

***LAKE OSWEGO SCHOOL  
DISTRICT NO. 7J  
CLACKAMAS COUNTY, OREGON  
FINANCIAL REPORT  
For the Fiscal Year Ended June 30, 2025***

*Prepared by:*  
Business Services Department  
\* \* \* \* \*

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Assistant Superintendent of Business Services  
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Director of Business Services  
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Senior Accountant

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**LAKE OSWEGO SCHOOL DISTRICT NO. 7J**  
**CLACKAMAS COUNTY, OREGON**  
*June 30, 2025*

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***BOARD OF DIRECTORS***

<u><i>Name</i></u>	<u><i>Title</i></u>	<u><i>Term Expires</i></u>
John Wallin	Chair	June 30, 2027
Liz Hartman	Vice Chair	June 30, 2025
Kirsten Aird	Member	June 30, 2027
Brian Bills	Member	June 30, 2025
Neelam Gupta	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

**LAKE OSWEGO SCHOOL DISTRICT NO. 7J**  
**CLACKAMAS COUNTY, OREGON**  
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**CLACKAMAS COUNTY, OREGON**  
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## Independent Auditor's Report

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

### Report on the Audit of the Financial Statements

#### *Opinions*

We have audited the financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Lake Oswego School District 7J, Clackamas County, Oregon (the "District"), as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the District as of June 30, 2025, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### *Basis for Opinions*

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards* (GAS), 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 issuance date, including any currently known information that may raise substantial doubt shortly thereafter.

### ***Auditor's Responsibilities for the Audit of the Financial Statements***

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

In performing an audit in accordance with GAAS and GAS, 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. The 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 the schedule of expenditures of federal awards 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* are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The 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. The 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 basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic 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 January 29, 2026, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of 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 January 29, 2026, 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  
January 29, 2026

**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, 2025.

**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 \$26,940,542 at June 30, 2025. Of this amount, \$102,551,788 is invested in capital assets, net of related debt, \$3,677,077 is restricted for to the payment of the District's general obligation and pension bonded debt, \$1,653,072 is restricted for OPEB assets, and the remainder, (\$80,941,395) 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 \$10,788,334 from the prior year's balance, due primarily to increases in its Net Investment in Capital Assets from ongoing capital improvements funded by bond measures, an increase in deferred outflows related to pensions, and an improvement in state resources.
- At June 30, 2025, the District's governmental funds reported combined ending fund balances of \$93,301,616. This substantial balance is due primarily to the unexpended portion of \$180 million of general obligation bond proceeds received following approval by District voters of a bond measure 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, 2025, the General Fund had an unassigned fund balance of \$5,507,090, a decrease of \$6.9 million from the prior year's unassigned fund balance of \$12,404,453. This decrease was due to higher staffing levels and increases in staff compensation and other costs. Additional information can be found in the Economic Factors and Next Year's Budget discussion near the end of this analysis.

**Overview of the Financial Statements**

This discussion and analysis is intended to serve as an introduction to the Lake Oswego School District's basic financial statements. The basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains required and other supplementary information in addition to the basic financial statements themselves.

**Government-Wide Financial Statements** are designed to provide readers with a broad overview of the District's finances in a manner similar to a private-sector business.

- The *statement of net position* presents information on all of the District's total assets and deferred outflows and total liabilities and deferred inflows with the difference between the two reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.
- The *statement of activities* presents information showing how the District's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes, and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). As is typical for a school district, the District has governmental activities, which include instruction, support services, enterprise and community services, facilities, depreciation and amortization, and interest and other charges. The District established an internal service fund as of June 30, 2024.

The government-wide financial statements can be found on pages 14 - 15 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.

**Proprietary funds** The District maintains one proprietary fund type (internal service fund). The internal service fund is an accounting device used to accumulate and allocate costs internally among the District's various functions. The District uses its internal service funds to account for insurance claims and premiums and copier capital equipment acquisitions. Because these services benefit governmental rather than business-type functions, they have been included in the government-wide financial statements.

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 16 - 19 of this report. Financial statements for the self-insurance internal service fund are at pages 20 - 22.

**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 23 - 59 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 \$26,940,542 at the close of the most recent fiscal year. A condensed Statement of Net Position for the current and prior fiscal year-end is as follows:

### Condensed Statement of Net Position

	<b>Statements of Net Position</b>	
	<b>June 30,</b>	
	<u>2025</u>	<u>2024</u>
<b>Assets</b>		
Current and Other Assets	\$ 122,407,916	\$ 149,208,710
Net Capital Assets	<u>408,649,012</u>	<u>360,809,891</u>
Total Assets	<u>531,056,928</u>	<u>510,018,601</u>
<b>Deferred Outflows of Resources</b>	<u>36,678,654</u>	<u>22,347,967</u>
<b>Total Assets and Deferred Outflows of Resources</b>	<u>567,735,582</u>	<u>532,366,568</u>
<b>Liabilities</b>		
Other Liabilities	28,483,820	26,934,335
Long-Term Debt	399,329,692	392,127,271
Pension and OPEB Liabilities	<u>97,714,804</u>	<u>77,490,957</u>
Total Liabilities	<u>525,528,316</u>	<u>496,552,563</u>
<b>Deferred Inflows of Resources</b>	<u>15,266,724</u>	<u>17,146,715</u>
<b>Total Liabilities and Deferred Inflows of Resources</b>	<u>540,795,040</u>	<u>513,699,278</u>
<b>Net Position</b>		
Net Investment in Capital Assets	102,551,788	86,271,477
Restricted	5,330,149	4,011,559
Unrestricted	<u>(80,941,395)</u>	<u>(71,615,746)</u>
<b>Total Net Position</b>	<u>\$ 26,940,542</u>	<u>\$ 18,667,290</u>

Current and other assets decreased due to the planned spend down for capital improvements funded by the \$180 million in bond sale proceeds received from the voter approved November 2021 bond measure for facility improvements. Net capital assets have increased due primarily to the capital improvements being funded from that 2021 bond measure. Other liabilities increased due primarily to increases in compensated absences for estimated sick leave liabilities now recorded under GASBS No. 101. Long-term debt obligations have increased by \$7.2 million due the receipt of \$29.2 million in proceeds from the sale of the final tranche of the 2021 bond measure, offset by normal annual principal payments and amortization of premiums. Pension and OPEB liabilities increased due to pension plan results through June 30, 2024 under GASBS No. 68 and District OPEB results through June 30, 2025 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.

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. Due primarily to an increase in the District's capital investments, an increase in the deferred outflows related to PERS Pensions, continued strong state and property tax revenue and strong investment earnings, the net position of the District increased by \$10,788,334 during the current fiscal year.

At the end of the current fiscal year, the District's net position - unrestricted shows a deficit balance of (\$80,938,395). 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, 2025 and 2024.

	2025		2024	
<b>Revenues</b>				
Program Revenues				
Charges for Services	\$ 8,737,191	5.10%	\$ 7,688,669	4.98%
Grants and Contributions	19,824,256	11.58%	14,187,693	9.18%
Total Program Revenues	<u>28,561,447</u>	<u>16.68%</u>	<u>21,876,362</u>	<u>14.16%</u>
General Revenues				
Property Taxes	89,358,247	52.17%	86,637,264	56.07%
State Revenue Sharing	44,418,147	25.93%	41,381,781	26.78%
Other Federal, State and Local Sources	2,149,655	1.26%	2,044,172	1.32%
Investment Earnings	6,685,576	3.90%	9,571,709	6.19%
Gain (Loss) on Disposal of Capital Assets	108,800	0.06%	(6,982,158)	-4.52%
Total General Revenues	<u>142,720,425</u>	<u>83.32%</u>	<u>132,652,768</u>	<u>85.84%</u>
Total Revenues	<u>171,281,872</u>	<u>100.00%</u>	<u>154,529,130</u>	<u>100.00%</u>
<b>Expenses</b>				
Instruction	87,762,570	54.68%	77,979,604	53.44%
Support Services	40,861,187	25.46%	40,322,782	27.63%
Community Services	7,350,761	4.58%	4,107,708	2.81%
Facilities	208,377	0.13%	146,377	0.10%
Depreciation and Amortization	10,344,668	6.45%	8,828,122	6.05%
Interest and Other Charges	13,965,975	8.70%	14,541,233	9.96%
Total Expenses	<u>160,493,538</u>	<u>100.00%</u>	<u>145,925,826</u>	<u>100.00%</u>
Change in Net Position	10,788,334		8,603,304	
Capital Contribution from Component Unit	-		1,004,715	
Net Position - Beginning (As Originally Reported)	18,667,290		9,059,271	
Restatement for Change in Accounting Principle	(2,515,082)		-	
Net Position - Beginning (Restated)	16,152,208		9,059,271	
<b>Net Position - Ending</b>	<u><b>\$ 26,940,542</b></u>		<u><b>\$ 18,667,290</b></u>	

**Revenues.** Since the District's mission is to provide a free and appropriate public education for K-12 students within its boundaries, the District may not charge for its core services. Therefore, as expected, general revenues typically provide 80% or more of the funding required for governmental programs. Property taxes and State Revenue Sharing combined account for 94% and 96% of general revenues and 78% and 82% of total revenues for the 2025 and 2024 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 remained strong, continuing a trend that began in 2014. Charges for services are comprised of the following items for which it is appropriate to charge tuition or fees:

	2025	2024
Community services charges for enrichment and pre-kindergarten programs	\$ 1,751,064	\$ 1,630,752
Food services charges not only for lunch and breakfast, but also for catering and contract services	1,508,606	1,433,500
Tuition and fees are charged for participation in various extra-curricular activities and out-of-district students and use of district facilities	<u>5,477,521</u>	<u>4,624,417</u>
Total Charges for Services:	<u><u>\$ 8,737,191</u></u>	<u><u>\$ 7,688,669</u></u>

Charges for services saw normal increases. Grants and contributions represent 11.58% and 9.18% of total revenues for the 2025 and 2024 fiscal years, respectively. Included in this category is \$780,055 and \$890,336 for federal reimbursement and subsidy under the school lunch program for the 2025 and 2024 fiscal years, respectively. Capital grants increased significantly in fiscal year 2025 to \$6,032,391 from \$306,711 in fiscal year 2024 due primarily to the District's receipt of the \$4 million OSCIM grant awarded the District following voter approval of its 2021 bond measure for capital improvements, as well as \$2 million in other capital grants primarily for sustainable energy investments. An electric bus grant from PGE comprises over half of that \$2 million. Other federal, state, and other grants for designated operating programs totaled \$11,726,589 and \$10,451,275, respectively, for fiscal years 2025 and 2024. \$6.95 million of those fiscal year 2025 operating grants revenues were for state Student Investment Account (SIA) funds received under the Student Success Act. The balance of operating grants is comprised primarily of contributions through the Lake Oswego School District Foundation, which was \$945,150 in fiscal year 2025 and \$865,000 in fiscal year 2024, as well as donations from parents and school booster organizations.

Investment earnings have decreased due to lower investment balances and slight reductions 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 54% and 53% of the total expenses of \$160,493,538 and \$145,925,826 for the 2025 and 2024 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> 2025	<u>Net Cost of Services</u> 2025	<u>Total Cost of Services</u> 2024	<u>Net Cost of Services</u> 2024
Instruction	\$ 87,762,570	\$ 73,635,409	\$ 77,979,604	\$ 65,354,426
Support Services	40,861,187	36,524,021	40,322,782	35,443,039
Enterprise and Community Services	7,350,761	3,061,155	4,107,708	105,911
Facilities	208,377	(5,599,137)	146,377	(223,267)
Depreciation and Amortization	10,344,668	10,344,668	8,828,122	8,828,122
Interest and Other Charges	13,965,975	13,965,975	14,541,233	14,541,233
<b>Total</b>	<b><u>\$ 160,493,538</u></b>	<b><u>\$ 131,932,091</u></b>	<b><u>\$ 145,925,826</u></b>	<b><u>\$ 124,049,464</u></b>

Total and net costs of services continued to increase in fiscal years 2025 and 2024, having decreased in fiscal years 2022 and 2021 as a result of the pandemic. Net costs of services for facilities are negative due to facilities capital grants received each year, which went from \$369,644 in fiscal year 2024 to \$5,807,514 due to the \$4 million state OSCIM grant and over \$1 million in a PGE electric bus grant.

### **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, 2025, the District's governmental funds reported combined ending fund balances of \$93,301,616. Additionally, \$615,831 is unspendable inventories and prepaid costs for use by various funds. \$2,358,503 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. \$3,993,162 is restricted for debt service and \$80,302,468 is restricted for capital projects. The remaining \$5,507,090 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 \$5,507,090, a decrease of \$6.9 million from the prior year. This decrease was due primarily to increases in staffing and higher staff compensation and other costs driven by inflation.

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 \$3,993,162 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 \$80,302,468. This fund balance was created primarily with the April 2022 and May 2025 sales of bonds 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 built as part of a joint recreational facility with the City of Lake Oswego that was completed in June 2025, capital improvements funded by the 2017 bond were largely concluded in the fall of 2023. Capital improvements funded by the 2021 bond measure are currently expected to be ongoing into 2026.

### **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 \$1.44 million and exceeded the final budgeted amounts of \$64.165 million by \$519,464. State revenue sources were 101% of final budgeted amounts, having been increased by \$730,000 through a supplemental appropriation due to higher State School Fund revenues. There was a positive variance of \$1.89 million above the final \$4.175 million budgeted for the ending fund balance. Through a budget adjustment, both the beginning and ending budgeted fund balances for fiscal year 2025 were both reduced by \$4 million to more closely align with the actual audited ending fund balance on a budgetary basis for the fiscal year ended June 30, 2024. 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 \$500,000 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 General Fund of \$800,000 from the contingency appropriation category to the support services and interfund transfers appropriation categories of \$500,000 and \$300,000, respectively, and a \$1.5 million transfer in the Capital Projects Funds from contingency to the support services appropriation category to support higher costs than originally budgeted. A supplemental appropriation resolution was approved for a total \$1.1 million increase in the General Fund's Revenues. \$730,000 of the increase was in state resources and \$370,000 was an increase in interest on investments in local sources. All \$1.1 million of these supplemental General Fund resources were appropriated in the instruction services appropriation category. A supplemental appropriation resolution was approved in the Grants Fund for \$170,000 for additional grants revenues of \$120,000 and a required transfer in of \$50,000 from the General Fund. All \$170,000 of this supplemental appropriation was appropriated in the instruction services category expenditures.

### **Capital Asset and Debt Administration**

**Capital assets.** The District's investment in capital assets for its governmental activities as of June 30, 2025, amounts to \$408,649,012, an increase of \$47.8 million from the prior year amount of \$360,809,891 (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 13.26% due to capital improvements funded by the new bond measures approved in May 2017 and November 2021, offset by ongoing regular annual depreciation and amortization.

Capital Assets (Net of Depreciation and Amortization)	Governmental Activities		Percentage Change
	Total School District		
	2025	2024	
Land	\$ 9,297,870	\$ 9,297,870	0.00%
Buildings and Improvements	332,743,444	302,524,210	9.99%
Vehicles and Equipment	12,967,535	12,109,225	7.09%
Intangible Right-to-Use Assets	289,348	300,939	-3.85%
Construction in Progress	53,350,815	36,577,647	45.86%
<b>Total</b>	<b>\$ 408,649,012</b>	<b>\$ 360,809,891</b>	<b>13.26%</b>

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

- Completion of the Lakeview bus barn facility, phase 1 improvements to Palisades Elementary and science labs and other improvements at both high schools, and the City's completion of the City's Lake Oswego Recreation and Aquatics Center, of which the District has a \$16.3 million capital investment.
- Construction in progress is related primarily to the ongoing construction of the replacement Lake Oswego Middle School that is scheduled for completion early in the summer of 2026 and ongoing phase 2 science lab and other 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 \$399,329,692, which does not include its pension or other postemployment benefit liabilities that total \$97,714,804. Of this \$399,329,692, \$386,241,741 is comprised of general obligation debt and pension obligation debt net of unamortized premiums, \$12,807,000 comprises debts backed by the full faith and credit of the District, and \$280,951 is comprised of lease and subscriptions liabilities. The District's total long-term debt increased by \$7.2 million during fiscal year 2025 due to the sale in May 2025 of the final \$27.28 remaining authorization from its 2021 voter approved bond measure, offset by normal scheduled principal payments and amortization of premiums.

	Outstanding Long-Term Debt		Percentage Change
	Total School District		
	2025	2024	
Bonded Debt	\$ 386,241,741	\$ 377,544,390	2.3%
Other Long-Term Debt	13,087,951	14,582,881	-10.3%
<b>Total</b>	<b>\$ 399,329,692</b>	<b>\$ 392,127,271</b>	<b>1.8%</b>

The District's underlying credit rating of outstanding 2017 general obligation debts was downgraded in the spring of 2025 to Aa3 from its earlier Aa2 rating by Moody's Investor Services. S&P Global Ratings also downgraded the District's underlying credit rating to an AA from its earlier AA+ rating for outstanding general obligation bonds issued since 2017. In August 2025, Fitch Ratings affirmed its rating of AA on outstanding general obligation bonds issued in 2022. Moody's, S&P and Fitch also all revised their outlooks to negative.

The District currently has no authorized but unissued debt. District voters approved measure 03-628 at the November 4, 2025 election that, subject to future board action and other steps, authorizes the District to issue up to \$245 million in new general obligation bonds. State statutes limit the amount of general obligation debt a school district may issue based on a formula using a percentage of Real Market Value of all taxable properties within the District. The District's June 30, 2025 general obligation bond debt capacity is \$1.635 billion, calculated as 7.95% of Real Market Value of \$20.6 billion. This limit is significantly in excess of the District's June 30, 2025 outstanding general obligation debt of \$342,580,000. 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. 2023-25 SSF was \$10.2 billion and 2025-27 SSF funding was approved at \$11.3 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 \$2.2 billion; it was approved at \$2.3 billion for the 2025-27 biennium. With that as context, the following additional observations regarding economic factors and the budget for the next year are provided to highlight noteworthy issues:

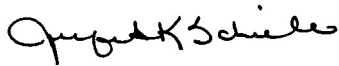
The \$1.1 billion increase to \$11.3 billion in SSF for the 2025-27 biennium was one of if not the largest biennial increase in SSF allocations, but is being offset by a large increase in mandated PERS contribution costs due to higher rates effective July 1, 2025 due to the 2024 PERS plan actuarial valuation results. Due to that large PERS cost increase, as well as funding levels insufficient to support 2024-25 staffing and program levels, the District reduced staffing by 113 FTE at the conclusion of its 2024-25 fiscal year, and implemented other cost reduction measures to reduce estimated 2025-26 operating expenditures by approximately \$11 million. This includes one furlough day, the first the District has utilized as a cost saving measure since fiscal year 2014-15. The District is hopeful no further cost reduction measures will be needed during this current state biennium, but Oregon's Office of Economic Analysis in their recent revenue forecast released November 19, 2025 indicates an approximate \$600 million reduction in projected state resources since their May Close of Session (COS) revenue forecast for the current state biennium, a decline of approximately 1.5% in state resources. Unless future state revenue forecasts show improvement, the potential exists for reductions in state funding that flows to public school districts from either the SSF, SIA or other state grants. The District received \$6.5 million in SIA funds in fiscal year 2024-25 that, along with a carryover from 2023-24 SIA funds, provided \$6.95 million in SIA resources in fiscal year 2024-25. The District is currently scheduled to receive \$6.5 million in SIA funds in fiscal year 2025-26. SSF funding for the District's regular operations is presently estimated to be over \$45.75 million for fiscal year 2026, which, in combination with the aforementioned cost reduction measures, Foundation fund-raising and local-option property tax revenues, should allow the District to end the 2026 fiscal year with no further degradation of its ending fund balance. As discussed more fully below, the District expects General Fund expenditures and revenues to be balanced in fiscal year 2026, barring any reduction in state funding for fiscal year 2025-26.

- In June 2025, the Board adopted the District budget for fiscal year 2025-26. The adopted budget for the General Fund for that period is \$123 million, a decrease of \$4.13 million from the 2024-25 adopted budget. A three year summary of General Fund budgets is included in the Statistical Section of this report. Due to cost reductions, the District expects General Fund expenditures and revenues to be largely in balance for fiscal year 2025-26, and that its June 30, 2026 General Fund ending fund balance will be close to or potentially even slightly above the June 30, 2025 ending budget basis fund balance of \$6.05 million. This is less than the minimum 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 thirteen years from fiscal years 2011 through 2023, the Foundation provided a total of \$16.175 million to the District, plus an additional \$945,150 for fiscal year 2025 and \$865,000 in fiscal year 2024. The Foundation expects to provide approximately \$1.1 million for fiscal year 2026.

- In addition to vital Foundation 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 25 cent rate increase provided an additional \$2 million to fund increased staff, primarily for innovation lab programs and social emotional supports for students. Renewed 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. Due primarily to the rate increase, the revenues generated by this local-option tax were \$16.33 million and \$16.19 million in fiscal years 2025 and 2024, respectively, and are expected to provide approximately \$16.7 million in property tax revenues in fiscal year 2026.
- The District’s licensed staff are represented by the Lake Oswego Education Association (LOEA) and its classified staff by the Lake Oswego School Employees Association (LOSEA) under separate agreements that expire on June 30, 2027. District administration appreciates the shared sacrifice both associations agreed to during negotiations in the summer of 2025 to reduce costs with one furlough day in fiscal year 2025-26.
- 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 below the minimum target require a corrective plan of action for the School Board’s consideration. The General Fund balance at June 30, 2025 is 4.92% of adopted 2025-26 General Fund expenditures and is expected to remain below the minimum 8% target for at least the next several fiscal years. Due to the results of the State's pension plan actuarial valuation for the period ended December 31, 2022, District mandatory pension plan contribution rates will rise by 6% effective July 1, 2025. Absent additional SSF resources, this will constrain the District's operating fund budgets, but administration took bold action in the spring of 2025 to reduce fiscal year 2026 costs by \$11 million and align operating expenditures to closely match or even be slightly below likely operating revenues. Administration is evaluating options, but is moving cautiously due to service 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." A new five year strategic plan is in the early stages of development with a goal of school board adoption in the spring or early summer of 2026.

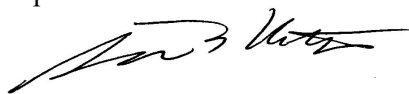
**Requests for Information**

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.




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Dr. Jennifer Schiele  
Superintendent




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Stuart Ketzler, CPA  
Assistant Superintendent of Business Services

***BASIC FINANCIAL STATEMENTS***

**LAKE OSWEGO SCHOOL DISTRICT NO. 7J**  
**CLACKAMAS COUNTY, OREGON**  
**STATEMENT OF NET POSITION**  
**JUNE 30, 2025**

	PRIMARY GOVERNMENT	COMPONENT UNIT
<b>ASSETS:</b>		
Cash and Investments	\$ 112,847,891	\$ 1,145
Intergovernmental Receivables	2,959	-
Property Taxes and Other Receivables	6,763,601	13,874
Long-Term Intergovernmental Loan Receivable	524,562	-
Prepays	538,925	-
Inventories	76,906	-
Capital Assets Not Being Depreciated/Amortized	62,648,685	-
Capital Assets, Net of Accumulated Depreciation/Amortization	346,000,327	-
Net RHIA OPEB Asset	1,653,072	-
Total Assets	<u>531,056,928</u>	<u>15,019</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>		
Deferred Outflows Related to OPEB	1,328,824	-
Deferred Outflows Related to Stipend Pension	168,458	-
Deferred Outflows Related to PERS Pension	35,181,372	-
Total Deferred Outflows of Resources	<u>36,678,654</u>	<u>-</u>
Total Assets and Deferred Outflows of Resources	<u>567,735,582</u>	<u>15,019</u>
<b>LIABILITIES:</b>		
Accounts and Retainage Payable	9,503,007	11,222
Accrued Payroll, Taxes, and Employee Withholdings	12,776,466	-
Intergovernmental Payables	-	2,959
Unearned Revenue	1,417,389	-
Accrued Interest and Matured Coupons Payable	1,268,828	-
Vested Compensated Absences Payable	3,518,130	-
<b>Non-Current Liabilities:</b>		
<b>Due Within One Year</b>		
Leases Payable	90,026	-
Subscription Liability	79,362	-
Intergovernmental Loan Payable	-	55,992
Bonds and Direct Borrowings	21,461,333	-
Stipend Pension Liability	157,480	-
Other Postemployment Benefits Liabilities	856,704	-
<b>Due in More Than One Year</b>		
Subscription Liability	111,563	-
Intergovernmental Loan Payable	-	468,570
Bonds and Direct Borrowings	377,587,408	-
Net Pension Liability	86,147,894	-
Total Stipend Pension Liability	1,362,835	-
Total Other Postemployment Benefits Liability	9,189,891	-
Total Liabilities	<u>525,528,316</u>	<u>538,743</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Deferred Inflows Related to OPEB	2,962,660	-
Deferred Inflows Related to Stipend Pension	820,576	-
Deferred Inflows Related to PERS Pension	10,814,323	-
Deferred Inflows Related to Lease Receivables	669,165	-
Total Deferred Inflows of Resources	<u>15,266,724</u>	<u>-</u>
Total Liabilities and Deferred Inflows of Resources	<u>540,795,040</u>	<u>538,743</u>
<b>NET POSITION:</b>		
Net Investment in Capital Assets	102,551,788	-
Restricted for Debt Service	3,677,077	-
Restricted for RHIA OPEB	1,653,072	-
Unrestricted	(80,941,395)	(523,724)
Total Net Position	<u>\$ 26,940,542</u>	<u>\$ (523,724)</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, 2025**

FUNCTIONS	EXPENSES	CHARGES FOR SERVICES	PROGRAM REVENUES		NET (EXPENSE) REVENUE AND CHANGES IN NET POSITION	
			OPERATING GRANTS AND CONTRIBUTIONS	CAPITAL GRANTS AND CONTRIBUTIONS	PRIMARY GOVERNMENT	COMPONENT UNIT
Governmental Activities:						
Instruction	\$ 87,762,570	\$ 4,268,430	\$ 9,858,731	\$ -	\$ (73,635,409)	\$ -
Support Services	40,861,187	1,209,091	2,903,198	224,877	(36,524,021)	-
Enterprise and Community Services	7,350,761	3,259,670	1,029,936	-	(3,061,155)	-
Facilities Acquisition	208,377	-	-	5,807,514	5,599,137	-
Depreciation and Amortization	10,344,668	-	-	-	(10,344,668)	-
Interest and Other Charges	13,965,975	-	-	-	(13,965,975)	-
Total Governmental Activities - Primary Government	<u>\$ 160,493,538</u>	<u>\$ 8,737,191</u>	<u>\$ 13,791,865</u>	<u>\$ 6,032,391</u>	<u>(131,932,091)</u>	<u>-</u>
Component Unit - Lake Grove Park	<u>\$ 274,182</u>	<u>\$ 33,559</u>	<u>\$ -</u>	<u>\$ -</u>	<u>-</u>	<u>(240,623)</u>
General Revenues						
Taxes:						
Property Taxes, Levied for General Purposes					60,737,734	265,831
Property Taxes, Levied for Debt Service					28,620,513	-
State Revenue Sharing					44,418,147	-
Grants and Contributions Not Restricted to Specific Programs:						
Federal					109,284	-
State, Intermediate, and Local Grants					2,040,371	-
Interest and Investment Earnings					6,685,576	340
Net Gain on Disposal of Capital Assets					108,800	-
Total General Revenues					<u>142,720,425</u>	<u>266,171</u>
Changes in Net Position					10,788,334	25,548
Net Position - Beginning as Originally Reported					18,667,290	(549,272)
Restatement of Compensated Absences Payable for Implementation of GASB Statement No. 101					(2,515,082)	-
Net Position - Beginning as Restated					<u>16,152,208</u>	<u>(549,272)</u>
Net Position - Ending					<u>\$ 26,940,542</u>	<u>\$ (523,724)</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, 2025**

	GENERAL	SPECIAL REVENUE GRANTS FUND
<b>ASSETS:</b>		
Cash and Investments	\$ 25,432,735	\$ 500
Interfund Receivables	-	-
Intergovernmental Receivable	2,959	-
Receivables:		
Intergovernmental Loan Receivable	524,562	-
Taxes	2,554,970	-
Accounts	851,495	174,023
Leases Receivable	669,165	-
Accrued Interest	23,509	-
Prepays	24,585	-
Inventories	34,272	-
<b>Total Assets</b>	<b>\$ 30,118,252</b>	<b>\$ 174,523</b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES:</b>		
<b>Liabilities</b>		
Interfund Payables	\$ 8,160,424	\$ 156,223
Accrued Payroll and Benefits Payable	11,191,058	-
Accounts and Retainage Payable	1,908,903	3,820
Unearned Revenue	15,979	14,480
Matured Bond and Coupons Payable	-	-
<b>Total Liabilities</b>	<b>21,276,364</b>	<b>174,523</b>
<b>Deferred Inflows of Resources</b>		
Unavailable Revenue - Property Taxes	2,082,214	-
Unavailable Revenue - Leases Receivable	669,165	-
<b>Total Deferred Inflows of Resources</b>	<b>2,751,379</b>	<b>-</b>
<b>Fund Balances:</b>		
<b>Nonspendable:</b>		
Prepays	24,585	-
Inventories	34,272	-
Loan Receivable	524,562	-
<b>Restricted for:</b>		
Debt Service	-	-
Capital Projects	-	-
<b>Committed to:</b>		
Community Support	-	-
Student Activities	-	-
Unassigned	5,507,090	-
<b>Total Fund Balances</b>	<b>6,090,509</b>	<b>-</b>
<b>Total Liabilities, Deferred Inflows of Resources and Fund Balances</b>	<b>\$ 30,118,252</b>	<b>\$ 174,523</b>

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

DEBT SERVICE		CAPITAL PROJECTS		OTHER NONMAJOR FUNDS		TOTAL GOVERNMENTAL FUNDS	
\$	1,403,289	\$	84,080,262	\$	1,931,105	\$	112,847,891
	2,375,434		2,636,333		1,728,695		6,740,462
	-		-		-		2,959
	-		-		-		524,562
	1,165,657		-		-		3,720,627
	-		450,416		153,008		1,628,942
	-		-		-		669,165
	1,525		658,833		-		683,867
	-		514,340		-		538,925
	-		-		42,634		76,906
<u>\$</u>	<u>4,945,905</u>	<u>\$</u>	<u>88,340,184</u>	<u>\$</u>	<u>3,855,442</u>	<u>\$</u>	<u>127,434,306</u>
\$	-	\$	-	\$	5,467	\$	8,322,114
	-		-		-		11,191,058
	-		7,523,376		61,908		9,498,007
	-		-		1,386,930		1,417,389
	244		-		-		244
	<u>244</u>		<u>7,523,376</u>		<u>1,454,305</u>		<u>30,428,812</u>
	952,499		-		-		3,034,713
	-		-		-		669,165
	<u>952,499</u>		<u>-</u>		<u>-</u>		<u>3,703,878</u>
	-		514,340		-		538,925
	-		-		42,634		76,906
	-		-		-		524,562
	3,993,162		-		-		3,993,162
	-		80,302,468		-		80,302,468
	-		-		428,748		428,748
	-		-		1,929,755		1,929,755
	-		-		-		5,507,090
	<u>3,993,162</u>		<u>80,816,808</u>		<u>2,401,137</u>		<u>93,301,616</u>
<u>\$</u>	<u>4,945,905</u>	<u>\$</u>	<u>88,340,184</u>	<u>\$</u>	<u>3,855,442</u>	<u>\$</u>	<u>127,434,306</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, 2025**

Total Fund Balances - Governmental Funds		\$ 93,301,616
<p>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.</p>		
Net Governmental Activities Capital Assets		408,649,012
<p>Internal service funds established by the District to charge the costs of insurance premiums and claims and rental charges for print services assets to the individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net position.</p>		
		52,244
<p>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.</p>		
Total/Net OPEB asset (liability)	\$ 1,653,072	
Total/Net Stipend and PERS pension asset (liability)	(97,714,804)	
Deferred inflows of resources related to pensions and OPEBs	(14,597,559)	
Deferred outflows of resources related to pensions and OPEBs	<u>36,678,654</u>	
		(73,980,637)
<p>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.</p>		
<p>Long Term Liabilities</p>		
Compensated Absences Payable	(3,518,130)	
Leases and SBITA Payable	(280,951)	
FF & C's Payable	(12,807,000)	
Accrued Interest Payable	(1,268,584)	
PERS Bonds Payable	(12,930,000)	
General Obligation Bonds Payable	<u>(342,580,000)</u>	
		(373,384,665)
Unamortized Premiums on Issuance of Long-Term Debt		(30,731,741)
<p>Unavailable Revenue Related to:</p>		
Property Taxes		<u>3,034,713</u>
Net Position		<u>\$ 26,940,542</u>

*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, 2025**

	<u>GENERAL</u>	<u>SPECIAL REVENUE</u> <u>GRANTS FUND</u>
<b>REVENUES:</b>		
Local Sources:		
Taxes	\$ 60,314,376	\$ -
Earnings on Investments	2,011,881	-
Charges for Services & Other	2,442,326	16,045
Intermediate Grants	2,095,871	185,000
State Grants	44,842,841	9,691,256
Federal Grants	109,284	1,409,311
	<hr/>	<hr/>
Total Revenues	111,816,579	11,301,612
	<hr/>	<hr/>
<b>EXPENDITURES:</b>		
Current:		
Instruction	76,588,002	8,437,869
Support Services	40,187,418	3,071,235
Enterprise and Community Services	-	-
Capital Outlay	212,746	-
Debt Service:		
Principal	1,248,094	-
Interest and Other Charges	277,908	-
	<hr/>	<hr/>
Total Expenditures	118,514,168	11,509,104
	<hr/>	<hr/>
Excess (Deficiency) of Revenues Over Expenditures	(6,697,589)	(207,492)
	<hr/>	<hr/>
<b>OTHER FINANCING SOURCES (USES):</b>		
Issuance of SBITA	159,906	-
Issuance of Long-Term Debt	-	-
Premium on Issuance of Long-Term Debt	-	-
Sale/Compensation For Loss of Capital	-	-
Assets Transfers In	-	207,492
Transfers Out	(436,886)	-
	<hr/>	<hr/>
Total Other Financing Sources, (Uses)	(276,980)	207,492
	<hr/>	<hr/>
Increase (Decrease) in Inventories	-	-
	<hr/>	<hr/>
Net Change in Fund Balance	(6,974,569)	-
	<hr/>	<hr/>
FUND BALANCE, Beginning of Year	13,065,078	-
	<hr/>	<hr/>
FUND BALANCE, End of Year	\$ 6,090,509	\$ -
	<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
\$ 28,395,685	\$ 356,725	\$ -	\$ 89,066,786
551,142	4,122,553	-	6,685,576
6,030,584	1,881,922	6,649,253	17,020,130
-	-	-	2,280,871
-	4,025,000	266,209	58,825,306
-	-	780,055	2,298,650
<u>34,977,411</u>	<u>10,386,200</u>	<u>7,695,517</u>	<u>176,177,319</u>
-	644,625	3,334,346	89,004,842
-	250,458	-	43,509,111
-	-	4,765,257	4,765,257
-	58,052,602	8,422	58,273,770
18,925,000	314,968	-	20,488,062
14,883,708	293,343	-	15,454,959
<u>33,808,708</u>	<u>59,555,996</u>	<u>8,108,025</u>	<u>231,496,001</u>
<u>1,168,703</u>	<u>(49,169,796)</u>	<u>(412,508)</u>	<u>(55,318,682)</u>
-	-	-	159,906
-	27,285,000	-	27,285,000
-	1,929,186	-	1,929,186
-	108,800	-	108,800
-	40,799	138,595	386,886
-	-	-	(436,886)
-	29,363,785	138,595	29,432,892
-	-	2,310	2,310
1,168,703	(19,806,011)	(271,603)	(25,883,480)
2,824,459	100,622,819	2,672,740	119,185,096
<u>\$ 3,993,162</u>	<u>\$ 80,816,808</u>	<u>\$ 2,401,137</u>	<u>\$ 93,301,616</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, 2025*

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Total Net Changes in Fund Balances - Governmental Funds		\$ (25,883,480)
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.		20,096,077
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 repayments exceeds proceeds for lease and subscription liability related repayments:		(29,335,353)
Internal service fund net income (loss) is reported with governmental activities		(134,552)
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 from Governmental Funds	\$ 58,052,449	
Depreciation and Amortization Expense, Net of Internal Service Fund Depreciation	<u>(10,326,533)</u>	
		47,725,916
In the Statement of Activities, pension expense is adjusted based on the actuarially determined contribution changes.		
Net Change in Pension and OPEB liabilities/assets	(20,200,767)	
Net Change in Pension and OPEB deferred outflows of resources	14,330,687	
Net Change in Pension and OPEB deferred inflows of resources	<u>1,909,438</u>	
		(3,960,642)
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.		1,632,182
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>648,186</u>
Change in Net Position of Governmental Activities		<u>\$ 10,788,334</u>

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

**LAKE OSWEGO SCHOOL DISTRICT NO.7J**  
**CLACKAMAS COUNTY, OREGON**  
*STATEMENT OF NET POSITION - PROPRIETARY FUND - INTERNAL SERVICE FUND*  
*JUNE 30, 2025*

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	<u>INTERNAL SERVICE</u>
<b>ASSETS:</b>	
Accounts Receivable	\$ 61,000
Interfund Receivable	1,581,652
Capital Assets, Net of Accumulated Depreciation	<u>113,204</u>
Total Assets	<u>\$ 1,755,856</u>
<b>LIABILITIES:</b>	
Accrued Benefits Payable	\$ 1,585,408
Accounts Payable	<u>5,000</u>
Total Liabilities	<u>1,590,408</u>
<b>NET POSITION:</b>	
Unassigned	<u>165,448</u>
Total Net Position	<u>\$ 165,448</u>

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

**LAKE OSWEGO SCHOOL DISTRICT NO. 7J**  
**CLACKAMAS COUNTY, OREGON**  
**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION**  
**PROPRIETARY FUND - INTERNAL SERVICE FUND**  
**FOR THE YEAR ENDED JUNE 30, 2025**

	<u>INTERNAL SERVICE</u>
OPERATING REVENUES:	
Services Provided Other Funds	\$ 2,009,696
Recovery of Prior Years' Expenditure	<u>378,150</u>
Total Operating Revenues	<u>2,387,846</u>
OPERATING EXPENSES:	
Losses and Claims	441,169
Insurance Premiums and Assessments	2,037,944
Supplies & Materials	25,150
Depreciation	<u>18,135</u>
Total Operating Expenses	<u>2,522,398</u>
OPERATING INCOME (LOSS) BEFORE TRANSFERS	(134,552)
TRANSFERS	
Transfers In	<u>50,000</u>
Total Transfers	<u>50,000</u>
CHANGE IN NET POSITION	(84,552)
NET POSITION, July 1, 2024	<u>250,000</u>
NET POSITION, June 30, 2025	<u>\$ 165,448</u>
 RECONCILIATION OF THE CHANGE IN NET POSITION TO THE BUDGETARY BASIS CHANGE IN FUND BALANCE	
Change in Net Position	\$ (84,552)
 Payments capitalized are reported in budgetary basis statements as capital outlay expenditures. However, in the Statement of Revenues, Expenses and Changes in Net Position, the cost of those assets is capitalized and allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlay exceeds depreciation.	
Capitalized Assets	(131,339)
Depreciation Expense	<u>18,135</u>
Budgetary Basis - Change in Fund Balance	<u>\$ (197,756)</u>

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

**LAKE OSWEGO SCHOOL DISTRICT NO. 7J**  
**CLACKAMAS COUNTY, OREGON**  
**STATEMENT OF CASH FLOWS - PROPRIETARY FUND - INTERNAL SERVICE FUND**  
**YEAR ENDED JUNE 30, 2025**

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	INTERNAL SERVICE
CASH FLOWS FROM OPERATING ACTIVITIES:	
Received from Interfund Services Provided	\$ 1,599,851
Received from Recovery of Prior Year's Expenditures	317,150
Paid for Goods and Services	(1,399,494)
Paid to Claimants	(436,168)
	<hr/>
Net Cash Provided (Used) By Operating Activities	81,339
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:	
Purchases of Capital Assets	(131,339)
	<hr/>
Net Cash Provided (Used) by Capital and Related Financing Activities:	(131,339)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:	
Transfer from General Fund	50,000
	<hr/>
Net Cash Provided (Used) By Noncapital Financing Activities	50,000
	<hr/>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	-
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	-
	<hr/>
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ -
	<hr/> <hr/>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	
Operating income (loss)	\$ (134,552)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:	
Depreciation Expense	18,135
Changes in assets and liabilities:	
Accounts Receivable	(61,000)
Interfund Receivable - Due from General Fund	(409,845)
Accrued Benefits Payable	663,601
Accounts Payable	5,000
	<hr/>
Net Cash Provided (Used) by Operating Activities	\$ 81,339
	<hr/> <hr/>

**LAKE OSWEGO SCHOOL DISTRICT NO. 7J**  
**CLACKAMAS COUNTY, OREGON**  
*NOTES TO BASIC FINANCIAL STATEMENTS (Continued)*  
*YEAR ENDED JUNE 30, 2025*

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**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Lake Oswego School District 7J (the District) is a municipal corporation organized under provisions of Oregon Statutes pursuant to Oregon Revised Statutes (ORS) Chapter 332 for the purposes of operating elementary and secondary schools. It was formed by the consolidation of the previously separate Oswego Public School District No. 7 and Lake Grove Elementary School District No. 106 that voted to merge in 1953. The District is 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 former Lake Grove Elementary School District No. 106. 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 \$945,150 for the year ended June 30, 2025.

The District has granted charter to Harmony Academy, a public charter high school. The charter agreement was revised and extended in June 2024 for an additional five year period that ends June 30, 2029. Harmony was designated as a Recovery High School by the Oregon Department of Education on October 11, 2024. Harmony is a legally separate, tax exempt organization governed by its own board of directors. Their financial statements may be obtained by contacting their administrative office.

**LAKE OSWEGO SCHOOL DISTRICT NO. 7J**  
**CLACKAMAS COUNTY, OREGON**  
*NOTES TO BASIC FINANCIAL STATEMENTS (Continued)*  
*YEAR ENDED JUNE 30, 2025*

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**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

*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, excluding interfund services provided and used as they are not eliminated in the process of consolidation. Governmental activities are financed primarily through property taxes, intergovernmental revenues, and charges for services.

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

Separate financial statements are provided for governmental funds and proprietary funds.

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 (governmental and proprietary) 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.

**LAKE OSWEGO SCHOOL DISTRICT NO. 7J**  
**CLACKAMAS COUNTY, OREGON**  
*NOTES TO BASIC FINANCIAL STATEMENTS (Continued)*  
*YEAR ENDED JUNE 30, 2025*

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**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

*Basis of Presentation (Continued)*

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

*Special Revenue Funds:*

- *Community Contributions Fund* - This fund accounts for revenues and expenditures of contributions from various community groups and the Lake Oswego Schools Foundation which are designated for specific educational projects or programs.
- *Community Services Fund* - This fund accounts for fee-based programs designated to enhance educational opportunities for members of the community. The primary source of revenues are fees charged to participants.
- *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.

*Internal Service Fund* - This fund, established June 30, 2024 with a transfer of \$250,000 from the General Fund, accounts for insurance, self-insurance, and copier acquisition services provided to other departments of the District on a cost-reimbursement basis.

*Measurement Focus and Basis of Accounting*

Government-wide and internal service 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.

**LAKE OSWEGO SCHOOL DISTRICT NO. 7J**  
**CLACKAMAS COUNTY, OREGON**  
*NOTES TO BASIC FINANCIAL STATEMENTS (Continued)*  
*YEAR ENDED JUNE 30, 2025*

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**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

*Measurement Focus and Basis of Accounting (Continued)*

Proprietary funds distinguish operating revenues and expenses from non-operating items. The District's Internal Service Fund for property and liability insurance and self-insurance services first started normal operations on July 1, 2024. It was established on June 30, 2024 with the assumption of certain liabilities and a \$250,000 transfer from the General Fund. It was expanded to include a copier service during the year ended June 30, 2025 that was capitalized with a \$50,000 transfer from the General Fund.

Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the District's internal service funds are charges for insurance services and acquiring and leasing copiers to the District. Operating expenses for internal service funds include the cost of materials and supplies, insurance premiums, losses and claims, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

*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.

*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.

**LAKE OSWEGO SCHOOL DISTRICT NO. 7J**  
**CLACKAMAS COUNTY, OREGON**  
*NOTES TO BASIC FINANCIAL STATEMENTS (Continued)*  
*YEAR ENDED JUNE 30, 2025*

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**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

*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 supplies, 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 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

*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.

**LAKE OSWEGO SCHOOL DISTRICT NO. 7J**  
**CLACKAMAS COUNTY, OREGON**  
*NOTES TO BASIC FINANCIAL STATEMENTS (Continued)*  
*YEAR ENDED JUNE 30, 2025*

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**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

*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. The sick leave policies of the District provide for the unlimited accumulation of sick leave. Unused sick leave accumulated at the time of retirement for PERS members hired before August 29, 2003 may be used in the determination of the length of service for retirement benefit purposes. Unused sick leave for PERS members hired on or after August 29, 2003 is not used for determination of length of service for retirement benefit purposes. Any unused sick leave accumulated for employees that leave the District before retirement is forfeited.

The District uses a three-year look-back period to estimate the amount of sick leave that has been earned and will be used as sick leave over the employee's service period. The liability for sick leave is based on this estimate. 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 for vacation and actual usage for sick leave.

*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 are deferred and amortized over the life of the bonds using the straight-line 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.

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 15 years of continuous regular service in the District may be eligible for supplemental post-employment benefits under the terms of certain bargained agreements. Prorated benefits are paid for retiring administrators with 10-14 years of continuous regular District service. 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.

**LAKE OSWEGO SCHOOL DISTRICT NO. 7J**  
**CLACKAMAS COUNTY, OREGON**  
*NOTES TO BASIC FINANCIAL STATEMENTS (Continued)*  
*YEAR ENDED JUNE 30, 2025*

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***SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)***

*Other Postemployment Benefits (OPEB) (Continued)*

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, 2025 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.

*Fund Balance Policy*

School Board policy mandates that the District budget in such a way as to target an ending General Fund fund balance of at least eight percent and generally no more than fifteen percent of General Fund budgeted expenditures. Ending fund balances projected to be below the minimum range require a corrective plan of action for the Board's consideration. Additional reserves may be created by the Board for specific purposes.

*Budget*

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

**LAKE OSWEGO SCHOOL DISTRICT NO. 7J**  
**CLACKAMAS COUNTY, OREGON**  
*NOTES TO BASIC FINANCIAL STATEMENTS (Continued)*  
*YEAR ENDED JUNE 30, 2025*

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**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

*Budget (Continued)*

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

Supplemental budgets less than 10% of a fund's original budget may be adopted by the Board at a regular meeting. A supplemental budget greater than 10% of a fund's original budget requires hearings before the public, publication in newspapers and approval by the Board. Original and supplemental budgets may be modified by the use of appropriation transfers between the levels of control (major function levels) with Board approval. During the year, two supplemental appropriation resolutions and two appropriation transfer resolutions 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, 2025:

***Cash and Investments***

Cash on hand	\$	8,600
Deposits with financial institutions		3,263,333
Investments		<u>109,575,958</u>
		<u>\$ 112,847,891</u>

*Deposits*

The District's deposits with various financial institutions had a bank value of \$11,297,090 and a book value of \$3,263,333 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.

**LAKE OSWEGO SCHOOL DISTRICT NO. 7J**  
**CLACKAMAS COUNTY, OREGON**  
 NOTES TO BASIC FINANCIAL STATEMENTS (Continued)  
 YEAR ENDED JUNE 30, 2025

**CASH AND INVESTMENTS (Continued)**

*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 \$1,029,823 at June 30, 2025 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, 2025, \$9,750,654 of the District's bank balances were covered by the PFCP.

*Investments*

As of June 30, 2025, 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	\$ 58,537,470	0.918	53.4%
Government Sponsored Enterprise	10,350,997	0.582	9.4%
Corporate Securities	593,327	1.162	0.5%
Local Government Investment Pool	40,094,164	0.003	36.6%
	\$ 109,575,958	0.553	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).

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.

**LAKE OSWEGO SCHOOL DISTRICT NO. 7J**  
**CLACKAMAS COUNTY, OREGON**  
*NOTES TO BASIC FINANCIAL STATEMENTS (Continued)*  
*YEAR ENDED JUNE 30, 2025*

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**CASH AND INVESTMENTS (Continued)**

*Investments (Continued)*

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 \$61.8 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, 2025, 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.

*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.

**LAKE OSWEGO SCHOOL DISTRICT NO. 7J**  
**CLACKAMAS COUNTY, OREGON**  
 NOTES TO BASIC FINANCIAL STATEMENTS (Continued)  
 YEAR ENDED JUNE 30, 2025

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**CASH AND INVESTMENTS (Continued)**

*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>General, Reserve or Capital Investments</u>	<u>Maximum % of Portfolio</u>	<u>Maximum % per Issuer</u>	<u>Maximum length to maturity</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	35%*	5%**	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

\*35% Maximum combined for corporate and commercial paper.

\*\* Issuer constraints for commercial paper combined with corporate note: limited to 5% of market value per issuer.

**LAKE OSWEGO SCHOOL DISTRICT NO. 7J**  
**CLACKAMAS COUNTY, OREGON**  
*NOTES TO BASIC FINANCIAL STATEMENTS (Continued)*  
**YEAR ENDED JUNE 30, 2025**

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**ACCOUNTS AND OTHER RECEIVABLES**

Accounts and Other Receivables are comprised of the following as of June 30, 2025:

Property taxes receivable	
General Fund	\$ 2,554,970
Debt Service Fund	<u>1,165,657</u>
Total property taxes receivable	3,720,627
Accounts, grants and accrued interest receivable	
General Fund	875,004
Grants Fund	174,023
Debt Service Fund	1,525
Capital Projects Fund	1,109,249
Other Nonmajor Governmental Funds	153,008
Insurance Internal Service Fund	<u>61,000</u>
Total accounts, grants and accrued interest receivable	<u>2,373,809</u>
Leases Receivable	
General Fund	<u>669,165</u>
Total	<u>\$ 6,763,601</u>

Leases Receivable are comprised of the following as of June 30, 2025:

	<u>Outstanding</u> <u>June 30, 2024</u>	<u>Additions</u>	<u>Decreases</u>	<u>Outstanding</u> <u>June 30, 2025</u>
Cell Tower bare land leases with varying terms, 5% interest, current aggregate monthly payments of \$18,813, varying end dates through April, 2030	\$ 556,181	\$ 151,380	\$ 201,336	\$ 506,225
Transportation center lease, 5% interest, current monthly payment of \$8,071 through June, 2027	<u>83,537</u>	<u>162,940</u>	<u>83,537</u>	<u>162,940</u>
Totals	<u>\$ 639,718</u>	<u>\$ 314,320</u>	<u>\$ 284,873</u>	<u>\$ 669,165</u>

**LAKE OSWEGO SCHOOL DISTRICT NO. 7J**  
**CLACKAMAS COUNTY, OREGON**  
 NOTES TO BASIC FINANCIAL STATEMENTS (Continued)  
 YEAR ENDED JUNE 30, 2025

**ACCOUNTS AND OTHER RECEIVABLES (Continued)**

Future maturities of leases receivable are as follows:

<u>Fiscal Year</u> <u>Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2026	\$ 275,907	\$ 14,521	\$ 290,428
2027	227,486	11,973	239,459
2028	83,773	4,409	88,182
2029	57,916	3,048	60,964
2030	24,083	1,268	25,351
	<u>\$ 669,165</u>	<u>\$ 35,219</u>	<u>\$ 704,384</u>

**INTERGOVERNMENTAL LOAN RECEIVABLE**

The District loaned \$580,000 in June 2024 to its component unit, the Lake Grove Park, under Oregon Revised Statute Section 294.468, to fund various capital improvements at the Park. \$524,562 is outstanding as of June 30, 2025. The loan is unsecured and bears interest at 1% per annum and is to be repaid by the Park in ten annual installments of at least \$61,238 each year and matures on June 30, 2034. Future minimum maturities of the loan receivable are as follows:

<u>Fiscal Year</u> <u>Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2026	\$ 55,992	\$ 5,246	\$ 61,238
2027	56,552	4,686	61,238
2028	57,117	4,120	61,237
2029	57,689	3,549	61,238
2030	58,266	2,972	61,238
Thereafter	238,946	6,003	244,949
	<u>\$ 524,562</u>	<u>\$ 26,576</u>	<u>\$ 551,138</u>

**INTERFUND RECEIVABLES AND PAYABLES**

The composition of interfund receivable and payable balances as of June 30, 2025 is as follows:

	<u>Due from</u> <u>Other Funds</u>	<u>Due to</u> <u>Other Funds</u>
General Fund	\$ -	\$ 8,160,424
Grants Fund	-	156,223
Debt Service Fund	2,375,434	-
Capital Project Funds	2,636,333	-
Other Nonmajor Governmental Funds	1,728,695	5,467
Internal Service Fund	1,581,652	-
Total	<u>\$ 8,322,114</u>	<u>\$ 8,322,114</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, 2025

**CAPITAL ASSETS**

Capital assets activity for the year was as follows:

	<i>Balances July 1, 2024</i>	<i>Increases</i>	<i>Decreases</i>	<i>Balances June 30, 2025</i>
<b>Governmental activities:</b>				
Capital assets not being depreciated:				
Land	\$ 9,297,870	\$ -	\$ -	\$ 9,297,870
Construction in progress	36,577,647	55,587,386	(38,814,218)	53,350,815
<i>Total Capital Assets Not Being Depreciated</i>	<u>45,875,517</u>	<u>55,587,386</u>	<u>(38,814,218)</u>	<u>62,648,685</u>
Capital assets being depreciated/amortized:				
Buildings and improvements	373,335,902	38,814,218	-	412,150,120
Vehicles and equipment	21,984,364	2,383,657	(377,665)	23,990,356
Intangible right-to-use Lease assets	299,380	-	-	299,380
Intangible right-to-use subscription assets	246,979	212,746	(129,443)	330,282
<i>Total Capital Assets Being Depreciated/Amortized</i>	<u>395,866,625</u>	<u>41,410,621</u>	<u>(507,108)</u>	<u>436,770,138</u>
Less accumulated depreciation/amortization for:				
Buildings and improvements	(70,811,692)	(8,594,984)	-	(79,406,676)
Vehicles and equipment	(9,875,139)	(1,525,347)	377,665	(11,022,821)
Intangible right-to-use Lease assets	(102,527)	(98,427)	-	(200,954)
Intangible right-to-use subscription assets	(142,893)	(125,910)	129,443	(139,360)
<i>Total Accumulated Depreciation/Amortization</i>	<u>(80,932,251)</u>	<u>(10,344,668)</u>	<u>507,108</u>	<u>(90,769,811)</u>
<i>Total Capital Assets Being Depreciated/Amortized, net</i>	<u>314,934,374</u>	<u>31,065,953</u>	<u>-</u>	<u>346,000,327</u>
<i>Governmental Activities Capital Assets, net</i>	<u>\$ 360,809,891</u>	<u>\$ 86,653,339</u>	<u>\$ (38,814,218)</u>	<u>\$ 408,649,012</u>

Construction in progress as of June 30, 2025 is primarily related to the construction of the new replacement Lake Oswego Middle School, with smaller amounts for phase 2 improvements to the science labs and infrastructure at each high school. Major capital assets placed in service during the fiscal year ended June 30, 2025 are the District's \$16.3 million portion of the City's Lake Oswego Recreational Aquatic Facility, the Lakeview Bus Barn, and phase 1 improvements to Palisades Elementary and science labs and other improvements at both high schools.

**LAKE OSWEGO SCHOOL DISTRICT NO. 7J**  
**CLACKAMAS COUNTY, OREGON**  
*NOTES TO BASIC FINANCIAL STATEMENTS (Continued)*  
**YEAR ENDED JUNE 30, 2025**

**LONG-TERM DEBT**

The following is a summary and changes of long-term debt during the year ended June 30, 2025:

	<i>Original Issue</i>	<i>Outstanding July 1, 2024</i>	<i>Issued</i>	<i>Matured and Redeemed</i>	<i>Outstanding June 30, 2025</i>	<i>Amounts Due in One Year</i>
General obligation bonds used for						
Capital Purposes:						
August 4, 2005	\$ 80,740,000	\$ 10,830,000	\$ -	\$ (8,275,000)	\$ 2,555,000	\$ 2,555,000
August 24, 2017	160,000,000	144,825,000	-	(2,820,000)	142,005,000	3,280,000
April 2, 2020	27,000,000	25,370,000	-	(515,000)	24,855,000	565,000
April 2, 2022	152,715,000	148,830,000	-	(2,950,000)	145,880,000	1,675,000
May 20, 2025	27,285,000	-	27,285,000	-	27,285,000	6,795,000
Total G.O. Bonds		<u>329,855,000</u>	<u>27,285,000</u>	<u>(14,560,000)</u>	<u>342,580,000</u>	<u>14,870,000</u>
Pension Bonds:						
October 1, 2002	23,926,732	10,080,000	-	(2,565,000)	7,515,000	2,860,000
April 1, 2003	16,302,037	7,215,000	-	(1,800,000)	5,415,000	2,045,000
Total Pension Bonds		<u>17,295,000</u>	<u>-</u>	<u>(4,365,000)</u>	<u>12,930,000</u>	<u>4,905,000</u>
Total		<u>347,150,000</u>	<u>27,285,000</u>	<u>(18,925,000)</u>	<u>355,510,000</u>	<u>19,775,000</u>
Unamortized premiums		<u>30,394,390</u>	<u>1,929,186</u>	<u>(1,591,835)</u>	<u>30,731,741</u>	<u>1,686,333</u>
Total bonds payable		<u>377,544,390</u>	<u>29,214,186</u>	<u>(20,516,835)</u>	<u>386,241,741</u>	<u>21,461,333</u>
Direct Borrowings:						
2019 Full faith & credit obligations	15,000,000	10,605,000	-	(945,000)	9,660,000	970,000
2015 Full faith & credit obligations	8,371,000	3,730,000	-	(583,000)	3,147,000	598,000
Total bonds & direct borrowings, net		<u>\$ 391,879,390</u>	<u>\$ 29,214,186</u>	<u>\$ (22,044,835)</u>	<u>\$ 399,048,741</u>	<u>\$ 23,029,333</u>
Lease liability		181,800	-	(91,774)	90,026	90,026
Subscriptions liability		<u>66,081</u>	<u>159,906</u>	<u>(35,062)</u>	<u>190,925</u>	<u>79,362</u>
Total long-term debt		<u>\$ 392,127,271</u>	<u>\$ 29,374,092</u>	<u>\$ (22,171,671)</u>	<u>\$ 399,329,692</u>	<u>\$ 23,198,721</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.	\$ 2,555,000
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.	142,005,000
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.	24,855,000
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.	145,880,000
General obligation bonds - issued May 20, 2025, due in annual installments of \$605,000 to \$6,795,000 plus interest paid semi-annually at 5% through 2043.	27,285,000
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.	7,515,000
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.	5,415,000
Unamortized premiums and unaccrued discounts.	30,731,741
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.	9,660,000
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.	3,147,000
Lease liability - issued June 15, 2023 due in monthly installments with implicit interest of 5% of \$8,617 to \$9,142 through 2026.	90,026
Subscriptions liability - issued at various dates from June 2021 to August 2024, due in annual installments from \$5,095 to \$30,950 with implicit interest at 3% through 2028	<u>190,925</u>
Total long-term debt	<u>\$ 399,329,692</u>

**LAKE OSWEGO SCHOOL DISTRICT NO. 7J**  
**CLACKAMAS COUNTY, OREGON**  
*NOTES TO BASIC FINANCIAL STATEMENTS (Continued)*  
**YEAR ENDED JUNE 30, 2025**

**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>
2026	\$ 19,775,000	\$ 15,301,509	\$ 35,076,509
2027	12,405,000	14,263,793	26,668,793
2028	10,600,000	13,610,781	24,210,781
2029	9,045,000	13,065,025	22,110,025
2030	10,160,000	12,612,775	22,772,775
2031-2035	69,880,000	54,641,425	124,521,425
2036-2040	103,400,000	36,448,113	139,848,113
2041-2045	94,190,000	14,940,437	109,130,437
2046-2047	<u>26,055,000</u>	<u>1,581,600</u>	<u>27,636,600</u>
	<u>\$ 355,510,000</u>	<u>\$ 176,465,458</u>	<u>\$ 531,975,458</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, 2025

**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>
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	1,687,000	204,195	1,891,195
2030	1,732,000	160,740	1,892,740
2031-2034	<u>4,565,000</u>	<u>315,808</u>	<u>4,880,808</u>
	<u>\$ 12,807,000</u>	<u>\$ 1,541,781</u>	<u>\$ 14,348,781</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, 2025 is \$98,426. 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>
2026	\$ 90,026	\$ 4,738	\$ 94,764
	<u>\$ 90,026</u>	<u>\$ 4,738</u>	<u>\$ 94,764</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 \$31,950 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, 2025</u>	<u>Initial Subscription Liability</u>	<u>Subscription Liability as of June 30, 2025</u>
7/1/2023	6/30/2026	\$ 31,950	\$ 93,085	\$ 31,029	\$ 61,135	\$ 31,019
7/1/2021	6/30/2026	5,095	24,451	6,113	19,356	-
8/1/2024	8/1/2026	22,440	69,346	46,230	46,906	46,906
7/1/2024	6/30/2029	30,400	143,400	<u>107,550</u>	113,000	<u>113,000</u>
				<u>\$ 190,922</u>		<u>\$ 190,925</u>

**LAKE OSWEGO SCHOOL DISTRICT NO. 7J**  
**CLACKAMAS COUNTY, OREGON**  
 NOTES TO BASIC FINANCIAL STATEMENTS (Continued)  
 YEAR ENDED JUNE 30, 2025

**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>
2026	\$ 79,362	\$ 5,728	\$ 85,090
2027	53,393	3,347	56,740
2028	28,655	1,745	30,400
2029	29,515	885	30,400
	<u>\$ 190,925</u>	<u>\$ 11,705</u>	<u>\$ 202,630</u>

Compensated absences activity for the year is as follows:

	<u>Outstanding July 1, 2024 (Restated)</u>	<u>Net Change</u>	<u>Outstanding June 30, 2025</u>	<u>Amount Due in One Year</u>
Compensated absences	<u>\$ 3,161,477</u>	<u>\$ 356,653</u>	<u>\$ 3,518,130</u>	<u>\$ 630,680</u>

**INTERFUND TRANSFERS**

Interfund transfers for the year ended June 30, 2025 are as follows:

	<u>Transfers In</u>	<u>Transfers Out</u>
General	\$ -	\$ 436,886
Grants	207,492	-
Capital Projects	40,799	-
Other Nonmajor Governmental Funds	138,595	-
Internal Service Fund	<u>50,000</u>	<u>-</u>
Total	<u>\$ 436,886</u>	<u>\$ 436,886</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, Capital Projects 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, and \$7,542 to its Food Services Fund to cover its bad debt expenses. \$50,000 was transferred to a new Internal Service Fund to support its activities that commenced regular operations on July 1, 2024.

**LAKE OSWEGO SCHOOL DISTRICT NO. 7J**  
**CLACKAMAS COUNTY, OREGON**  
*NOTES TO BASIC FINANCIAL STATEMENTS (Continued)*  
*YEAR ENDED JUNE 30, 2025*

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**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.

*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.

**PENSION PLAN (Continued)**

**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 55 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.

**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, 2021 actuarial valuation, which became effective July 1, 2023. The state of Oregon and certain schools, community colleges, and political subdivision, including the District, have made unfunded actuarial liability payments and their rates have been reduced. Employer contributions for the year ended June 30, 2025 were \$9,133,053, excluding amounts to fund employer specific liabilities. Employer PERS pension expense of \$4,734,629 was recognized during the reporting period.

**LAKE OSWEGO SCHOOL DISTRICT NO. 7J**  
**CLACKAMAS COUNTY, OREGON**  
 NOTES TO BASIC FINANCIAL STATEMENTS (Continued)  
 YEAR ENDED JUNE 30, 2025

**PENSION PLAN (Continued)**

**Contributions (Continued)**

At June 30, 2025, the District reported a net pension liability of \$86,147,894 for its proportionate share of the net pension liability. The pension liability was measured as of June 30, 2024, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2022. 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, 2024, the District's proportion was 0.388 percent, an increase from June 30, 2023's proportion of 0.344 percent.

	<u>Deferred Outflow of Resources</u>	<u>Deferred (Inflow) of Resources</u>
Difference between expected and actual experience	\$ 5,103,466	\$ (205,607)
Changes in assumptions	8,661,337	(11,096)
Net difference between projected and actual earnings on pension plan investments	5,472,800	-
Changes in proportionate share	6,810,716	(4,153,103)
Difference between employer contributions and employer's proportionate share of system contributions	<u>-</u>	<u>(6,444,517)</u>
Subtotal - Amortized Deferrals	26,048,319	(10,814,323)
District contributions subsequent to measurement date	<u>9,133,053</u>	<u>-</u>
Total deferred outflow (inflow) of resources	<u>\$ 35,181,372</u>	<u>\$ (10,814,323)</u>
Net deferred outflow (inflow) of resources		<u>\$ 24,367,049</u>
Net Amortized Deferrals (below)		<u>\$ 15,233,996</u>

Deferred outflows of resources related to PERS of \$9,133,053 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, 2026. 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>Amount</u>
2026	\$ (865,823)
2027	8,331,976
2028	3,986,621
2029	2,964,244
2030	816,978
Total	<u>\$ 15,233,996</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 31, 2025.

**LAKE OSWEGO SCHOOL DISTRICT NO. 7J**  
**CLACKAMAS COUNTY, OREGON**  
 NOTES TO BASIC FINANCIAL STATEMENTS (Continued)  
 YEAR ENDED JUNE 30, 2025

**PENSION PLAN (Continued)**

**Actuarial Valuations**

The employer contribution rates effective July 1, 2023 through June 30, 2025, 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.

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 2022 Experience Study which is reviewed for the four-year period ending December 31, 2022.

**Actuarial Methods and Assumptions**

Valuation date	December 31, 2022
Measurement date	June 30, 2024
Experience study	2022, published July 24, 2023
Actuarial cost method	Entry age normal
Actuarial Assumptions	
Inflation Rate	2.40%
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><b>Healthy retirees and beneficiaries:</b>                      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><b>Active members:</b>                      PUB-2010 Employee, sex-distinct, generational with Unisex, SSD Scale, with job category adjustments and set-backs as described in the valuation.</p> <p><b>Disabled retirees:</b>                      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, 2024 PERS Annual Comprehensive Financial Report; page 83)

***PENSION PLAN (Continued)***

**Actuarial Methods and Assumptions (Continued)**

**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.

**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, 2024 PERS Annual Comprehensive Financial Report; page 85)

**LAKE OSWEGO SCHOOL DISTRICT NO. 7J**  
**CLACKAMAS COUNTY, OREGON**  
 NOTES TO BASIC FINANCIAL STATEMENTS (Continued)  
 YEAR ENDED JUNE 30, 2025

**PENSION PLAN (Continued)**

**Assumed Asset Allocation**

<u>Asset Class/Strategy</u>	<u>OIC Policy Range</u>	<u>Current Year Target (%)</u>
Debt Securities	20.0 - 30.0	25.0
Public Equity	22.5 - 32.5	27.5
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
Total		100

(Source: June 30, 2024 PERS Annual Comprehensive Financial Report; page 116)

**Long-Term Expected Rate of Return**

To develop an analytical basis for the selection of the long-term expected rate of return assumption, in January 2023 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, 2024 PERS Annual Comprehensive Financial Report; page 85)

<u>Asset Class</u>	<u>Target Allocation *</u>	<u>Annual Arithmetic Return</u>	<u>20-Year Annualized (Geometric) Return</u>	<u>Standard Deviation</u>
Global Equity	27.50 %	8.57 %	7.07 %	17.99 %
Private Equity	25.50	12.89	8.83	30.00
Core Fixed Income	25.00	4.59	4.50	4.22
Real Estate	12.25	6.90	5.83	15.13
Master Limited Partnerships	0.75	9.41	6.02	27.04
Infrastructure	1.50	7.88	6.51	17.11
Hedge Fund of Funds - Multistrategy	1.25	6.81	6.27	9.04
Hedge Fund Equity - Hedge	0.63	7.39	6.48	12.04
Hedge Fund - Macro	5.62	5.44	4.83	7.49
Assumed Inflation - Mean			2.35 %	1.41 %

(Source: June 30, 2024 PERS Annual Comprehensive Financial Report; page 88)

**LAKE OSWEGO SCHOOL DISTRICT NO. 7J**  
**CLACKAMAS COUNTY, OREGON**  
 NOTES TO BASIC FINANCIAL STATEMENTS (Continued)  
 YEAR ENDED JUNE 30, 2025

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**PENSION PLAN (Continued)**

**Sensitivity** - The District’s proportionate share of the net pension liability is sensitive to changes in the discount rate. The following presents the District’s proportionate share of the net pension liability calculated using the discount rate of 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</u> <u>(5.90%)</u>	<u>Discount Rate</u> <u>(6.90%)</u>	<u>1% Increase</u> <u>(7.90%)</u>
District's proportionate share of the net pension liability (asset)	\$ 135,894,803	\$ 86,147,894	\$ 44,482,426

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, and 100% of member contributions for employees earning less than \$3,777 per month in 2025 are deposited into the member’s IAP account. For members earning more than \$3,777 per month, 0.75% of subject earnings for OPSRP members is redirected from their IAP account to the member's Employee Pension Stability Account to fund the costs of their future benefits. 2.5% is redirected for members hired before August 29, 2003 that earn more than \$3,777 per month. 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 Employees pay the 6 percent of regular employee's covered payroll to their IAP. The District did not make any optional contributions to member IAP accounts for the year ended June 30, 2025.

**LAKE OSWEGO SCHOOL DISTRICT NO. 7J**  
**CLACKAMAS COUNTY, OREGON**  
*NOTES TO BASIC FINANCIAL STATEMENTS (Continued)*  
*YEAR ENDED JUNE 30, 2025*

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**PENSION PLAN (Continued)**

**Early Retirement Program**

The District sponsors an early retirement program with two main plans: stipend benefits and medical benefits. Both plans are valued on an actuarial basis. The most recent actuarial valuation date was June 30, 2025. As of June 30, 2025, program participants included 841 active employees and 62 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 62, whichever occurs first. This pension-type benefit is required to be valued under GASB Statement No. 73. The District does not issue a standalone report for this plan.

**Funding Policy**

The District provides payments in accordance with current contracts on a pay-as-you-go basis. At June 30, 2025, the District was providing early retirement pension benefits to 19 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, 2025, governmental fund expenditures related to early retirement stipend benefits totaled \$97,091.

**Total Stipend Pension Liability**

The District's total stipend pension liability as of June 30, 2025 of \$1,520,315 was measured as of June 30, 2025, and was determined by an actuarial valuation as of June 30, 2025 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, 2025 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	5.20%

- The discount rate of 5.20% is an increase over the discount rate of 3.65% 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, 2023 PERS actuarial valuation.
- The actuarial assumptions used in the June 30, 2025 valuation were based on the results of an actuarial experience study for the period July 1, 2023 to June 30, 2025.

**LAKE OSWEGO SCHOOL DISTRICT NO. 7J**  
**CLACKAMAS COUNTY, OREGON**  
 NOTES TO BASIC FINANCIAL STATEMENTS (Continued)  
 YEAR ENDED JUNE 30, 2025

**PENSION PLAN (Continued)**

**Changes in the Total Stipend Pension Liability**

	<u>Total Stipend Pension Liability</u>
Balance at July 1, 2024	\$ 1,657,527
Changes for the year:	
Service cost	40,994
Change in Assumptions	(120,078)
Experience (Gain)/Loss	(38,210)
Interest on Total Pension Liability	59,058
Benefit payments - Stipends	<u>(78,976)</u>
Net changes	<u>(137,212)</u>
Balance at June 30, 2025	<u>\$ 1,520,315</u>

There were no significant changes in 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 (4.20 percent) or 1-percentage-point higher (6.20 percent) than the current discount rate:

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

	<u>1% Decrease (4.20%)</u>	<u>Discount Rate (5.20%)</u>	<u>1% Increase (6.20%)</u>
Total Stipend Pension Liability	<u>\$ 1,598,866</u>	<u>\$ 1,520,315</u>	<u>\$ 1,445,387</u>

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

For the year ended June 30, 2025, the District recognized a stipend pension expense of (\$42,664). At June 30, 2025, 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>
Changes of assumptions and other inputs	\$ 29,980	\$ (537,241)
	<u>138,478</u>	<u>(283,335)</u>
Total deferred outflow (inflow) of resources	<u>\$ 168,458</u>	<u>\$ (820,576)</u>
Net deferred outflow (inflow) of resources, amortized below		<u>\$ (652,118)</u>

**LAKE OSWEGO SCHOOL DISTRICT NO. 7J**  
**CLACKAMAS COUNTY, OREGON**  
 NOTES TO BASIC FINANCIAL STATEMENTS (Continued)  
 YEAR ENDED JUNE 30, 2025

**PENSION PLAN (Continued)**

**Pension Expense and Deferred Outflow of Resources and Deferred Inflows of Resources Related to Stipends (Continued)**

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

<u>Year ending June 30,</u>	<u>Amount</u>
2026	\$ (142,716)
2027	(117,418)
2028	(49,018)
2029	(49,018)
2030	(49,018)
Thereafter	<u>(244,930)</u>
Total	<u>\$ (652,118)</u>

**OTHER POST EMPLOYMENT BENEFITS (OPEBs)**

The District contributes to a retirement health insurance account through the Oregon Public Employee Retirement System and maintains a post-employment health insurance subsidy benefit for eligible former employees. The following summarizes the June 30, 2025, components of the District's OPEB asset/liability and the deferred inflows/outflows for each.

	<u>Retirement Health Insurance Account</u>	<u>Retirement Health Insurance Subsidy</u>	<u>Total</u>
Net OPEB Asset	\$ 1,653,072	\$ -	\$ 1,653,072
Total OPEB Liability	-	10,046,595	10,046,595
Deferred Outflows of Resources	113,127	1,215,697	1,328,824
Deferred Inflows of Resources	101,042	2,861,618	2,962,660
OPEB Expense (Revenue)	(288,650)	522,944	234,294

**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/](http://www.oregon.gov/PERS/).

**LAKE OSWEGO SCHOOL DISTRICT NO. 7J**  
**CLACKAMAS COUNTY, OREGON**  
 NOTES TO BASIC FINANCIAL STATEMENTS (Continued)  
 YEAR ENDED JUNE 30, 2025

**OTHER POST EMPLOYMENT BENEFITS (OPEBs) (Continued)**

**Funding Policy** – Participating school districts are contractually required to contribute at a rate assessed each year by the OPERS: rates for the year ended June 30, 2025 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, 2025, 2024, and 2023 were (\$97), \$1,021, and \$8,772, which equaled the required contributions each year.

At June 30, 2025, the District reported a net OPEB liability/(asset) of (\$1,653,072) for its proportionate share of the net OPEB liability/(asset). The OPEB liability/(asset) was measured as of June 30, 2024, and the total OPEB liability/(asset) used to calculate the net OPEB liability/(asset) was determined by an actuarial valuation as of December 31, 2022. 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, 2024, the District’s proportion was 0.41 percent. OPEB expense related to RHIA for the year ended June 30, 2025 was a credit of \$288,650. The major actuarial assumptions and long-term expected rate of return for the RHIA OPEB liability/(asset) are essentially the same as the major assumptions for the PERS plan. Except for information on discount rate sensitivity and deferred outflows and inflows of resources, the other standard GASB disclosures for the RHIA OPEB are immaterial and accordingly are not disclosed.

At June 30, 2025, the District reported deferred outflow of resources and deferred inflow of resources related to the RHIA OPEB from the following sources:

	<i>Deferred Outflow of Resources</i>	<i>Deferred (Inflow) of Resources</i>
Difference between expected and actual experience	\$ -	\$ (32,331)
Changes of assumptions	-	(20,910)
Net difference between projected and actual earnings on investments	46,675	-
Change in proportionate share	<u>66,549</u>	<u>(47,801)</u>
Subtotal - Amortized Deferrals	113,224	(101,042)
District contributions subsequent to measurement date	<u>(97)</u>	<u>-</u>
Total deferred outflow (inflow) of resources	<u>\$ 113,127</u>	<u>\$ (101,042)</u>
Net deferred outflow (inflow) of resources		<u>\$ 12,085</u>
Net Amortized Deferrals (below)		<u>\$ 12,182</u>

Deferred outflows of resources related to RHIA OPEB of (\$97) 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 ending June 30, 2026. 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>
2026	\$ (81,006)
2027	62,548
2028	25,251
2029	<u>5,389</u>
Total	<u>\$ 12,182</u>

**LAKE OSWEGO SCHOOL DISTRICT NO. 7J**  
**CLACKAMAS COUNTY, OREGON**  
 NOTES TO BASIC FINANCIAL STATEMENTS (Continued)  
 YEAR ENDED JUNE 30, 2025

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**OTHER POST EMPLOYMENT BENEFITS (OPEBs) (Continued)**

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</u> <u>(5.9%)</u>	<u>Discount Rate</u> <u>(6.9%)</u>	<u>1% Increase</u> <u>(7.9%)</u>
District's proportionate share of the Net OPEB Liability (Asset)	\$ (1,530,242)	\$ (1,653,072)	\$ (1,758,831)

**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 (\$1,653,072). The ORS stipulates a \$60 monthly payment, so there would be no change to the total OPEB liability if it were calculated using health care cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current rates.

**Early Retirement Program**

**Postemployment Healthcare Benefits**

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

**Funding Policy**

The District provides payments in accordance with current employee contracts on a pay-as-you-go basis. At June 30, 2025, the District was providing early retirement incentive health care benefits to 62 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 \$481,897 during the year ended June 30, 2025.

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, 2025. As of the most recent valuation date, program participants included 62 retired members in the plan and 841 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.

**OTHER POST EMPLOYMENT BENEFITS (OPEBs) (Continued)**

**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.

**Total Health Insurance OPEB Liability**

The District’s total health insurance OPEB liability of \$10,046,595 was measured as of June 30, 2025 and was determined by an actuarial valuation as of June 30, 2025 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, 2025 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	5.20%
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, 2023 PERS actuarial valuation.
- The actuarial assumptions used in the June 30, 2025 valuation were based on the results of an actuarial experience study for the period July 1, 2023 to June 30, 2025.

**LAKE OSWEGO SCHOOL DISTRICT NO. 7J**  
**CLACKAMAS COUNTY, OREGON**  
 NOTES TO BASIC FINANCIAL STATEMENTS (Continued)  
 YEAR ENDED JUNE 30, 2025

**OTHER POST EMPLOYMENT BENEFITS (OPEBs) (Continued)**

**Changes in the Total Health Insurance OPEB Liability**

	Total Health Insurance OPEB Liability
Balance at July 1, 2024	\$ 11,302,918
Changes for the year:	
Service cost	384,908
Interest on Total OPEB Liability	396,375
Benefit payments - Medical premiums	(495,718)
Benefit payments - Implicit subsidy	(390,923)
Change in Assumptions & Experience	<u>(1,150,965)</u>
Net changes	<u>(1,256,323)</u>
Balance at June 30, 2025	<u>\$ 10,046,595</u>

Other than the increase in the discount rate from 3.65% to 5.20%, there were no significant changes in assumptions and benefit terms since the last valuation date.

*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 (4.20 percent) or 1-percentage-point higher (6.20 percent) than the current discount rate:

	<u>1% Decrease</u> <u>(4.20%)</u>	<u>Discount Rate</u> <u>(5.20%)</u>	<u>1% Increase</u> <u>(6.20%)</u>
Total Health Insurance OPEB Liability on June 30, 2025	<u>\$ 10,761,172</u>	<u>\$ 10,046,595</u>	<u>\$ 9,384,755</u>

*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, 2025	<u>\$ 9,528,800</u>	<u>\$ 10,046,595</u>	<u>\$ 10,651,445</u>

**LAKE OSWEGO SCHOOL DISTRICT NO. 7J**  
**CLACKAMAS COUNTY, OREGON**  
*NOTES TO BASIC FINANCIAL STATEMENTS (Continued)*  
*YEAR ENDED JUNE 30, 2025*

**OTHER POST EMPLOYMENT BENEFITS (OPEBs) (Continued)**

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

For the year ended June 30, 2025, the District recognized health insurance related OPEB expense of \$522,944. At June 30, 2025, the District reported deferred outflows of resources and deferred inflows of resources related to the health insurance benefits plan from the following sources:

	<u><i>Deferred Outflow of Resources</i></u>	<u><i>Deferred Inflow of Resources</i></u>
Difference between expected and actual experience	\$ 64,055	\$ (935,384)
Changes of assumptions and other inputs	<u>1,151,642</u>	<u>(1,926,234)</u>
Total deferred outflow (inflow) of resources	<u>\$ 1,215,697</u>	<u>\$ (2,861,618)</u>
Net deferred outflow (inflow) of resources		<u>\$ (1,645,921)</u>

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><i>Year ending June 30,</i></u>	<u><i>Amount</i></u>
2026	\$ (162,627)
2027	(145,749)
2028	(145,749)
2029	(162,782)
2030	(202,530)
Thereafter	<u>(826,484)</u>
Total	<u>\$ (1,645,921)</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. Except for no property insurance coverage for failures of wood glue-lam trusses that are over fifty years old for the policy period effective July 1, 2025, 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 \$3,420 for medical insurance plans that otherwise would have MOP of \$4,000 to \$7,200 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.

**LAKE OSWEGO SCHOOL DISTRICT NO. 7J**  
**CLACKAMAS COUNTY, OREGON**  
 NOTES TO BASIC FINANCIAL STATEMENTS (Continued)  
 YEAR ENDED JUNE 30, 2025

**RISK MANAGEMENT (Continued)**

The District's unemployment claims and MOP accrued liabilities are recorded as a payable in the District's Insurance Internal Service Fund.

Claims activity, including estimated incurred but not reported claims, for the fiscal years ended June 30, 2025, 2024, and 2023, are as follows:

	<u>2025</u>	<u>2024</u>	<u>2023</u>
Beginning accrued claims liability	\$ 883,675	\$ 912,321	\$ 1,032,154
Claims liability adjustments	-	(300,000)	(550,000)
Incurred claims (including IBNRs)	1,050,653	756,106	851,961
Claims payments	<u>(418,429)</u>	<u>(484,752)</u>	<u>(421,794)</u>
Accrued claims liability, June 30	<u>\$ 1,515,899</u>	<u>\$ 883,675</u>	<u>\$ 912,321</u>

**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, 2024, expenditures in the Community Services Fund's Community and Enterprise Services appropriation category exceeded its \$1.85 million appropriation by \$32,117, expenditures in the Food Services Fund Support Services appropriation category exceeded its \$2.85 million appropriation by \$41,562, and expenditures in the Internal Services Funds Support Services appropriation category exceeded its \$2.25 million appropriation by \$385,602.

**Budgetary Basis of Accounting**

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

	<u>General Fund</u>	<u>Capital Projects Fund</u>	<u>Other Nonmajor Funds</u>
Budget basis ending fund balance	\$ 6,067,451	\$ 80,740,268	\$ 2,358,503
Adjustments:			
Unrealized gain (loss) on investments	(11,214)	76,540	-
Inventories	<u>34,272</u>	<u>-</u>	<u>42,634</u>
GAAP basis ending fund balance	<u>\$ 6,090,509</u>	<u>\$ 80,816,808</u>	<u>\$ 2,401,137</u>

**LAKE OSWEGO SCHOOL DISTRICT NO. 7J**  
**CLACKAMAS COUNTY, OREGON**  
*NOTES TO BASIC FINANCIAL STATEMENTS (Continued)*  
*YEAR ENDED JUNE 30, 2025*

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**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, 2025, the District was not materially affected by tax abatement agreements.

**NEW ACCOUNTING STANDARDS IMPLEMENTED**

For the fiscal year ended June 30, 2025, the District implemented the following new accounting standards:

GASB Statement No. 101 "Compensated Absences." This statement updates the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures.

GASB Statement No. 102 "Certain Risk Disclosures." This Statement provides disclosures to provide users of government financial statements with essential information about risks related to a government's vulnerabilities due to certain concentrations or constraints. The Statement is effective for fiscal years beginning after June 15, 2024.

**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. 103 "Financial Reporting Model Improvements." This Statement provides for accounting and financial reporting to improve key components in the financial reporting model. The Statement is effective for fiscal years beginning after June 15, 2025.

GASB Statement No. 104 "Disclosure of Certain Capital Assets." The objective of this Statement is to provide users of government financial statements with essential information about certain types of capital assets. The statement is effective for fiscal years beginning after June 15, 2025.

**RESTATEMENT OF PRIOR YEAR NET POSITION**

The accompanying financial statements have been restated to reflect the adoption of GASB Statement No. 101, "Compensated Absences." GASB 101 requires governments to recognize a liability for all compensated absences that are attributable to services already rendered, accumulate, and are more likely than not to be paid. Previously, the District only recognized liabilities for vested vacation leave and accrued compensable time, but not for sick leave. This new accounting principle requires the recognition of a liability for sick leave that accumulates and is more likely than not to be used as time off or paid out, even if it does not vest. The cumulative effect of this change on the beginning net position for the fiscal year ended June 30, 2025, was a decrease of \$2,515,082.

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

Net Position - July 1, 2024, as originally reported	\$	18,667,290
Addition of Compensated Absence Liability		(2,515,082)
Net Position - July 1, 2024, as restated	\$	16,152,208

**LAKE OSWEGO SCHOOL DISTRICT NO. 7J**  
**CLACKAMAS COUNTY, OREGON**  
*NOTES TO BASIC FINANCIAL STATEMENTS (Continued)*  
*YEAR ENDED JUNE 30, 2025*

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**CLAIMS AND LITIGATION**

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

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

The District is named as a defendant in 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. It is the District's position that 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 \$4.8 million at June 30, 2025. 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 \$37.5 million at June 30, 2025.

Under an Intergovernmental Agreement (IGA) with the City of Lake Oswego dated April 11, 2022 and modified in 2023, the District paid \$16.25 million to the City from the District's proceeds from its \$187 million 2017 general obligation bond for the City's construction of their new Lake Oswego Recreation and Aquatics Center (LORAC). LORAC construction was completed in June 2025 at a total cost to the City of \$46 million. Under the IGA, the District owns a fifty percent undivided interest in the competition pool built as part of LORAC. In a separate but related LORAC use and lease IGA with the City, the District is obligated to pay the City up to \$50,000 a year for a maximum of twenty years for a City LORAC capital equipment replacement fund. In that same lease and use IGA, under an amendment approved in October 2025, the District will pay a \$204,000 use fee to the City for fiscal year 2025-26, \$208,000 for 2026-27 and \$212,000 for 2027-28 for priority scheduling of the LORAC competition pool during the District's high schools' fall and winter water sports seasons. Future fiscal years' use fees will be determined through negotiations to take place between the City and District in fiscal year 2028 based on actual results of LORAC pool operations for fiscal years 2025-26 and 2026-27. The use and lease IGA's initial term ends June 30, 2043.

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 some prior years. SSF allocations are primarily distributed to each district based on their average daily membership of students (ADM<sub>r</sub>), 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<sub>w</sub>) of each district compared to the state totals using the higher of the current ADM<sub>w</sub> or the ADM<sub>w</sub> of the immediate prior year ADM<sub>w</sub>. 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.

**LAKE OSWEGO SCHOOL DISTRICT NO. 7J**  
**CLACKAMAS COUNTY, OREGON**  
*NOTES TO BASIC FINANCIAL STATEMENTS (Continued)*  
*YEAR ENDED JUNE 30, 2025*

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***SUBSEQUENT EVENTS***

District voters approved measure 03-628 at the November 4, 2025 election authorizing the District to issue up to \$245 million in General Obligation bonds.

***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, 2025**

<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>
2025	0.39%	\$ 86,147,894	\$ 62,379,202	138.1%	79.3%
2024	0.34%	64,530,512	54,186,278	119.1%	81.7%
2023	0.39%	59,476,396	50,925,714	116.8%	84.5%
2022 (6)	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 (5)	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 (4)	0.31%	46,194,321	34,002,920	135.9%	80.5%
2016 (3)	0.29%	16,722,378	32,142,790	52.0%	91.9%

**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, 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 which were passed during Oregon's 2013 legislative session.
- (4) 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%.
- (5) 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%.
- (6) 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 EMPLOYER CONTRIBUTIONS FOR PERS**  
**YEAR ENDED JUNE 30, 2025**

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<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>
2025	\$ 9,302,734	\$ 9,302,734	\$ -	\$ 70,152,542	13.3%
2024	8,149,878	8,149,878	-	62,379,202	13.1%
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%

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, 2025*

<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) <sup>1</sup></i>	<i>District's covered payroll <sup>2</sup></i>	<i>NOL as a percentage of covered payroll</i>	<i>Plan fiduciary net portion as a percentage of the total OPEB liability</i>
2025	0.41%	\$ (1,653,072)	\$ 62,379,202	-2.65%	220.6%
2024	0.44%	(1,629,992)	54,186,278	-3.01%	201.6%
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 EMPLOYER CONTRIBUTION FOR RHIA*

*YEAR ENDED JUNE 30, 2025*

<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>
2025	\$ (97)	\$ (97)	\$ -	\$ 70,152,542	0.00%
2024	1,021	1,021	-	62,379,202	0.00%
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, 2025**

**Stipend Benefits**

	2025	2024	2023	2022	2021	2020	2019	2018	2017
Service cost	\$ 40,994	\$ 185,751	\$ 179,470	\$ 88,171	\$ 85,189	\$ 60,583	\$ 58,534	\$ 69,334	\$ 66,989
Interest on Total Pension Liability	59,058	53,624	65,502	38,108	35,889	59,398	64,927	68,297	104,020
Differences between expected and actual experience	(38,210)	-	(361,955)	-	(95,035)	-	68,851	95,825	(1,028,202)
Changes in assumptions or other inputs	(120,078)	-	(125,259)	-	221,214	-	(175,878)	(2,127)	22,822
Benefit payments - Stipends	(78,976)	(101,992)	(64,383)	(127,545)	(161,463)	(149,652)	(199,164)	(275,152)	(145,505)
Net changes	(137,212)	137,383	(306,625)	(1,266)	85,794	(29,671)	(182,730)	(43,823)	(979,876)
Total Pension Liability at beginning of the year	<u>1,657,527</u>	<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>	<u>2,978,341</u>
Total Pension Liability at end of the year	<u>\$ 1,520,315</u>	<u>\$ 1,657,527</u>	<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	\$ 33,383,000	\$ 36,300,000	\$ 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	4.55%	4.57%	4.34%	4.90%	5.21%	5.15%	5.81%	6.75%	6.90%
Discount Rate	5.20%	3.65%	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, 2025****Health Insurance**

	2025	2024	2023	2022	2021	2020	2019	2018	2017
Service cost	\$ 384,908	\$ 559,733	\$ 540,805	\$ 745,702	\$ 720,485	\$ 486,710	\$ 470,251	\$ 470,656	\$ 454,740
Interest on Total OPEB Liability	396,375	395,260	433,978	252,761	248,096	402,464	384,015	391,476	422,738
Differences between expected and actual experience	(11,794)	-	87,782	-	(1,495,749)	-	(200,957)	103,226	(944,510)
Changes in assumptions or other inputs	(1,139,171)	-	(1,219,867)	-	1,553,373	-	808,515	9,364	(85,678)
Benefit payments - Medical premiums	(495,718)	(571,947)	(564,247)	(456,956)	(471,508)	(548,755)	(524,892)	(552,684)	(497,385)
Benefit payments - Implicit subsidy	(390,923)	(390,282)	(280,465)	(319,398)	(372,590)	(411,652)	(384,089)	(301,657)	(201,896)
Net changes	(1,256,323)	(7,236)	(1,002,014)	222,109	182,107	(71,233)	552,843	120,381	(851,991)
Total OPEB Liability at beginning of the year	11,302,918	11,310,154	12,312,168	12,090,059	11,907,952	11,979,185	11,426,342	11,305,961	12,157,952
Total OPEB Liability at end of the year	\$ 10,046,595	\$ 11,302,918	\$ 11,310,154	\$ 12,312,168	\$ 12,090,059	\$ 11,907,952	\$ 11,979,185	\$ 11,426,342	\$ 11,305,961
Estimated covered employee payroll	\$ 50,121,000	\$ 54,540,000	\$ 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	20.04%	20.72%	21.46%	26.83%	27.27%	25.98%	28.55%	29.13%	31.42%
Discount Rate	5.20%	3.65%	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, 2025**

	ACTUAL	ORIGINAL BUDGET	FINAL BUDGET	VARIANCE TO FINAL BUDGET
<b>REVENUES:</b>				
Local Sources	\$ 64,684,464	\$ 63,795,000	\$ 64,165,000	\$ 519,464
Intermediate Sources	2,095,871	2,155,000	2,155,000	(59,129)
State Sources	44,842,841	43,650,000	44,380,000	462,841
Federal Sources	109,284	20,000	20,000	89,284
<b>Total Revenues</b>	<b>111,732,460</b>	<b>109,620,000</b>	<b>110,720,000</b>	<b>1,012,460</b>
<b>EXPENDITURES:</b>				
Instruction	76,593,097	75,100,000	76,800,000	206,903
Support Services	40,272,208	40,250,000	40,750,000	477,792
Facilities Acquisition and Construction	-	2	2	2
Debt Service	1,488,957	1,500,000	1,500,000	11,043
Operating Contingency	-	2,000,000	550,000	550,000
<b>Total Expenditures</b>	<b>118,354,262</b>	<b>118,850,002</b>	<b>119,600,002</b>	<b>1,245,740</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<b>(6,621,802)</b>	<b>(9,230,002)</b>	<b>(8,880,002)</b>	<b>2,258,200</b>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfer in	-	2	2	(2)
Transfer out	(436,886)	(105,000)	(455,000)	18,114
Sale of/Compensation for Loss of Capital Assets	-	10,000	10,000	(10,000)
<b>Total Other Financing Sources (Uses)</b>	<b>(436,886)</b>	<b>(94,998)</b>	<b>(444,998)</b>	<b>8,112</b>
<b>NET CHANGE IN FUND BALANCE</b>	<b>(7,058,688)</b>	<b>(9,325,000)</b>	<b>(9,325,000)</b>	<b>2,266,312</b>
<b>FUND BALANCE, Beginning of year</b>	<b>13,126,139</b>	<b>17,500,000</b>	<b>13,500,000</b>	<b>(373,861)</b>
<b>FUND BALANCE, End of year</b>	<b>\$ 6,067,451</b>	<b>\$ 8,175,000</b>	<b>\$ 4,175,000</b>	<b>\$ 1,892,451</b>

**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, 2025**

GRANTS FUND

	<u>ACTUAL</u>	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>VARIANCE TO FINAL BUDGET</u>
REVENUES:				
Local Sources	\$ 16,045	\$ 5,000	\$ 5,000	\$ 11,045
Intermediate Sources	185,000	300,000	300,000	(115,000)
State Sources	9,691,256	9,450,000	9,570,000	121,256
Federal Sources	1,409,311	1,705,000	1,405,000	4,311
Total Revenues	<u>11,301,612</u>	<u>11,460,000</u>	<u>11,280,000</u>	<u>21,612</u>
EXPENDITURES:				
Instruction	8,437,869	7,860,000	8,530,000	92,131
Support Services	3,071,235	3,640,000	3,140,000	68,765
Enterprise and Community Services	-	10,000	10,000	10,000
Total Expenditures	<u>11,509,104</u>	<u>11,510,000</u>	<u>11,680,000</u>	<u>170,896</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(207,492)	(50,000)	(400,000)	192,508
OTHER FINANCING SOURCES (USES):				
Transfers In	<u>207,492</u>	<u>50,000</u>	<u>400,000</u>	<u>(192,508)</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***

**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**

**FOR THE YEAR ENDED JUNE 30, 2025**

GENERAL FUND

	<u>ACTUAL</u>	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>VARIANCE TO FINAL BUDGET</u>
REVENUES:				
Local Sources:				
Taxes-Current Levy	\$ 43,534,236	\$ 43,180,000	\$ 43,180,000	\$ 354,236
Taxes-Prior Levies	450,674	500,000	500,000	(49,326)
Local Option Taxes-Current Levy	16,039,902	16,100,000	16,100,000	(60,098)
Local Option Taxes-Prior Levy	289,564	250,000	250,000	39,564
Tuition	847,523	755,000	755,000	92,523
Transportation Fees	91,759	-	-	91,759
Earnings on Investments	1,927,762	1,250,000	1,620,000	307,762
Gate Receipts	31,655	60,000	60,000	(28,345)
Sports Participation Fees	780,252	650,000	650,000	130,252
Student Fees	46,139	65,000	65,000	(18,861)
Device Fees	153,118	70,000	70,000	83,118
Property Lease Fees	318,413	315,000	315,000	3,413
Miscellaneous Income	173,467	600,000	600,000	(426,533)
Total From Local Sources	<u>64,684,464</u>	<u>63,795,000</u>	<u>64,165,000</u>	<u>519,464</u>
Intermediate Sources:				
County School Fund	4,989	5,000	5,000	(11)
ESD Choice Fund	2,035,382	2,100,000	2,100,000	(64,618)
Other Restricted Grants	<u>55,500</u>	<u>50,000</u>	<u>50,000</u>	<u>5,500</u>
Total From Intermediate Sources	<u>2,095,871</u>	<u>2,155,000</u>	<u>2,155,000</u>	<u>(59,129)</u>
State Sources:				
School Support Fund	43,449,579	42,250,000	42,980,000	469,579
Common School Fund	952,240	950,000	950,000	2,240
Miscellaneous Grants	<u>441,022</u>	<u>450,000</u>	<u>450,000</u>	<u>(8,978)</u>
Total From State Sources	<u>44,842,841</u>	<u>43,650,000</u>	<u>44,380,000</u>	<u>462,841</u>
Federal Sources:				
Federal Forest Fees	<u>109,284</u>	<u>20,000</u>	<u>20,000</u>	<u>89,284</u>
Other Sources:				
Interfund Transfers	-	2	2	(2)
Sales/Compensation for Loss of Capital Assets	<u>-</u>	<u>10,000</u>	<u>10,000</u>	<u>(10,000)</u>
Total From Other Sources	<u>-</u>	<u>10,002</u>	<u>10,002</u>	<u>(10,002)</u>
Total Revenues	<u>\$ 111,732,460</u>	<u>\$ 109,630,002</u>	<u>\$ 110,730,002</u>	<u>\$ 1,002,458</u>

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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) - GENERAL FUND (Continued)**YEAR ENDED JUNE 30, 2025*

	SALARIES	EMPLOYEE BENEFITS	PURCHASED SERVICES	SUPPLIES & MATERIALS
<b>EXPENDITURES:</b>				
Instruction:				
Regular Programs:				
Primary, K-5	\$ 12,987,950	\$ 7,050,243	\$ 66,649	\$ 492,641
Jr. High Programs	7,317,096	3,636,482	426,211	387,141
Jr. High School Extra-curricular	259,741	85,033	27,425	8,306
High School Programs	10,555,890	5,336,856	75,857	695,731
High School Extra-curricular	2,089,626	625,737	232,536	69,773
Special Programs:				
Talented and Gifted	454,636	202,522	328	688
More Restrictive Special Programs	5,737,556	3,290,712	2,563,124	94,913
Less Restrictive Special Programs	5,792,219	3,364,542	88,946	42,880
Alternative Education	734,445	365,169	466,073	174
English 2nd Language	540,301	273,669	687	58
Summer School Programs	44,996	13,794	-	183
<b>Total Instruction</b>	<b>46,514,456</b>	<b>24,244,759</b>	<b>3,947,836</b>	<b>1,792,488</b>
Support Services:				
Students:				
Attendance and Social Work Services	224,405	111,449	212,182	45
Guidance Services	2,559,840	1,350,664	404	5,952
Health Services	324,844	169,106	53,602	1,939
Psychological Services	588,870	242,744	116,549	27,739
Speech Pathology and Audiology	1,213,561	574,481	761	16,460
Service Direction, Student Support	397,533	154,814	137,748	31,397
Instructional Staff:				
Improvement of Instruction	1,584,636	903,033	83,853	99,168
Educational Media	627,416	390,424	-	99,263
Assessment and Testing	804	245	-	-
General Administration:				
Board of Education	-	-	174,056	39,311
Executive Administration	608,417	260,293	22,282	40,322
School Administration - Office of the Principal	4,204,935	2,047,718	34,838	43,945
Business:				
Fiscal Services	759,737	349,684	53,898	33,808
Operation & Maintenance of Plant	2,902,814	1,570,945	3,698,018	588,696
Student Transportation	-	-	5,714,028	66,999
Central Activities:				
Information	270,358	99,215	99,541	14,975
Staff	410,165	262,298	127,017	96,891
Technology	619,546	315,654	559,990	379,423
Supplemental Retirement Program	97,091	481,896	-	-
<b>Total Support Services</b>	<b>17,394,972</b>	<b>9,284,663</b>	<b>11,088,767</b>	<b>1,586,333</b>
Facilities Acquisition and Construction	-	-	-	-
Facilities Acquisitions/Improvements	-	-	-	-

CAPITAL OUTLAY	OTHER OBJECTS	ACTUAL	ORIGINAL BUDGET	FINAL BUDGET	VARIANCE TO FINAL BUDGET
\$ -	\$ -	\$ 20,597,483	\$ 20,258,310	\$ 20,258,310	\$ (339,173)
-	-	11,766,930	12,040,811	12,040,811	273,881
-	3,039	383,544	377,350	377,350	(6,194)
-	300	16,664,634	16,397,155	16,397,155	(267,479)
-	90,219	3,107,891	2,712,824	2,712,824	(395,067)
-	-	658,174	788,933	788,933	130,759
-	-	11,686,305	10,260,945	11,960,945	274,640
-	-	9,288,587	9,794,280	9,794,280	505,693
-	-	1,565,861	1,595,770	1,595,770	29,909
-	-	814,715	873,622	873,622	58,907
-	-	58,973	-	-	(58,973)
-	93,558	76,593,097	75,100,000	76,800,000	206,903
-	-	548,081	644,980	644,980	96,899
-	1,576	3,918,436	3,937,268	3,937,268	18,832
-	-	549,491	514,313	514,313	(35,178)
-	-	975,902	1,653,269	1,653,269	677,367
-	-	1,805,263	2,101,483	2,101,483	296,220
-	-	721,492	914,814	914,814	193,322
-	-	2,670,690	2,712,083	2,712,083	41,393
-	-	1,117,103	1,140,035	1,140,035	22,932
-	-	1,049	23,723	23,723	22,674
-	14,412	227,779	297,625	297,625	69,846
-	4,779	936,093	954,435	954,435	18,342
-	3,483	6,334,919	6,323,493	6,323,493	(11,426)
-	34,583	1,231,710	1,328,477	1,328,477	96,767
-	856,934	9,617,407	9,019,059	9,019,059	(598,348)
-	-	5,781,027	5,118,550	5,618,550	(162,477)
-	1,021	485,110	527,809	527,809	42,699
-	385	896,756	776,560	776,560	(120,196)
-	300	1,874,913	1,512,024	1,512,024	(362,889)
-	-	578,987	750,000	750,000	171,013
-	917,473	40,272,208	40,250,000	40,750,000	477,792
-	-	-	2	2	2

**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, 2025*

	<u>SALARIES</u>	<u>EMPLOYEE BENEFITS</u>	<u>PURCHASED SERVICES</u>	<u>SUPPLIES &amp; MATERIALS</u>
EXPENDITURES (Cont.):				
Debt Service	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Operating Contingency	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Expenditures	<u>\$ 63,909,428</u>	<u>\$ 33,529,422</u>	<u>\$ 15,036,603</u>	<u>\$ 3,378,821</u>
Excess of Revenues Over, (Under) Expenditures				
Other Financing Uses:				
Transfers Out				
Net Change in Fund Balance				
Beginning Fund Balance				
Ending Fund Balance				

<u>CAPITAL OUTLAY</u>	<u>OTHER OBJECTS</u>	<u>ACTUAL</u>	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>VARIANCE TO FINAL BUDGET</u>
<u>\$ -</u>	<u>\$ 1,488,957</u>	<u>\$ 1,488,957</u>	<u>\$ 1,500,000</u>	<u>\$ 1,500,000</u>	<u>\$ 11,043</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>2,000,000</u>	<u>550,000</u>	<u>550,000</u>
<u>\$ -</u>	<u>\$ 2,499,988</u>	<u>118,354,262</u>	<u>118,850,002</u>	<u>119,600,002</u>	<u>1,245,740</u>
		<u>(6,621,802,</u>	<u>(9,220,000,</u>	<u>(8,870,000,</u>	<u>2,248,198</u>
		<u>(436,886,</u>	<u>(105,000,</u>	<u>(455,000,</u>	<u>18,114</u>
		<u>(7,058,688,</u>	<u>(9,325,000,</u>	<u>(9,325,000,</u>	<u>2,266,312</u>
		<u>13,126,139</u>	<u>17,500,000</u>	<u>13,500,000</u>	<u>(373,861,</u>
		<u>\$ 6,067,451</u>	<u>\$ 8,175,000</u>	<u>\$ 4,175,000</u>	<u>\$ 1,892,451</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, 2025*

REVENUES:

Local Sources:  
 Contributions and Donations  
 Charges for Services  
 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
<b>EXPENDITURES:</b>				
Instruction:				
Regular Programs:				
Elementary Instruction	\$ 1,855,493	\$ 992,343	\$ -	\$ 4,973
Junior High Instruction	1,153,796	522,092	-	-
High School Program	1,694,386	968,037	2,150	26,014
Special Programs:				
More Restrictive Programs	-	-	17,604	-
Less Restrictive Programs	585,769	310,692	1,034	-
Title I Programs	146,203	91,536	-	16,111
Summer School and Other Programs	-	-	-	-
Total Instruction	<u>5,435,647</u>	<u>2,884,700</u>	<u>20,788</u>	<u>47,098</u>
Support Services:				
Students:				
Attendance and Social Work Services	480,379	241,976	5,241	1,256
Guidance Services	-	-	-	-
Nursing Services	112,097	39,773	-	-
Service Direction, Student Support	638,668	336,544	4,810	-
Instructional Staff:				
Improvement of Instruction	592,555	261,513	78,086	61,263
Media Services	146,883	70,141	-	-
Student Assessment	-	-	-	-
Business and Central Activities:				
Student Transportation	-	-	-	-
Information Services	-	-	-	-
Technology	-	-	-	-
Total Support Services	<u>1,970,582</u>	<u>949,947</u>	<u>88,137</u>	<u>62,519</u>
Community Services - Child Care	-	-	-	-
Total Expenditures	<u>\$ 7,406,229</u>	<u>\$ 3,834,647</u>	<u>\$ 108,925</u>	<u>\$ 109,617</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
	\$	-	\$ 5,000	\$ 5,000	\$ (5,000)
		16,045	-	-	16,045
		185,000	300,000	300,000	(115,000)
		9,691,256	9,450,000	9,570,000	121,256
		<u>1,409,311</u>	<u>1,705,000</u>	<u>1,405,000</u>	<u>4,311</u>
		<u>11,301,612</u>	<u>11,460,000</u>	<u>11,280,000</u>	<u>21,612</u>
Detail by Object					
CAPITAL OUTLAY	OTHER OBJECTS				
\$ -	\$ 29,174	2,881,983	2,512,656	2,591,856	(290,127)
-	-	1,675,888	1,365,829	1,535,829	(140,059)
-	20,462	2,711,049	2,591,724	2,842,524	131,475
-	-	17,604	200,000	200,000	182,396
-	-	897,495	889,791	1,059,791	162,296
-	-	253,850	250,000	250,000	(3,850)
-	-	-	50,000	50,000	50,000
-	49,636	8,437,869	7,860,000	8,530,000	92,131
-	-	728,852	787,408	519,408	(209,444)
-	-	-	-	-	-
-	-	151,870	167,268	167,268	15,398
-	-	980,022	1,132,732	1,132,732	152,710
-	50	993,467	1,273,856	1,041,856	48,389
-	-	217,024	225,736	225,736	8,712
-	-	-	9,000	9,000	9,000
-	-	-	-	-	-
-	-	-	14,000	14,000	14,000
-	-	-	30,000	30,000	30,000
-	50	3,071,235	3,640,000	3,140,000	68,765
-	-	-	10,000	10,000	10,000
\$ -	\$ 49,686	11,509,104	11,510,000	11,680,000	170,896
		(207,492)	(50,000)	(400,000)	192,508
		<u>207,492</u>	<u>50,000</u>	<u>400,000</u>	<u>(192,508)</u>
		-	-	-	-
		-	-	-	-
\$ -	\$ -	-	-	-	-

**LAKE OSWEGO SCHOOL DISTRICT NO. 7J**

**CLACKAMAS COUNTY, OREGON**

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

*ACTUAL AND BUDGET (BUDGETARY BASIS) - DEBT SERVICE FUND*

*YEAR ENDED JUNE 30, 2025*

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	<u>ACTUAL</u>	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>VARIANCE TO FINAL BUDGET</u>
REVENUES:				
Local Sources:				
Taxes-Current Levy	\$ 28,078,776	\$ 28,000,000	\$ 28,000,000	\$ 78,776
Taxes-Prior Levies	316,909	250,000	250,000	66,909
Earnings on Investments	551,142	400,000	400,000	151,142
PERS UAL Charges for Services to Other Funds	<u>6,030,584</u>	<u>5,350,000</u>	<u>5,350,000</u>	<u>680,584</u>
Total Revenues	<u>34,977,411</u>	<u>34,000,000</u>	<u>34,000,000</u>	<u>977,411</u>
EXPENDITURES:				
Debt Service:				
Long-Term Debt Service:				
Redemption of Principal	18,925,000	18,925,000	18,925,000	-
Interest	<u>14,883,708</u>	<u>14,885,000</u>	<u>14,885,000</u>	<u>1,292</u>
Total Expenditures	<u>33,808,708</u>	<u>33,810,000</u>	<u>33,810,000</u>	<u>1,292</u>
Excess of Revenues Over (Under) Expenditures	1,168,703	190,000	190,000	978,703
Beginning Fund Balance	<u>2,824,459</u>	<u>2,250,000</u>	<u>2,250,000</u>	<u>574,459</u>
Ending Fund Balance	<u>\$ 3,993,162</u>	<u>\$ 2,440,000</u>	<u>\$ 2,440,000</u>	<u>\$ 1,553,162</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) - CAPITAL PROJECTS FUND*

*YEAR ENDED JUNE 30, 2025*

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REVENUES:

- From Local Sources:
  - Construction Excise Tax
  - Interest Income
  - Participation Fees
  - Donations
  - Energy Grants
  - Miscellaneous

Total From Local Sources

- From State Sources:
  - Other Restricted Grants

Total Revenues

Detail by Object

	<u>SALARIES</u>	<u>EMPLOYEE BENEFITS</u>	<u>PURCHASED SERVICES</u>	<u>SUPPLIES &amp; MATERIALS</u>
EXPENDITURES:				
Instruction:				
Regular Instruction				
Primary K-5	\$ -	\$ -	\$ -	\$ 477,224
High School Program	-	-	-	167,401
High School Program Extra-curricular	-	-	-	-
Total Instruction	-	-	-	644,625
Support Services:				
Students				
Operation and Maintenance of Plant Services	32,035	14,244	28,132	176,047
Business - Transportation	-	-	-	-
Central Activities - Technology	-	-	-	-
Total Support Services	32,035	14,244	28,132	176,047
Facilities Acquisition and Construction	468,844	228,284	5,940,746	1,024,829
Debt Service	-	-	202,851	-
Operating Contingency	-	-	-	-
Total Expenditures	<u>\$ 500,879</u>	<u>\$ 242,528</u>	<u>\$ 6,171,729</u>	<u>\$ 1,845,501</u>

Excess of Revenues Over (Under) Expenditures

Other Financing Sources and (Uses):

- Issuance of Long-Term Debt
- Premium on Issuance of Long-Term Debt
- Sale of/Compensation for Loss of Capital Assets
- 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
		\$ 356,725	\$ 450,000	\$ 450,000	\$ (93,275)
		3,364,567	1,650,000	1,650,000	1,714,567
		231,287	200,000	200,000	31,287
		41,534	40,000	40,000	1,534
		1,383,436	-	-	1,383,436
		225,665	150,000	150,000	75,665
		<u>5,603,214</u>	<u>2,490,000</u>	<u>2,490,000</u>	<u>3,113,214</u>
		4,025,000	-	-	4,025,000
		<u>9,628,214</u>	<u>2,490,000</u>	<u>2,490,000</u>	<u>7,138,214</u>
Detail by Object					
CAPITAL OUTLAY	OTHER OBJECTS				
\$ -	\$ -	477,224	1,000,000	1,000,000	522,776
-	-	167,401	-	-	(167,401)
-	-	-	500,000	500,000	500,000
-	-	<u>644,625</u>	<u>1,500,000</u>	<u>1,500,000</u>	<u>855,375</u>
168,178	-	418,636	-	-	(418,636)
1,614,336	-	1,614,336	-	1,500,000	(114,336)
-	-	-	750,000	750,000	750,000
<u>1,782,514</u>	<u>-</u>	<u>2,032,972</u>	<u>750,000</u>	<u>2,250,000</u>	<u>217,028</u>
48,095,791	511,594	56,270,088	74,215,000	74,215,000	17,944,912
-	405,460	608,311	950,001	950,001	341,690
-	-	-	2,500,000	1,000,000	1,000,000
<u>\$ 49,878,305</u>	<u>\$ 917,054</u>	<u>59,555,996</u>	<u>79,915,001</u>	<u>79,915,001</u>	<u>20,359,005</u>
		(49,927,782)	(77,425,001)	(77,425,001)	27,497,219
		27,285,000	30,000,000	30,000,000	(2,715,000)
		1,929,186	-	-	1,929,186
		108,800	-	-	108,800
		40,799	-	-	40,799
		-	(2)	(2)	2
		<u>29,363,785</u>	<u>29,999,998</u>	<u>29,999,998</u>	<u>(636,213)</u>
		(20,563,997)	(47,425,003)	(47,425,003)	26,861,006
		101,304,265	100,050,002	100,050,002	1,254,263
<u>\$ 80,740,268</u>	<u>\$ 52,624,999</u>	<u>\$ 52,624,999</u>	<u>\$ 52,624,999</u>	<u>\$ 28,115,269</u>	

**LAKE OSWEGO SCHOOL DISTRICT NO.7J**  
**CLACKAMAS COUNTY, OREGON**  
**COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS**  
**JUNE 30, 2025**

	SPECIAL REVENUE FUNDS				TOTAL NONMAJOR GOVERNMENTAL FUNDS
	COMMUNITY CONTRIBUTIONS	COMMUNITY SERVICES FUND	STUDENT ACTIVITY FUND	FOOD SERVICE FUND	
<b>ASSETS:</b>					
Cash and Investments	\$ -	\$ 500	\$ 1,929,755	\$ 850	\$ 1,931,105
Interfund Receivables	1,303,430	-	-	425,265	1,728,695
Accounts Receivable	-	108,339	-	44,669	153,008
Inventories	-	-	-	42,634	42,634
<b>Total Assets</b>	<b>\$ 1,303,430</b>	<b>\$ 108,839</b>	<b>\$ 1,929,755</b>	<b>\$ 513,418</b>	<b>\$ 3,855,442</b>
<b>LIABILITIES AND FUND BALANCES:</b>					
<b>Liabilities:</b>					
Interfund Payables	\$ -	\$ 5,467	\$ -	\$ -	\$ 5,467
Accounts Payable	74	51,679	-	10,155	61,908
Unearned Revenue	1,133,493	51,693	-	201,744	1,386,930
<b>Total Liabilities</b>	<b>1,133,567</b>	<b>108,839</b>	<b>-</b>	<b>211,899</b>	<b>1,454,305</b>
<b>Fund Balances:</b>					
<b>Nonspendable:</b>					
Inventories	-	-	-	42,634	42,634
<b>Committed to:</b>					
Community Support	169,863	-	-	258,885	428,748
Student Activities	-	-	1,929,755	-	1,929,755
<b>Total Fund Balances</b>	<b>169,863</b>	<b>-</b>	<b>1,929,755</b>	<b>301,519</b>	<b>2,401,137</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 1,303,430</b>	<b>\$ 108,839</b>	<b>\$ 1,929,755</b>	<b>\$ 513,418</b>	<b>\$ 3,855,442</b>

**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, 2025**

	SPECIAL REVENUE FUNDS				TOTAL NONMAJOR GOVERNMENTAL FUNDS
	COMMUNITY CONTRIBUTIONS	COMMUNITY SERVICES FUND	STUDENT ACTIVITY FUND	FOOD SERVICE FUND	
REVENUES:					
Local Sources	\$ 979,840	\$ 1,751,064	\$ 2,409,743	\$ 1,508,606	\$ 6,649,253
State Sources	-	-	-	266,209	266,209
Federal Sources	-	-	-	780,055	780,055
Total Revenues	979,840	1,751,064	2,409,743	2,554,870	7,695,517
EXPENDITURES:					
Current:					
Instruction	977,511	-	2,356,835	-	3,334,346
Enterprise and Community Services	-	1,882,117	-	2,883,140	4,765,257
Capital Outlay	-	-	-	8,422	8,422
Total Expenditures	977,511	1,882,117	2,356,835	2,891,562	8,108,025
Excess (Deficiency) of Revenues Over Expenditures	2,329	(131,053)	52,908	(336,692)	(412,508)
Other Financing Sources:					
Transfers In	-	131,053	-	7,542	138,595
Increase (Decrease) in Inventories	-	-	-	2,310	2,310
Net Change in Fund Balance	2,329	-	52,908	(326,840)	(271,603)
Beginning Fund Balance	167,534	-	1,876,847	628,359	2,672,740
Ending Fund Balance	\$ 169,863	\$ -	\$ 1,929,755	\$ 301,519	\$ 2,401,137

**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, 2025*

REVENUES:

Local Sources:

- Foundation Contributions
- Other Contributions and Donations

Total Revenues

	Detail by Object			
	SALARIES	EMPLOYEE BENEFITS	PURCHASED SERVICES	SUPPLIES & MATERIALS
EXPENDITURES:				
Instruction:				
Regula Programs:				
Primary -5	\$ 600,585	\$ -	\$ -	\$ -
Jr. High Programs	163,985	-	3,500	16,618
High School Programs	180,580	-	-	-
High School Extra-curricula	-	-	-	-
Othe Special Programs	-	-	-	-
	-	-	-	-
Total Instruction	945,150	-	3,500	16,618
Support Services:				
Pupils:				
Improvement of Instruction	-	-	-	-
Instructional Staff and Educational Media	-	-	-	-
School Administration - Office of the Principal	-	-	-	-
Business:				
Operation and Maintenance	-	-	-	-
	-	-	-	-
Total Support Services	-	-	-	-
Facilities Acquisition and Construction	-	-	-	-
	-	-	-	-
Total Expenditures	\$ 945,150	\$ -	\$ 3,500	\$ 16,618

Excess of Revenues Over (Under) Expenditures

Beginning Fund Balance

Ending Fund Balance

		ACTUAL	ORIGINAL BUDGET	FINAL BUDGET	VARIANCE TO FINAL BUDGET
		\$ 945,150	\$ 2,000,000	\$ 2,000,000	\$ (1,054,850)
		34,690	345,000	345,000	(310,310)
		979,840	2,345,000	2,345,000	(1,365,160)
<u>Detail by Object</u>					
CAPITAL OUTLAY	OTHER OBJECTS				
\$ 5,258	\$ -	605,843	1,103,000	1,103,000	497,157
-	-	184,103	432,000	432,000	247,897
-	-	180,580	674,000	674,000	493,420
6,985	-	6,985	11,000	11,000	4,015
-	-	-	3,000	3,000	3,000
12,243	-	977,511	2,223,000	2,223,000	1,245,489
-	-	-	17,000	17,000	17,000
-	-	-	25,000	25,000	25,000
-	-	-	10,000	10,000	10,000
-	-	-	60,000	60,000	60,000
-	-	-	112,000	112,000	112,000
-	-	-	15,000	15,000	15,000
\$ 12,243	\$ -	977,511	2,350,000	2,350,000	1,372,489
		2,329	(5,000)	(5,000)	7,329
		167,534	155,000	155,000	12,534
		\$ 169,863	\$ 150,000	\$ 150,000	\$ 19,863

**LAKE OSWEGO SCHOOL DISTRICT NO. 7J**

**CLACKAMAS COUNTY, OREGON**

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

*ACTUAL AND BUDGET (BUDGETARY BASIS) - COMMUNITY SERVICES FUND*

*FOR THE YEAR ENDED JUNE 30, 2025*

	ACTUAL	ORIGINAL BUDGET	FINAL BUDGET	VARIANCE TO FINAL BUDGET
<b>REVENUES:</b>				
Local Sources, Community Service Activities:				
Community Services Tuition	\$ 664,488	\$ 800,000	\$ 800,000	\$ (135,512)
Extended Child Care Fees	486,525	500,000	500,000	(13,475)
Driver's Ed. Fees	213,726	150,000	150,000	63,726
Pool Fees	79,164	100,000	100,000	(20,836)
Rent From School Facility	283,115	240,000	240,000	43,115
Donations	24,046	-	-	24,046
Miscellaneous	-	10,000	10,000	(10,000)
	<u>1,751,064</u>	<u>1,800,000</u>	<u>1,800,000</u>	<u>(48,936)</u>
<b>EXPENDITURES:</b>				
Enterprise and Community Services				
Other Enterprise:				
Community Recreation:				
Salaries	599,817	424,314	424,314	(175,503)
Employee Benefits	210,971	199,418	199,418	(11,553)
Purchased Services	155,451	346,620	346,620	191,169
Supplies & Materials	285,099	196,633	196,633	(88,466)
Capital Outlay	53,167	-	-	(53,167)
Other Objects	17,060	10,000	10,000	(7,060)
Swim Pool:				
Salaries	6,886	7,000	7,000	114
Employee Benefits	2,066	2,169	2,169	103
Purchased Services	71,190	55,000	55,000	(16,190)
Supplies & Materials	36,476	19,000	19,000	(17,476)
Other Objects	1,157	1,000	1,000	(157)
Custody and Care of Children:				
Salaries	264,236	323,125	323,125	58,889
Employee Benefits	152,455	198,541	198,541	46,086
Purchased Services	14,758	22,180	22,180	7,422
Supplies & Materials	11,328	45,000	45,000	33,672
	<u>1,882,117</u>	<u>1,850,000</u>	<u>1,850,000</u>	<u>(32,117)</u>
Excess (Deficiency) of Revenues Over Expenditures	(131,053)	(50,000)	(50,000)	(81,053)
Other Financing Sources:				
Transfers In	131,053	50,000	50,000	81,053
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) - STUDENT ACTIVITY FUND*

*FOR THE YEAR ENDED JUNE 30, 2025*

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	<u>ACTUAL</u>	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>VARIANCE TO FINAL BUDGET</u>
REVENUES:				
Local Sources:				
Community Services Activities	<u>\$ 2,409,743</u>	<u>\$ 3,100,000</u>	<u>\$ 3,100,000</u>	<u>\$ (690,257)</u>
EXPENDITURES:				
Instruction:				
Regular Programs:				
Elementary-Extra-curricular:				
Supplies & Materials	54,403	125,000	125,000	70,597
Jr. High-Extra-curricular:				
Supplies & Materials	117,229	350,000	350,000	232,771
High School Extra-curricular:				
Supplies & Materials	<u>2,185,203</u>	<u>2,625,000</u>	<u>2,625,000</u>	<u>439,797</u>
Total Expenditures	<u>2,356,835</u>	<u>3,100,000</u>	<u>3,100,000</u>	<u>743,165</u>
Net Change in Fund Balance	52,908	-	-	52,908
Beginning Fund Balance	<u>1,876,847</u>	<u>1,000,000</u>	<u>1,000,000</u>	<u>876,847</u>
Ending Fund Balance	<u>\$ 1,929,755</u>	<u>\$ 1,000,000</u>	<u>\$ 1,000,000</u>	<u>\$ 929,755</u>

**LAKE OSWEGO SCHOOL DISTRICT NO. 7J****CLACKAMAS COUNTY, OREGON***SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**ACTUAL AND BUDGET (BUDGETARY BASIS) - FOOD SERVICE FUND**FOR THE YEAR ENDED JUNE 30, 2025*

	ACTUAL	ORIGINAL BUDGET	FINAL BUDGET	VARIANCE TO FINAL BUDGET
<b>REVENUES:</b>				
Local Sources - Food Service:				
Food Service Sales	\$ 1,487,523	\$ 1,550,000	\$ 1,550,000	\$ (62,477)
Banquets & Miscellaneous	21,083	50,000	50,000	(28,917)
Total Local Sources - Food Service	<u>1,508,606</u>	<u>1,600,000</u>	<u>1,600,000</u>	<u>(91,394)</u>
State Sources:				
State Grants in Aid	266,209	80,000	80,000	186,209
Federal Sources:				
National School Lunch Reimbursement	624,300	470,000	470,000	154,300
USDA Commodities	155,755	145,000	145,000	10,755
Total Federal Sources	<u>780,055</u>	<u>615,000</u>	<u>615,000</u>	<u>165,055</u>
Total Revenues	<u>2,554,870</u>	<u>2,295,000</u>	<u>2,295,000</u>	<u>259,870</u>
<b>EXPENDITURES:</b>				
Enterprise and Community Services				
Food Service:				
Salaries	883,156	908,256	908,256	25,100
Employee Benefits	505,374	507,444	507,444	2,070
Purchased Services	95,653	75,000	75,000	(20,653)
Supplies & Materials	1,356,981	1,149,300	1,149,300	(207,681)
Capital Outlay	8,422	180,000	180,000	171,578
Other Objects	41,976	30,000	30,000	(11,976)
Total Expenditures	<u>2,891,562</u>	<u>2,850,000</u>	<u>2,850,000</u>	<u>(41,562)</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(336,692)</u>	<u>(555,000)</u>	<u>(555,000)</u>	<u>218,308</u>
Other Financing Sources:				
Transfers In	7,542	5,000	5,000	2,542
Net Change in Fund Balance	(329,150)	(550,000)	(550,000)	220,850
Beginning Fund Balance	<u>588,035</u>	<u>725,000</u>	<u>725,000</u>	<u>(136,965)</u>
Ending Fund Balance	<u>\$ 258,885</u>	<u>\$ 175,000</u>	<u>\$ 175,000</u>	<u>\$ 83,885</u>

**LAKE OSWEGO SCHOOL DISTRICT NO. 7J**  
**CLACKAMAS COUNTY, OREGON**  
*SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE*  
*ACTUAL AND BUDGET (BUDGETARY BASIS) - INTERNAL SERVICE FUND*  
*FOR THE YEAR ENDED JUNE 30, 2025*

	<u>ACTUAL</u>	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>VARIANCE TO FINAL BUDGET</u>
REVENUES:				
Local Sources:				
Services Provided Other Funds	2,009,696	1,500,000	1,500,000	509,696
Recovery of Prior Years' Expenditure	<u>378,150</u>	<u>-</u>	<u>-</u>	<u>378,150</u>
Total Revenues	<u>2,387,846</u>	<u>1,500,000</u>	<u>1,500,000</u>	<u>887,846</u>
EXPENDITURES:				
Support Services:				
Business:				
Employee Benefits	1,152,417	1,300,000	1,300,000	147,583
Purchased Services	467,630	50,000	50,000	(417,630)
Supplies & Materials	25,150	-	-	(25,150)
Capital Outlay	131,339	-	-	(131,339)
Other Objects	<u>859,066</u>	<u>900,000</u>	<u>900,000</u>	<u>40,934</u>
Total Expenditures	<u>2,635,602</u>	<u>2,250,000</u>	<u>2,250,000</u>	<u>(385,602)</u>
Excess of Revenues Over (Under) Expenditures	(247,756)	(750,000)	(750,000)	502,244
Other Financing Sources and (Uses):				
Transfers In	50,000	-	-	50,000
Total Other Financing Sources and (Uses):	<u>50,000</u>	<u>-</u>	<u>-</u>	<u>50,000</u>
Net Change in Fund Balance	(197,756)	(750,000)	(750,000)	552,244
Beginning Fund Balance	<u>250,000</u>	<u>750,000</u>	<u>750,000</u>	<u>(500,000)</u>
Ending Fund Balance	<u>\$ 52,244</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 52,244</u>

RECONCILIATION OF THE BUDGETARY BASIS FUND BALANCE TO PROPRIETARY FUNDS NET POSITION

Budgetary Basis Ending Fund Balance - Internal Service Funds	\$ 52,244
Proprietary Funds Capital Assets, Net of Accumulated Depreciation	<u>113,204</u>
Net Position - Proprietary Funds	<u>\$ 165,448</u>

***OTHER FINANCIAL SCHEDULES***

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**LAKE OSWEGO SCHOOL DISTRICT NO. 7J**  
**CLACKAMAS COUNTY, OREGON**  
 DEPARTMENT OF EDUCATION SUPPLEMENTAL INFORMATION  
 YEAR ENDED JUNE 30, 2025

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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	\$ 2,318,383
Function 2550	-

B. Replacement of Equipment - General Fund:  
 Include all General Fund expenditures in object 542,  
 except for the following exclusions:  
 Exclude these functions:

\$ -
------

Exclude these functions:

1113, 1122 & 1132	Co-curricular Activities	4150	Construction
1140	Pre-Kindergarten	2550	Pupil Transportation
1300	Continuing Education	3100	Food Service
1400	Summer School	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, 2025**

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Foundation unearned revenues as of June 30, 2024		\$	828,493
(Amounts received from Foundation in prior fiscal year for current fiscal year)			
Amounts unspent as of June 30, 2025	\$	33,493	(33,493)
Foundation donations to District for the fiscal year ended June 30, 2025			
Total foundation donations received by District during the current fiscal year	<u>\$ 1,250,150</u>		
Allocation of donations received in current fiscal year:			
Donations received for current fiscal year		-	150,150
Donations received in current fiscal year for the next fiscal year	<u>1,100,000</u>		<u>-</u>
Foundation revenues recognized for fiscal year ended June 30, 2025			945,150
Total Foundation unearned revenues as of June 30, 2025		<u>\$ 1,133,493</u>	
Expenditure of Foundation donations within the Community Contributions Fund:			
Teacher and Aide Salaries and Wages			<u>945,150</u>
Total Foundation expenditures			<u>945,150</u>
Excess of revenues over (under) expenditures			<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**

	2021	2022	2023	2024	2025
<b>ASSETS:</b>					
Cash	\$ 37,400,795	\$ 30,345,423	\$ 24,299,532	\$ 30,879,093	\$ 25,432,735
Interfund Receivables	-	-	4,672,138	-	-
Intergovernmental Receivable	-	-	-	-	2,959
Receivables:					
Taxes	1,633,053	1,967,500	2,258,438	2,115,826	2,554,970
Accounts	1,207,037	686,345	933,674	1,380,483	851,495
Leases Receivable	-	913,472	772,918	639,718	669,165
Intergovernmental Loan Receivable	-	-	-	580,000	524,562
Accrued Interest	279	612	44,730	32,621	23,509
Prepays	21,070	21,154	23,271	46,353	24,585
Inventories	47,727	40,747	27,815	34,272	34,272
Total Assets	<u>\$ 40,309,961</u>	<u>\$ 33,975,253</u>	<u>\$ 33,032,516</u>	<u>\$ 35,708,366</u>	<u>\$ 30,118,252</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES:</b>					
<b>LIABILITIES:</b>					
Interfund Payables	\$ 9,037,935	\$ 4,167,143	\$ -	\$ 7,620,999	\$ 8,160,424
Intergovernmental Payable	577,083	631,869	589,290	78,759	-
Accrued Payroll and Benefits Payable	7,463,086	7,003,058	10,972,593	10,830,569	11,191,058
Accounts and Retainage Payable	910,393	1,630,159	1,842,362	1,799,441	1,908,903
Unearned Revenue	8,500	14,935	3,305	14,946	15,979
Total Liabilities	<u>17,996,997</u>	<u>13,447,164</u>	<u>13,407,550</u>	<u>20,344,714</u>	<u>21,276,364</u>
<b>DEFERRED INFLOWS OF RESOURCES:</b>					
Unavailable Revenue - Taxes	1,315,824	1,741,724	1,395,954	1,658,856	2,082,214
Unavailable Revenue - Leases	-	913,472	772,918	639,718	669,165
Total Deferred Inflows of Resources	<u>1,315,824</u>	<u>2,655,196</u>	<u>2,168,872</u>	<u>2,298,574</u>	<u>2,751,379</u>
<b>FUND BALANCES:</b>					
Nonspendable Prepays	21,070	21,154	23,271	46,353	24,585
Nonspendable Inventories	47,727	40,747	27,815	34,272	34,272
Nonspendable Loan Receivable	-	-	-	580,000	524,562
Unassigned	20,928,343	17,810,992	17,405,008	12,404,453	5,507,090
Total Fund Balances	<u>20,997,140</u>	<u>17,872,893</u>	<u>17,456,094</u>	<u>13,065,078</u>	<u>6,090,509</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 40,309,961</u>	<u>\$ 33,975,253</u>	<u>\$ 33,032,516</u>	<u>\$ 35,708,366</u>	<u>\$ 30,118,252</u>

Sources: District Annual Financial Reports for fiscal year ended June 30, 2021-2025

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

	2021	2022	2023	2024	2025
<b>REVENUES:</b>					
Local Sources:					
Taxes	\$ 51,654,497	\$ 53,341,698	\$ 56,357,625	\$ 58,726,723	\$ 60,314,376
Earnings on Investments	243,581	234,718	1,068,769	1,647,083	2,011,881
Other Local Sources	1,473,098	2,288,496	2,484,286	2,945,281	2,442,326
Intermediate Sources	2,397,017	1,025,585	1,752,567	2,016,142	2,095,871
State Sources	34,448,801	33,466,694	40,601,837	41,843,820	44,842,841
Federal Sources	341	32,953	112,307	28,030	109,284
<b>Total Revenues</b>	<b>90,217,335</b>	<b>90,390,144</b>	<b>102,377,391</b>	<b>107,207,079</b>	<b>111,816,579</b>
<b>EXPENDITURES:</b>					
Current:					
Instruction	50,674,493	54,277,138	65,757,007	70,708,822	76,588,002
Support Services	26,055,194	30,056,772	34,970,053	38,622,575	40,187,418
Capital Outlay	464,232	66,623	375,504	100,713	212,746
Debt Service:					
Principal	2,782,474	3,369,428	1,152,965	1,183,364	1,248,094
Interest and Other Changes	2,404,613	2,194,262	335,564	355,307	277,908
<b>Total Expenditures</b>	<b>82,381,006</b>	<b>89,964,223</b>	<b>102,591,093</b>	<b>110,970,781</b>	<b>118,514,168</b>
Excess (Deficiency) of Revenues Over Expenditures	7,836,329	425,921	(213,702)	(3,763,702)	(6,697,589)
<b>OTHER FINANCING SOURCES (USES):</b>					
Issuance of Long-term Debt	-	-	279,665	61,135	159,906
Compensation for Loss of Capital Assets	51,128	4,939	2,210	-	-
Transfers Out	(1,898,394)	(3,548,127)	(472,040)	(694,906)	(436,886)
<b>Total Other Financing Sources (Uses)</b>	<b>(1,847,266)</b>	<b>(3,543,188)</b>	<b>(190,165)</b>	<b>(633,771)</b>	<b>(276,980)</b>
Excess (Deficiency) of Revenues Over Expenditures and Other Uses	5,989,063	(3,117,267)	(403,867)	(4,397,473)	(6,974,569)
Increase (Decrease) in Inventories	1,162	(6,980)	(12,932)	6,457	-
FUND BALANCE, Beginning of Year	15,006,915	20,997,140	17,872,893	17,456,094	13,065,078
FUND BALANCE, End of Year	<u>\$ 20,997,140</u>	<u>\$ 17,872,893</u>	<u>\$ 17,456,094</u>	<u>\$ 13,065,078</u>	<u>\$ 6,090,509</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.

Sources: District Annual Financial Reports for fiscal year ended June 30, 2021-2025

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

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Fiscal Year	All Counties						
	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
2025	\$ 10,807,899,151	\$ 651,099,445	\$ 10,156,799,706	\$ 20,572,453,349	\$ 1,635,510,041	\$ 342,580,000	\$ 1,292,930,041
2024	10,406,827,418	630,583,189	9,776,244,229	20,138,676,218	1,601,024,759	329,855,000	1,271,169,759
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

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

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

## Clackamas County

Fiscal Year	Total Assessed Valuation	Urban Renewal Excess	AV Used to Calculate Rates	M5 Real Market Value
2025	\$ 10,686,814,187	\$ 651,099,445	\$ 10,035,714,742	\$ 20,336,151,713
2024	10,287,771,546	630,583,189	9,657,188,357	19,908,410,227
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

## Washington County

Fiscal Year	Total Assessed Valuation	Urban Renewal Excess	AV Used to Calculate Rates	M5 Real Market Value
2025	\$ 89,676,024	\$ -	\$ 89,676,024	\$ 180,710,585
2024	88,579,562	-	88,579,562	176,139,329
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

## Multnomah County

Fiscal Year	Total Assessed Valuation	Urban Renewal Excess	AV Used to Calculate Rates	M5 Real Market Value
2025	\$ 31,408,940	\$ -	\$ 31,408,940	\$ 55,591,051
2024	30,476,310	-	30,476,310	54,126,662
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

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, 2025**

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Real Market Value	\$ 20,572,453,349
Estimated Population	45,176
Per Capita Real Market Value	\$ 455,385

Debt Information	Gross	Net
	Overlapping Debt <sup>1</sup>	Overlapping Debt <sup>2</sup>
District	\$ 372,682,000	\$ 372,682,000
Overlapping	<u>294,105,008</u>	<u>177,568,532</u>
Total Direct Debt	<u>\$ 666,787,008</u>	<u>\$ 550,250,532</u>

**Bonded Debt Ratios**

District Direct Debt to Real Market Value	1.81%	1.81%
Total Direct Debt to Real Market Value	3.24%	2.67%
Per Capita District Direct Debt	\$ 8,250	\$ 8,250
Per Capita Total Direct Debt	\$ 14,760	\$ 12,180

(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, 2025**

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Fiscal Year 2025 Tax Code Area 007-021\*

	Permanent Rate	Bond Levy Rate	Local Option Rate	Levy Rate
<u>General Government</u>				
City of Lake Oswego inside LOSD Boundary	\$ 4.6296	\$ 0.2100	\$ 0.0000	\$ 4.8396
Urban Renewal City of Lake Oswego	1.0962	0.0000	0.0000	1.0962
Clackamas County	2.2376	0.0000	0.3680	2.6056
Urban Renewal Clackamas County	0.0086	0.0000	0.0000	0.0086
Clackamas County 4-H Extension	0.0463	0.0000	0.0000	0.0463
Clackamas County Public Library	0.3674	0.0000	0.0000	0.3674
Clackamas County Public Safety Radio	0.0000	0.0874	0.0000	0.0874
Clackamas County Soil Conservation	0.0463	0.0000	0.0000	0.0463
Lake Grove Park	0.0404	0.0000	0.0000	0.0404
Port of Portland	0.0652	0.0000	0.0000	0.0652
Metro	0.0895	0.3646	0.0960	0.5501
Vector Control	<u>0.0062</u>	<u>0.0000</u>	<u>0.0250</u>	<u>0.0312</u>
Total General Government	<u>\$ 8.6333</u>	<u>\$ 0.6620</u>	<u>\$ 0.4890</u>	<u>\$ 9.7843</u>
<u>Education</u>				
Portland Community College District	\$ 0.2642	\$ 0.3568	\$ 0.0000	\$ 0.6210
Clackamas Educational Service District	0.3409	0.0000	0.0000	0.3409
Lake Oswego School District	<u>4.1643</u>	<u>2.7023</u>	<u>1.6400</u>	<u>8.5066</u>
Total Education	<u>\$ 4.7694</u>	<u>\$ 3.0591</u>	<u>\$ 1.6400</u>	<u>\$ 9.4685</u>
Total Tax Rate	<u>\$ 13.4027</u>	<u>\$ 3.7211</u>	<u>\$ 2.1290</u>	<u>\$ 19.2528</u>

\*Actual rates levied for Tax Code Area 007-021, the largest Tax Code area in the District, have an Assessed Value of \$4.65billion for the 2024 Tax Year (fiscal year 2024-25).

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, 2025**

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<u>Taxpayer</u>	<u>Business/Service</u>	<u>Tax</u>	<u>Assessed Value</u>	<u>Percent of Value</u>
Portland General Electric	Electrical Utility	\$ 18,544,190	\$ 1,301,131,000	1.97%
General Growth Properties Inc.	Town Center Mall	5,197,507	313,648,398	0.47%
PCC Structurals Inc	Manufacturing/ Aerospace	5,322,153	307,793,793	0.47%
Northwest Natural Gas Co	Natural Gas Utility	4,864,288	296,231,000	0.45%
Fred Meyer Stores Inc	Retail	5,337,421	292,429,308	0.44%
Shorenstein Properties LLC	Kruse Way Office Buildings	4,170,829	226,892,482	0.34%
Comcast Corporation	Telecommunications	2,741,722	141,617,979	0.21%
ROIC Oregon LLC	Property Investments/Mgmt.	1,907,115	99,909,731	0.15%
Meadows Road LLC	Kruse Way Office Buildings	1,593,390	85,687,536	0.13%
Twist Bioscience	Synthetic DNA Production	<u>1,429,892</u>	<u>82,807,167</u>	<u>0.13%</u>
Subtotal - ten of County's largest taxpayers		51,108,507	3,148,148,394	4.76%
All other County's taxpayers			<u>63,003,961,832</u>	<u>95.24%</u>
Total County			<u>\$ 66,152,110,226</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**

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Fiscal Year	2023	2024	2025	2026
Extended ADMw:	<u>Final</u>	<u>Final</u>	<u>Latest Estimate</u>	<u>Latest Estimate</u>
Current Fiscal Year Estimated ADMw (non-charter)	7,677.0	7,668.0	7,677.3	7,635.9
Prior Fiscal Year Estimated ADMw (non-charter)	<u>7,661.8</u>	<u>7,677.0</u>	<u>7,668.0</u>	<u>7,701.7</u>
Non-Charter Extended ADMw (greater of Current or Prior Year)	7,677.0	7,677.0	7,677.3	7,701.7
Current Fiscal Year Estimated ADMw (total charter schools)	30.8	34.8	24.4	0.0
Prior Fiscal Year Estimated ADMw (total charter schools)	<u>20.2</u>	<u>30.8</u>	<u>34.8</u>	<u>0.0</u>
Charter Extended ADMw (greater of Current or Prior Year for each school)	30.8	34.8	34.8	-
Total Extended ADMw (Non-Charter plus Charter)	7,707.8	7,707.8	7,702.8	7,701.7
Experience Adjustment:				
District Average Teacher Experience	13.68	14.26	14.26	14.26
State Average Teacher Experience	<u>11.85</u>	<u>12.09</u>	<u>12.09</u>	<u>12.09</u>
Experience Adjustment (District and State Teacher Experience Difference)	1.83	2.17	2.17	2.17
Local Revenue Offsets:				
Property Taxes	\$ 41,114,632	\$ 42,538,562	\$ 44,050,000	\$ 45,560,000
Common School Fund	906,765	898,608	952,240	973,950
County School Fund	<u>2,389</u>	<u>30,613</u>	<u>2,000</u>	<u>2,000</u>
Total Local Revenue Offsets	42,023,786	43,467,783	45,004,240	46,535,950
Transportation Grant:				
Net Eligible Transportation Costs	<u>4,492,926</u>	<u>5,404,022</u>	<u>5,850,000</u>	<u>6,150,000</u>
Grant (70% of Net Eligible Transportation Costs)	3,145,048	3,782,815	4,095,000	4,305,000
General Purpose Grant:				
(Extended ADMw x [\$4,500 + (\$25 x Experience Adjust.)] x Funding Ratio =	74,961,517	78,806,411	81,994,272	87,002,824
<b>Total Formula Revenue:</b>				
General Purpose Grant + Transportation Grant =	78,106,565	82,589,226	86,089,272	91,307,824
<b>State School Fund Grant:</b>				
Total Formula Revenue - Local Revenue =	<u>\$ 36,082,779</u>	<u>\$ 39,121,443</u>	<u>\$ 41,085,032</u>	<u>\$ 44,771,874</u>

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, 2025**

GENERAL FUND

TAX YEAR	ORIGINAL LEVY OR BALANCE	DEDUCT DISCOUNTS	ADJUSTMENTS		CASH COLLECTIONS BY COUNTY TREASURER	BALANCE UNCOLLECTED OR UNSEGREGATED June 30, 2024
	UNCOLLECTED June 30, 2024		TO ROLLS	ADD INTEREST		
Current:						
2024-25	\$ 62,340,254	\$ 1,625,409	\$ (93,850)	\$ 12,756	\$ 59,448,202	\$ 1,185,549
Prior Years						
2023-24	1,118,629	(443)	(38,567)	33,430	507,928	606,007
2022-23	364,511	(77)	(7,014)	22,921	138,995	241,500
2021-22	196,735	(39)	(1,612)	33,406	137,092	91,476
2020-21	73,755	(7)	(312)	18,041	64,969	26,522
2019-20	23,669	(1)	(196)	3,408	9,413	17,469
2018-19	15,139	-	(8)	1,465	3,735	12,861
2017-18 & Prior	63,227	-	(498)	4,236	8,541	58,424
Total Prior	1,855,665	(567)	(48,207)	116,907	870,673	1,054,259
Total	\$ 64,195,919	\$ 1,624,842	\$ (142,057)	\$ 129,663	\$ 60,318,875	\$ 2,239,808

RECONCILIATIONS TO ASSETS:

Balance Uncollected by County Treasurer Above	\$ 2,239,808
Accrual of Taxes Received in June by County Treasurer but in July by District:	315,162
Total Taxes Receivable on the Modified Accrual Basis	\$ 2,554,970

RECONCILIATIONS TO REVENUE:

Cash Collections by County Treasurer Above	\$ 60,318,875
Accrual of Available Taxes Receivable:	
June 30, 2025	157,594
June 30, 2024	(196,809)
Taxes in Lieu of Property Taxes	34,716
Total Tax Revenues on the Modified Accrual Basis	\$ 60,314,376

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, 2025**

DEBT SERVICE FUND

TAX YEAR	ORIGINAL LEVY OR BALANCE UNCOLLECTED June 30, 2024	DEDUCT DISCOUNTS	ADJUSTMENTS TO ROLLS	ADD INTEREST	CASH COLLECTIONS BY COUNTY TREASURER	BALANCE UNCOLLECTED OR UNSEGREGATED June 30, 2025
<b>Current:</b>						
2024-25	\$ 29,400,419	\$ 766,569	\$ (44,253)	\$ 6,015	\$ 28,036,552	\$ 559,060
<b>Prior Years</b>						
2023-24	529,116	(210)	(18,253)	15,811	240,259	286,623
2022-23	171,856	(38)	(3,310)	10,802	65,530	113,857
2021-22	64,904	(13)	(533)	11,018	45,223	30,179
2020-21	24,701	(2)	(105)	6,042	21,757	8,883
2019-20	7,934	-	(66)	1,143	3,155	5,856
2018-19	5,365	-	(3)	518	1,323	4,557
2016-17 & Prior	12,246	-	(7)	984	586	12,636
Total Prior	816,122	(263)	(22,277)	46,318	377,833	462,591
Total	\$ 30,216,541	\$ 766,306	\$ (66,530)	\$ 52,333	\$ 28,414,385	\$ 1,021,651

RECONCILIATIONS TO ASSETS:

Balance Uncollected by County Treasurer Above	\$ 1,021,651
Accrual of taxes received in June by County Treasurer but in July by District:	144,006
Total Taxes Receivable on the Modified Accrual Basis	\$ 1,165,657

RECONCILIATIONS TO REVENUE:

Cash Collections by County Treasurer Above	\$ 28,414,385
Accrual of Available Taxes Receivable:	
June 30, 2025	69,152
June 30, 2024	(88,452)
Taxes in Lieu of Property Taxes	600
Total Tax Revenues on the Modified Accrual Basis	\$ 28,395,685

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**

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	Original Adopted <u>2023-24 Budget</u>	Original Adopted <u>2024-25 Budget</u>	Original Adopted <u>2025-26 Budget</u>
<b>Revenues &amp; Beginning Fund Balance</b>			
1000 From Local Sources	\$ 60,665,000	\$ 63,795,000	\$ 65,815,000
2000 From Intermediate Sources	1,905,000	2,155,000	2,255,000
3000 From State Sources	39,150,000	43,650,000	47,900,000
4000 From Federal Sources	20,000	20,000	20,000
5000 From Other Sources	<u>16,010,001</u>	<u>17,510,002</u>	<u>7,010,001</u>
Total Revenues	<u>\$ 117,750,001</u>	<u>\$ 127,130,002</u>	<u>\$ 123,000,001</u>
<b>Expenditures &amp; Ending Fund Balance-Function (1):</b>			
1000 Instruction	\$ 67,750,000	\$ 75,100,000	\$ 77,820,000
2000 Support Services	35,800,000	40,250,000	40,600,000
4000 Facilities Acquisition & Const.	1	2	1
5100 Debt Service	1,500,000	1,500,000	1,650,000
5200 Interfund Transactions	255,000	105,000	105,000
6000 Contingency	2,000,000	2,000,000	500,000
7000 Unappropriated Ending	<u>10,445,000</u>	<u>8,175,000</u>	<u>2,325,000</u>
Total Expenditures	<u>\$ 117,750,001</u>	<u>\$ 127,130,002</u>	<u>\$ 123,000,001</u>
<b>Expenditures &amp; Ending Fund Balance-Object:</b>			
100 Salaries & Wages	\$ 56,164,492	\$ 61,920,406	\$ 62,161,472
200 Associated Payroll Costs	32,086,853	37,282,062	38,096,008
300 Purchased Services	12,153,883	12,835,252	13,618,328
400 Materials and Supplies	2,243,544	2,407,457	3,486,871
500 Capital Outlay	16,800	22,800	-
600 Other Objects	2,384,429	2,382,025	2,707,322
700 Interfund Transactions	255,000	105,000	105,000
800 Planned Reserve	<u>12,445,000</u>	<u>10,175,000</u>	<u>2,825,000</u>
Total Expenditures	<u>\$ 117,750,001</u>	<u>\$ 127,130,002</u>	<u>\$ 123,000,001</u>

(1) Appropriation levels.

Source: District Budgets.

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***COMPLIANCE SECTION***

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 (*Government Auditing Standards*), the financial statements of the governmental activities, the aggregate discretely presented component units, 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, 2025, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated January 29, 2026.

***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 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  
January 29, 2026

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, Clackamas County, Oregon (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, 2025. 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, the District complied, in all material respects, with the 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, 2025.

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

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

### ***Responsibilities of Management for Compliance***

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

### ***Auditor's Responsibilities for the Audit of Compliance***

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the District's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *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 GAAS, *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  
January 29, 2026

**LAKE OSWEGO SCHOOL DISTRICT NO. 7J**  
**CLACKAMAS COUNTY, OREGON**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**YEAR ENDED JUNE 30, 2025**

<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 I A Grants to Local Educational Agencies	84.010	82195	\$ 243,240
Title I D Grants to Local Educational Agencies	84.010	82081	<u>17,604</u>
Subtotal Title I A&D Grants to Local Educational Agencies			<u>260,844</u>
Special Education Cluster (IDEA):			
IDEA Part B, Section 611	84.027	83385	<u>986,793</u>
Subtotal Special Education - Grants to States			<u>986,793</u>
IDEA Part B, Section 619	84.173	83581	<u>4,499</u>
Subtotal Special Education Preschool Grant			<u>4,499</u>
Subtotal Special Education Cluster (IDEA)			<u>991,292</u>
Title III - English Language Acquisition State Grants	84.365	82328	<u>29,567</u>
Subtotal Title III - English Language Acquisition State Grants			<u>29,567</u>
Title IV - Student Support and Academic Enrichment Program	84.424	82655	<u>9,098</u>
Subtotal Title IV - Student Support and Academic Enrichment Program			<u>9,098</u>
Supporting Effective Instruction State Grants	84.367	82458	<u>91,535</u>
Subtotal Supporting Effective Instruction State Grants			<u>91,535</u>
Passed Through Oregon Institute of Technology (OIT):			
COVID-19 - Governor's Emergency Education Relief (GEER) Fund	84.425	STM454 FCN-003	<u>4,973</u>
Subtotal Education Stabilization Fund Passed Through OIT			<u>4,973</u>
Passed Through Clackamas Education Service District:			
Career and Technical Education - Basic Grants to States	84.048	N/A	<u>22,002</u>
Subtotal Career and Technical - Basic Grants to States			<u>22,002</u>
TOTAL U.S. DEPARTMENT OF EDUCATION			<u><u>1,409,311</u></u>

*See notes to schedule of expenditures of federal awards*

**LAKE OSWEGO SCHOOL DISTRICT NO. 7J**  
**CLACKAMAS COUNTY, OREGON**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**YEAR ENDED JUNE 30, 2025**

<u>Source/Grant Title</u>	<u>Assistance Listing Number</u>	<u>Pass-Through Entity Identifying Number</u>	<u>Expenditures</u>
U.S. DEPARTMENT OF AGRICULTURE:			
Passed Through Oregon Department of Education:			
Child Nutrition Cluster:			
School Breakfast Program	10.553	N/A	\$ 96,406
National School Lunch Program	10.555	N/A	527,894
National School Lunch Program - Commodities	10.555	N/A	<u>155,755</u>
Subtotal Child Nutrition Cluster			<u>780,055</u>
Passed Through Clackamas County:			
Forest Service Schools and Roads Cluster			
Schools and Roads - Grants to States	10.665	N/A	<u>12,961</u>
Subtotal Forest Service Schools and Roads Cluster			<u>12,961</u>
TOTAL U.S. DEPARTMENT OF AGRICULTURE			<u><u>793,016</u></u>
FEDERAL EMERGENCY MANAGEMENT AGENCY:			
Passed Through Oregon Office of Emergency Management:			
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	DR4449-OR	<u>96,323</u>
Subtotal FEMA Funds: FEMA-DR4449-OR			<u>96,323</u>
TOTAL FEDERAL EMERGENCY MANAGEMENT AGENCY:			<u><u>96,323</u></u>
TOTAL FEDERAL ASSISTANCE			<u><u>\$ 2,298,650</u></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, 2025**

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*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, 2025. 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, 2025.

*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 7J**  
**Schedule of Findings and Questioned Costs**  
**Year Ended June 30, 2025**

**Section I – Summary of Auditor’s Results**

***Financial Statements***

Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP:	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

**Section II – Financial Statement Findings**

None.

**Section III – Federal Awards Findings**

None.

**Lake Oswego School District 7J**  
**Summary Schedule of Prior Audit Findings**  
**Year Ended June 30, 2025**

**Prior Year Financial Statement Findings**

None.

**Prior Year Federal Awards Findings**

None.

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, 2025, and have issued our report thereon dated January 29, 2026.

***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 statements amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion.

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

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

- Multiple long-outstanding checks that should be turned over to the State of Oregon as abandoned property.
- 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 over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over financial reporting.

### ***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.



Larry E. Grant, Principal  
For REDW LLC  
Salem, Oregon  
January 29, 2026