000	\$ 4.8041
Urban Renewal City of Lake Oswego	1.1116	0.0000	0.0000	1.1116
Clackamas County	2.2349	0.0000	0.3680	2.6029
Urban Renewal Clackamas County	0.0079	0.0000	0.0000	0.0079
Clackamas County 4-H Extension	0.0463	0.0000	0.0000	0.0463
Clackamas County Public Library	0.3672	0.0000	0.0000	0.3672
Clackamas County Public Safety Radio	0.0000	0.0848	0.0000	0.0848
Clackamas County Soil Conservation	0.0463	0.0000	0.0000	0.0463
Lake Grove Park	0.0403	0.0000	0.0000	0.0403
Port of Portland	0.0652	0.0000	0.0000	0.0652
Metro	0.0895	0.3577	0.0960	0.5432
Vector Control	0.0062	0.0000	0.0250	0.0312
Total General Government	\$ 8.6394	\$ 0.6226	\$ 0.4890	\$ 9.7510
Education				
Portland Community College District	\$ 0.2639	\$ 0.3702	\$ 0.0000	\$ 0.6341
Clackamas Educational Service District	0.3407	0.0000	0.0000	0.3407
Lake Oswego School District	4.1592	2.7120	1.6400	8.5112
Total Education	\$ 4.7638	\$ 3.0822	\$ 1.6400	\$ 9.4860
Total Tax Rate	\$ 13.4032	\$ 3.7048	\$ 2.1290	\$ 19.2370

*Actual rates levied for Tax Code Area 007-021, the largest Tax Code area in the District, have an Assessed Value of \$4.27 billion for the 2022 Tax Year (fiscal year 2022-23).

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, 2023

<u>Taxpayer</u>	<u>Business/Service</u>	<u>Tax</u>	<u>Assessed Value</u>	<u>Percent of Value</u>
Portland General Electric	Electrical Utility	\$ 15,812,741	\$ 1,123,263,000	1.84%
General Growth Properties Inc.	Town Center Mall	5,410,121	300,922,103	0.49%
Fred Meyer Stores Inc	Retail	4,916,590	275,556,820	0.45%
PCC Structurals Inc	Manufacturing/ Aerospace	4,822,055	281,316,053	0.46%
Northwest Natural Gas Co	Natural Gas Utility	4,703,575	291,459,000	0.48%
Shorenstein Properties LLC	Kruse Way Office Buildings	4,591,958	239,741,691	0.39%
ROIC Oregon LLC	Property Investments/Mgmt.	1,762,153	94,174,515	0.15%
Comcast Corporation	Telecommunications	1,654,982	95,565,000	0.16%
Meadows Road LLC	Kruse Way Office Buildings	1,514,284	78,722,967	0.13%
HS Mercantile Village Venture LLC	Kruse Way Office Buildings	<u>1,490,691</u>	<u>77,628,406</u>	<u>0.13%</u>
Subtotal - ten of County's largest taxpayers		46,679,150	2,858,349,555	4.69%
All other County's taxpayers			<u>58,068,965,362</u>	<u>95.31%</u>
Total County			<u>\$ 60,927,314,917</u>	<u>100.00%</u>

Source: Clackamas County Department of Assessment and Taxation.

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

Fiscal Year	2021	2022	2023	2024
Extended ADMw:	Final	Final	Latest Estimate	Latest Estimate
Current Fiscal Year Estimated ADMw (non-charter)	7,563.7	7,661.8	7,640.6	7,623.0
Prior Fiscal Year Estimated ADMw (non-charter)	7,883.2	7,535.4	7,661.8	7,640.6
Non-Charter Extended ADMw (greater of Current or Prior Year)	7,883.2	7,661.8	7,661.8	7,640.6
Current Fiscal Year Estimated ADMw (total charter schools)	28.3	20.2	24.5	0.0
Prior Fiscal Year Estimated ADMw (total charter schools)	16.6	28.3	20.2	24.5
Charter Extended ADMw (greater of Current or Prior Year for each school)	28.3	28.3	24.5	24.5
Total Extended ADMw (Non-Charter plus Charter)	7,911.5	7,681.99	7,681.99	7,665.1
Experience Adjustment:				
District Average Teacher Experience	12.88	13.53	13.53	13.53
State Average Teacher Experience	12.30	11.90	11.90	11.90
Experience Adjustment (District and State Teacher Experience Difference)	0.58	1.63	1.63	1.63
Local Revenue Offsets:				
Property Taxes	\$ 37,828,531	\$ 39,003,196	\$ 40,500,000	\$ 41,800,000
Common School Fund	755,013	811,544	906,765	919,969
County School Fund	2,172	21,336	1,000	1,000
Total Local Revenue Offsets	38,585,716	39,836,076	41,407,765	42,720,969
Transportation Grant:				
Net Eligible Transportation Costs	2,691,376	3,368,215	4,400,000	4,900,000
Grant (70% of Net Eligible Transportation Costs)	1,883,963	2,357,751	3,080,000	3,430,000
General Purpose Grant:				
(Extended ADMw x [\$4,500 + (\$25 x Experience Adjust.)]) x Funding Ratio =	69,373,654	71,048,161	74,400,512	77,583,444
Total Formula Revenue:				
General Purpose Grant + Transportation Grant =	71,257,617	73,405,911	77,480,512	81,013,444
State School Fund Grant:				
Total Formula Revenue - Local Revenue =	\$ 32,671,901	\$ 33,569,835	\$ 36,072,748	\$ 38,292,475

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, 2023

GENERAL FUND

TAX YEAR	ORIGINAL LEVY OR BALANCE UNCOLLECTED June 30, 2022	DEDUCT DISCOUNTS	ADJUSTMENTS TO ROLLS	ADD INTEREST	CASH COLLECTIONS BY COUNTY TREASURER	BALANCE UNCOLLECTED OR UNSEGREGATED June 30, 2023
Current:						
2022-23	\$ 57,614,749	\$ 1,516,518	\$ (99,973)	\$ 15,801	\$ 55,171,183	\$ 842,876
Prior Years						
2021-22	1,092,598	9,162	(79,008)	32,159	697,576	339,011
2020-21	390,214	2,121	(30,949)	25,225	218,927	163,441
2019-20	210,834	2,082	(6,577)	24,069	164,934	61,309
2018-19	48,644	(99)	(5,112)	11,606	35,690	19,546
2017-18	18,901	(26)	(1,035)	2,980	7,393	13,479
2016-17	12,429	-	(451)	1,754	4,297	9,436
2015-16 & Prior	59,382	-	(8,397)	5,486	10,114	46,357
Total Prior	1,833,001	13,240	(131,529)	103,279	1,138,931	652,580
Total	\$ 59,447,750	\$ 1,529,757	\$ (231,502)	\$ 119,080	\$ 56,310,114	\$ 1,495,456

RECONCILIATIONS TO ASSETS:

Balance Uncollected by County Treasurer Above	\$ 1,495,456
Accrual of Taxes Received in June by County Treasurer but in July by District:	762,982
Total Taxes Recivable on the Modified Accrual Basis	<u>\$ 2,258,438</u>

RECONCILIATIONS TO REVENUE:

Cash Collections by County Treasurer Above	\$ 56,310,114
Accrual of Available Taxes Receivable:	
June 30, 2022	(165,650)
June 30, 2023	99,502
Taxes in Lieu of Property Taxes	113,659
Total Tax Revenues on the Modified Accrual Basis	<u>\$ 56,357,625</u>

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

LAKE OSWEGO SCHOOL DISTRICT NO. 7J
CLACKAMAS COUNTY, OREGON
SCHEDULE OF PROPERTY TAX COLLECTIONS & OUTSTANDING BALANCES
FOR THE YEAR ENDED JUNE 30, 2023

DEBT SERVICE FUND

TAX YEAR	ORIGINAL LEVY OR BALANCE UNCOLLECTED June 30, 2022	DEDUCT DISCOUNTS	ADJUSTMENTS TO ROLLS	ADD INTEREST	CASH COLLECTIONS BY COUNTY TREASURER	BALANCE UNCOLLECTED OR UNSEGREGATED June 30, 2023
Current:						
2022-23	\$ 27,576,785	\$ 725,801	\$ (47,622)	\$ 7,568	\$ 26,407,114	\$ 403,817
Prior Years						
2021-22	360,825	3,022	(26,055)	10,611	230,147	112,212
2020-21	130,785	710	(10,359)	8,449	73,324	54,841
2019-20	70,754	698	(2,199)	8,068	55,281	20,644
2018-19	17,291	(35)	(1,805)	4,113	12,654	6,980
2017-18	6,802	(9)	(372)	1,071	2,657	4,853
2016-14	2,032	-	(73)	286	701	1,544
2015-16 & Prior	11,409	-	(1,620)	1,083	1,954	8,917
Total Prior	599,898	4,385	(42,484)	33,680	376,719	209,990
Total	\$ 28,176,683	\$ 730,186	\$ (90,106)	\$ 41,248	\$ 26,783,833	\$ 613,806

RECONCILIATIONS TO ASSETS:

Balance Uncollected by County Treasurer Above	\$ 613,806
Accrual of taxes received in June by County Treasurer but in July by District:	315,205
Total Taxes Receivable on the Modified Accrual Basis	\$ 929,011

RECONCILIATIONS TO REVENUE:

Cash Collections by County Treasurer Above	\$ 26,783,833
Accrual of Available Taxes Receivable:	
June 30, 2022	(30,929)
June 30, 2023	42,594
Taxes in Lieu of Property Taxes	52,216
Total Tax Revenues on the Modified Accrual Basis	\$ 26,847,714

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

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

	Original Adopted <u>2021-22 Budget</u>	Original Adopted <u>2022-23 Budget</u>	Original Adopted <u>2023-24 Budget</u>
Revenues & Beginning Fund Balance			
1000 From Local Sources	\$ 54,630,000	\$ 57,170,000	\$ 60,665,000
2000 From Intermediate Sources	1,605,000	1,655,000	1,905,000
3000 From State Sources	35,590,000	35,150,000	39,150,000
4000 From Federal Sources	15,000	15,000	20,000
5000 From Other Sources	<u>15,010,001</u>	<u>18,260,001</u>	<u>16,010,001</u>
Total Revenues	<u>\$ 106,850,001</u>	<u>\$ 112,250,001</u>	<u>\$ 117,750,001</u>
Expenditures & Ending Fund Balance-Function (1):			
1000 Instruction	\$ 57,550,000	\$ 62,350,000	\$ 67,750,000
2000 Support Services	30,250,000	32,700,000	35,800,000
4000 Facilities Acquisition & Const.	1	1	1
5100 Debt Service	6,050,000	1,500,000	1,500,000
5200 Interfund Transactions	625,000	625,000	255,000
6000 Contingency	2,000,000	2,000,000	2,000,000
7000 Unappropriated Ending	<u>10,375,000</u>	<u>13,075,000</u>	<u>10,445,000</u>
Total Expenditures	<u>\$ 106,850,001</u>	<u>\$ 112,250,001</u>	<u>\$ 117,750,001</u>
Expenditures & Ending Fund Balance-Object:			
100 Salaries & Wages	\$ 46,852,326	\$ 48,642,764	\$ 56,164,492
200 Associated Payroll Costs	27,354,690	31,079,179	32,086,853
300 Purchased Services	11,001,137	11,285,261	12,153,883
400 Materials and Supplies	1,944,498	3,307,997	2,243,544
500 Capital Outlay	46,000	16,000	16,800
600 Other Objects	6,651,350	2,218,800	2,384,429
700 Interfund Transactions	625,000	625,000	255,000
800 Planned Reserve	<u>12,375,000</u>	<u>15,075,000</u>	<u>12,445,000</u>
Total Expenditures	<u>\$ 106,850,001</u>	<u>\$ 112,250,001</u>	<u>\$ 117,750,001</u>

(1) Appropriation levels.

Source: District Budgets.

COMPLIANCE SECTION



GROVE, MUELLER & SWANK

redw
Advisors & CPAs

***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 the 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, 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated March 28, 2024.

Report on Internal Control over Financial Reporting

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

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

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

Report on Compliance and Other Matters

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

Purpose of This Report

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

REDW LLC

Salem, Oregon

March 28, 2024



GROVE, MUELLER & SWANK

redw
Advisors & CPAs

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

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

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Lake Oswego School District No. 7J (the District)'s compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended June 30, 2023. The District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, Lake Oswego School District No. 7J complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2023.

Basis for Opinion on Each Major Federal Program

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

We are required to be independent of Lake Oswego School District No. 7J and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the District's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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

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

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

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

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

Report on Internal Control over Compliance

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

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

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

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

REDW LLC

Salem, Oregon
March 28, 2024

LAKE OSWEGO SCHOOL DISTRICT NO. 7J
CLACKAMAS COUNTY, OREGON
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2023

<u>Source/Grant Title</u>	<u>Assistance Listing Number</u>	<u>Pass-Through Entity Identifying Number</u>	<u>Expenditures</u>
U.S. DEPARTMENT OF EDUCATION:			
Passed Through Oregon Department of Education:			
Title IA	84.010	72545	\$ 175,677
Subtotal Title IA Grants to Local Educational Agencies			<u>175,677</u>
Special Education Cluster (IDEA):			
IDEA Part B, Section 611	84.027	74058	1,160,682
COVID-19 IDEA Part B, Section 611 - ARP	84.027	68413	135,899
IDEA Part B, Section 611	84.027	75337	57,811
Subtotal Special Education Cluster (IDEA)			<u>1,354,392</u>
Title III - English Language Acquisition	84.365	58481	3,770
Title III - English Language Acquisition	84.365	67142	15,928
Subtotal Title III - English Language Acquisition			<u>19,698</u>
Title IV - Student Support and Academic Enrichment	84.424	72939	13,590
Subtotal Title IV - Student Support and Academic Enrichment			<u>13,590</u>
Supporting Effective Instruction State Grants	84.367	72742	78,942
Subtotal Supporting Effective Instruction State Grants			<u>78,942</u>
Passed Through Clackamas Education Service District:			
Career and Technical Education - Basic Grants to States	84.048	N/A	43,942
Subtotal Career and Technical Education - Basic Grants to States			<u>43,942</u>
Passed Through Oregon Institute of Technology:			
COVID-19 - Governor's Emergency Education Relief (GEER) Fund	84.425	STM454 FCN-003	2,212
Subtotal Education Stabilization Fund			<u>2,212</u>
TOTAL U.S. DEPARTMENT OF EDUCATION			<u>1,688,453</u>
U.S. DEPARTMENT OF AGRICULTURE:			
Passed Through Oregon Department of Education:			
Child Nutrition Cluster:			
School Breakfast Program	10.553	N/A	37,645
National School Lunch Program	10.555	N/A	414,268
National School Lunch Program - Supply Chain Assistance	10.555	N/A	125,281
National School Lunch Program - Commodities	10.555	N/A	133,582
Subtotal Child Nutrition Cluster			<u>710,776</u>
Passed Through Clackamas County:			
Forest Service Schools and Roads Cluster	10.665	N/A	112,307
Subtotal Forest Service Schools and Roads Cluster			<u>112,307</u>
TOTAL U.S. DEPARTMENT OF AGRICULTURE			<u>823,083</u>
TOTAL FEDERAL ASSISTANCE			<u>\$ 2,511,536</u>

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, 2023

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, 2023. 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, 2023.

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, 2023

SUMMARY OF AUDITOR'S RESULTS

Financial Statements

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

Federal Awards

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

Identification of major federal programs:

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

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, 2023

PRIOR YEAR FINANCIAL STATEMENT FINDINGS

None.

PRIOR YEAR FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

None.



GROVE, MUELLER & SWANK

redw
Advisors & CPAs

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, 2023, and have issued our report thereon dated March 28, 2024.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules 162-10-000 through 162-10-320 of the Minimum Standards for Audits of Oregon Municipal Corporations, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion.

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

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

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

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

Internal Control

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

Restriction on Use

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

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