



# CITY OF LAKE OSWEGO



## Annual Comprehensive Financial Report

For the Fiscal Year Ended June 30, 2024

CITY OF LAKE OSWEGO, OREGON  
**ANNUAL COMPREHENSIVE FINANCIAL REPORT**

for the fiscal year ended June 30, 2024

prepared by

the Finance Department of  
the City of Lake Oswego

and

available online at  
[www.ci.oswego.or.us/finance](http://www.ci.oswego.or.us/finance)



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## CITY OF LAKE OSWEGO, OREGON

Annual Comprehensive Financial Report  
for the fiscal year ended June 30, 2024

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CITY OF LAKE OSWEGO, OREGON  
**ANNUAL COMPREHENSIVE FINANCIAL REPORT**

SECTION I

**INTRODUCTORY SECTION**







December 23, 2024

To the Mayor, City Council, and Citizens of the City of Lake Oswego:

State law requires that local governments publish within six months of the close of each fiscal year a complete set of audited financial statements. This Annual Comprehensive Financial Report (ACFR) for the City of Lake Oswego is hereby submitted to fulfill this requirement for the fiscal year ended June 30, 2024.

Management assumes full responsibility for the completeness and reliability of the information contained in this report, based upon a comprehensive framework of internal controls that it has established for this purpose. Because the cost of internal control should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements.

Merina+Co, Certified Public Accountants, has issued an unmodified (“clean”) opinion on the City’s financial statements for the fiscal year ended June 30, 2024. The independent auditor’s report is located at the front of the financial section of this report.

Management’s Discussion and Analysis (MD&A) immediately follows the independent auditor’s report and provides a narrative introduction, overview, and analysis of the basic financial statements. MD&A complements this letter of transmittal and should be read in conjunction with it.

**Profile of the Government**

The City of Lake Oswego (the City), incorporated in 1910, is located in northwest Oregon, along the Willamette River surrounding Oswego Lake. The City currently occupies about 11 square miles and serves a population of 41,396. It is the largest city in Clackamas County and about eight miles south of downtown Portland. Access to downtown Portland is from Highway 43, which parallels the Willamette River. Interstate 5 is the quickest route for commuters on the west end of the City to get to downtown Portland.

The City Charter establishes the City under a council-manager form of government, which vests policy authority in a volunteer city council (the Council), and administrative authority for day-to-day operations in a professional city manager. The Council consists of a mayor and six councilors elected on a non-partisan basis for a term of four years. They appoint the city manager, who in turn appoints the heads of the various departments.

To the Mayor, City Council and Citizens of the City of Lake Oswego

The City provides a full range of municipal services to the community. These services include police and fire protection, emergency medical services, traffic control and improvement, street maintenance and improvement, water, wastewater, and surface water management services, planning and zoning regulation, building inspection and regulation, parks and recreational activities, and community library service. The City has one component unit governmental entity, the Lake Oswego Redevelopment Agency (the Agency), the urban renewal agency of the City of Lake Oswego. The financial statements of this agency are included in this report as a blended component unit.

The Council is required to adopt a final budget by no later than June 30<sup>th</sup> of the fiscal year. This budget serves as the foundation for the City's financial planning and control. The budget is allocated by fund, function, and department (e.g., engineering – engineering management). Transfers of budget amounts between appropriation levels are approved by Council.

### **Local economy**

The City's economy is linked with that of the entire Portland Metropolitan area, but is more insulated from economic downturns because of the high education and skill level of its population. Per capita income is one of the highest of any city in the state of Oregon.

Lake Oswego is primarily a residential community with a low ratio of heavy industry and retail-based commercial activity, although there is a significant office corridor along Kruse Way on the west side, and a major ongoing redevelopment effort at the east end of the City. The largest non-manufacturing employers are the Lake Oswego School District and the City of Lake Oswego. The largest manufacturing employers include makers of medical microelectronics.

Additional commercial development along Kruse Way, near Interstate 5, includes more than a dozen class A office buildings, the Centerpointe Corporate Office Park, and four hotels.

### **Long-term financial planning**

Included in the review of the City's strategic financial plan, reserve amounts of each fund fall within the policy guidelines which are set by the Council and reviewed by the Citizens Budget Committee during the budget process. Reserve policy guidelines are measured as a percentage of annual operating expenditures and generally range between 5 and 30 percent depending on the fund.

Along with the adoption of the 2023-25 biennial budget, certain utility rate fee increases were approved. Effective July 1, 2023, a 2 percent rate increase for water, a 7 percent rate increase for storm water management fees, and a 3.9 percent rate increase for sewer fees were approved.

To the Mayor, City Council and Citizens of the City of Lake Oswego

The City had \$30,870,000 outstanding in three general obligation bond issues, \$175,745,000 outstanding in six full faith and credit obligations for water, wastewater, surface water, streets and urban renewal, for a total of \$206,615,000 in bond issues outstanding as of June 30, 2024.

### **City's Credit Ratings**

In 2006, Moody's Investors Service and Standard & Poor's Rating Service raised their ratings on the City to triple A, commenting on the City's favorable socioeconomic indicators and well managed financial operations. In October 2007, Moody's Investor Service raised its rating on the City's Water Fund debt from Aa3 to Aa2, citing very good coverage, low debt burden, and excellent financial management. And in February 2009, Moody's and Standard & Poor's Rating Service raised their ratings on the City to triple A for the full faith and credit obligations issued to fund the Lake Oswego Interceptor Sewer project. These ratings were reaffirmed April 2024.

### **Major initiatives**

The City sets goals and budget development principles on an annual basis. The goals serve as guidance for the City's work plan during the year and help inform staff on the desired outcomes for the preparation of the City's annual spending plan. The City Council goals for the 2023-24 fiscal year included major policy decisions as well as important financial planning efforts: ensure a safe, secure, and prepared community; support business investment and job creation in Lake Oswego; foster a welcoming and inclusive community where all people have the opportunity to thrive and have equitable access to City Services; combat climate change and strengthen the community's resilience to climate impacts; strengthen public trust in the City through continuous improvement, outstanding customer service, infrastructure investments, and fiscal stewardship; invest in Lake Oswego's high-quality parks, natural areas, and recreational amenities; improve transportation connections, mobility and safety for all travelers and all types of trips in Lake Oswego; and conserve the community's character, sense of place, and quality of life by planning for change and growth.

To the Mayor, City Council and Citizens of the City of Lake Oswego

### **Awards**

**Annual Comprehensive Financial Reporting Award.** For the fifteenth consecutive year, the Government Finance Officers Association of the United States and Canada (GFOA) awarded the Certificate of Achievement for Excellence in Financial Reporting to the City of Lake Oswego for its Annual Comprehensive Financial Report (ACFR) for the fiscal year ended June 30, 2023. The Certificate of Achievement is a prestigious national award that recognizes conformance with the highest standards for preparation of state and local government financial reports. In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized CAFR whose contents conform to program standards and satisfy both accounting principles generally accepted in the United States of America and applicable legal requirements.

### **Acknowledgements**

The preparation of this report would not have been possible without the efficient and dedicated service of the entire staff of the Finance Department. We wish to express our appreciation to all members of the department who assisted and contributed to the preparation of this report. Credit also is given to the Mayor, the Council, and the Audit Committee for their unfailing support for maintaining the highest standards of professionalism in the management of the City's finances.

Respectfully submitted,



Martha Bennett  
City Manager



Shawn Cross  
Finance Director



Government Finance Officers Association

Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting

Presented to

**City of Lake Oswego  
Oregon**

For its Annual Comprehensive  
Financial Report  
For the Fiscal Year Ended

June 30, 2023

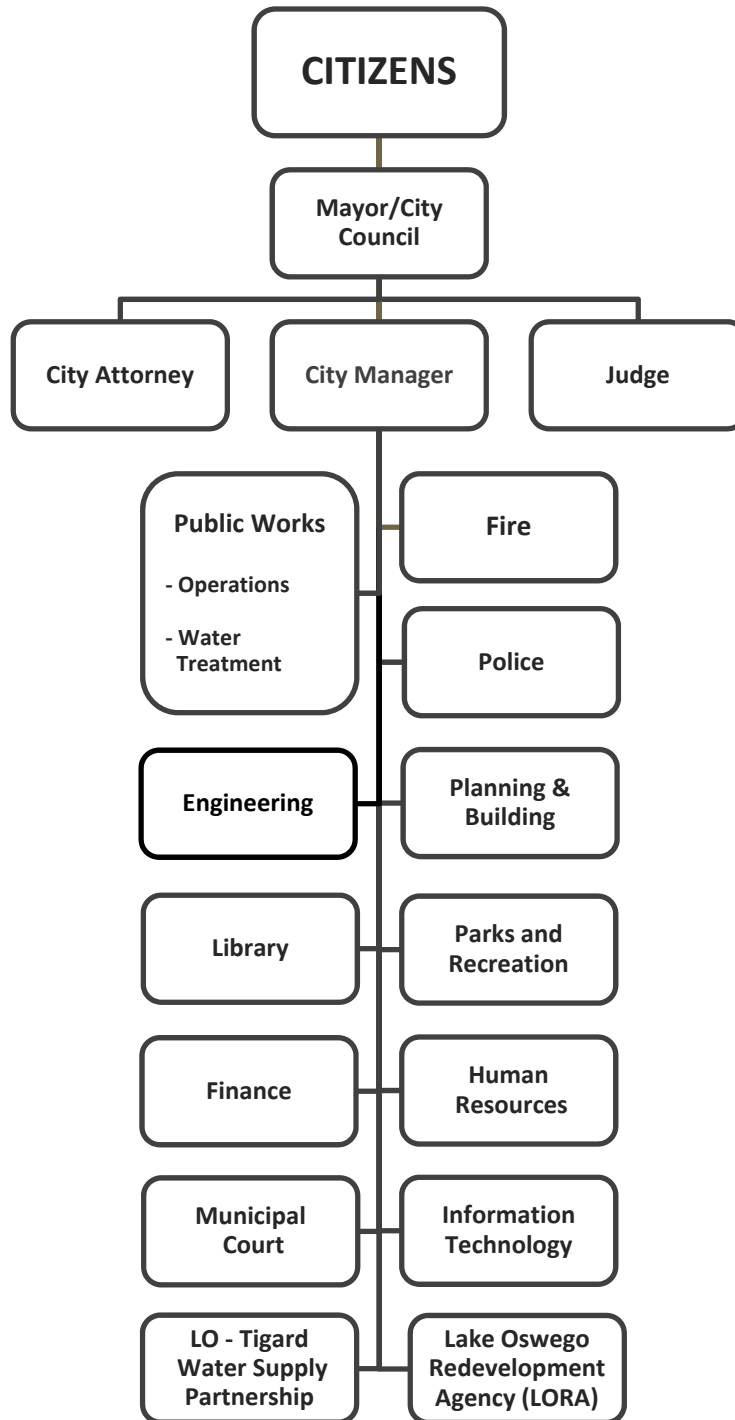
*Christopher P. Morrill*

Executive Director/CEO

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# City of Lake Oswego, Oregon Organization Chart

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**CITY OF LAKE OSWEGO, OREGON**

List of Elected and Appointed Officials

<b>Elected Officials</b>	<b>Term Expires</b>
Joe Buck, Mayor	December 31, 2024
Ali Afghan, Councilor	December 31, 2026
Trudy Corrigan, Councilor	December 31, 2026
Massene Mboup, Councilor	December 31, 2024
Aaron Rapf, Councilor	December 31, 2024
Rachel Verdick, Councilor	December 31, 2024
John Wendland, Councilor	December 31, 2026

<b>Appointed Officials</b>	<b>Position</b>
Martha Bennett	City Manager
Ellen Osoinach	City Attorney
Bruce Shepley	Municipal Court Judge

***Directors:***

Melissa Kelly	Library Director
Megan Phelan	Assistant City Manager
George Burke	Police Chief
Shawn Cross	Finance Director
Ivan Anderholm	Parks and Recreation Director
Erica Rooney	Public Works Director
Weston Pay	Information Technologies Director
Don Johnson	Fire Chief
Jessica Numanoglu	Planning and Building Services Director

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Post Office Box 369  
Lake Oswego, Oregon 97034  
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CITY OF LAKE OSWEGO, OREGON  
**ANNUAL COMPREHENSIVE FINANCIAL REPORT**

SECTION II

**FINANCIAL SECTION**

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## INDEPENDENT AUDITOR'S REPORT

The Honorable Mayor, City Council, and Audit Committee  
City of Lake Oswego, Oregon

### **Report on the Audit of the Financial Statements**

#### ***Opinions***

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of City of Lake Oswego, Oregon, as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise City of Lake Oswego, Oregon's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of City of Lake Oswego, Oregon, as of June 30, 2024, 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*, issued by the Comptroller General of the United States (GAS). 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 City of Lake Oswego, 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***

City of Lake Oswego, Oregon's management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America, 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 City of Lake Oswego's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

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

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our

opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS 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 City of Lake Oswego'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 City of Lake Oswego'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 required supplementary information, such as management's discussion and analysis and schedule of changes in the City's total OPEB liability and related ratios implicit rate subsidy plan, schedule of City's contributions, schedule of proportionate share of net (asset)/liability, and schedules of resources and requirements – budget and actual, as listed in the table of contents under required supplementary information, 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 management's discussion and analysis, schedule of changes in the City's total OPEB liability and related ratios implicit rate subsidy plan, schedule of City's contributions, and schedule of proportionate share of net (asset)/liability, as listed in the table of contents under 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 because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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

### ***Other Supplementary Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise City of Lake Oswego, Oregon’s basic financial statements. The accompanying other supplementary information – combining and individual fund statements and schedules, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such 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 other supplementary information – combining and individual fund statements and schedules, as listed in the table of contents is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

### ***Other Information***

Management is responsible for the other information included in the annual report. The other information comprises the introductory section, other financial schedules, and statistical section, as listed in the table of contents, 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 December 23, 2024 on our consideration of City of Lake Oswego, Oregon’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 City of Lake Oswego, Oregon’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 City of Lake Oswego, Oregon’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 also issued our report dated December 23, 2024, on our consideration of City of Lake Oswego, Oregon'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.



For Merina+Co  
Tualatin, Oregon  
December 23, 2024

## MANAGEMENT'S DISCUSSION AND ANALYSIS

---

This discussion and analysis presents the highlights of financial activities and financial position for the City of Lake Oswego. The analysis focuses on significant financial issues, debt administration, capital assets, major financial activities and resulting changes in financial position, budget changes and variances from the budget, specific issues related to funds, and the economic factors affecting the City.

Management's Discussion and Analysis focuses on current year activities and resulting changes. Please read it in conjunction with the transmittal letter at the front of this report and the City's financial statements, which follow this discussion and analysis.

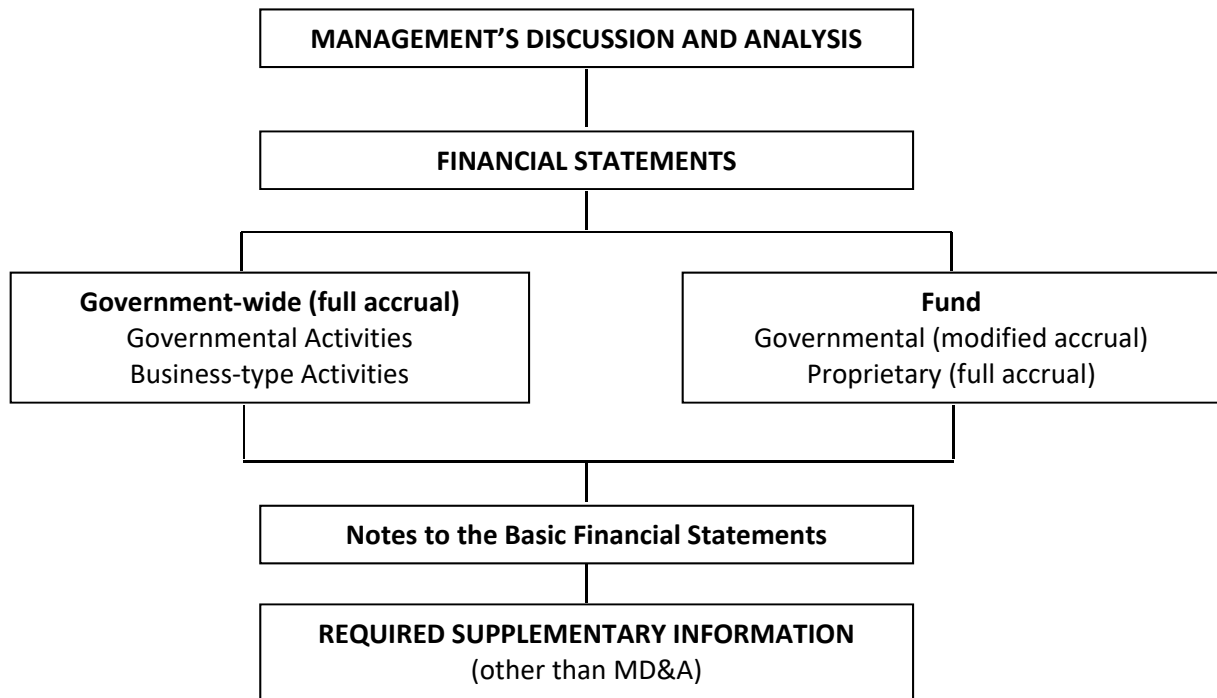
### FINANCIAL HIGHLIGHTS

- The assets and deferred outflows of the City exceeded its liabilities and deferred inflows at the close of the most recent fiscal year by \$504.8 million (*net position*). Of this amount, \$60.0 million (*unrestricted net position*) may be used to meet the City's ongoing obligations to citizens and creditors.
- The City's net position *increased* \$43.1 million over the course of this year's operations. Net position of our governmental activities *increased* by \$26.6 million or 11.2 percent and net position of our business-type activities *increased* by \$16.5 million or 7.4 percent.
- During the fiscal year, the City incurred net expenses from governmental activities totaling \$40.7 million. These net expenses were \$26.6 million less than the \$67.3 million generated in tax and other revenues for governmental programs.
- In the City's business-type activities, operating revenues decreased by \$3.0 million to \$46.0 million (*including \$0.4 million for the internal service funds*), while operating expenses increased by \$0.2 million from the prior year.
- The net direct cost of all the City's programs was \$26.6 million with no new programs added this year.
- The General Fund reports a fund balance as of the end of this fiscal year of \$42.4 million, which is an increase of \$0.7 million from the previous fiscal year-end balance. This increase is due to an increase in revenues from prior year.

### OVERVIEW OF THE FINANCIAL STATEMENTS

In addition to this discussion and analysis, the financial section of this annual report contains the *basic financial statements*, *required supplementary information*, and the *combining statements and schedules* of the nonmajor funds. The basic financial statements also include *notes* that explain the information in the financial statements and provide more details. The statements are followed by the section, *required supplementary information*, which provides schedules with OPEB and PERS data and budgetary comparison information for the City's General Fund and major special revenue fund. Chart 1 below, illustrates how the various sections of this annual report are arranged relative to one another.

**Chart 1  
Required Elements of the  
Annual Comprehensive Financial Report**



**Government-wide Statements**

The government-wide statements report information about the City as a whole using accounting methods similar to those used by private-sector companies. The statement of net position includes *all* of the government’s assets, deferred outflows, liabilities and deferred inflows. All of the current year’s revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

The two government-wide statements report the City’s *net position* and how it has changed. Net position—the difference between assets, deferred outflows, liabilities and deferred inflows—is one way to measure the City’s *financial health*.

- Over time, increases or decreases in the City’s net position are one indicator of whether its *financial health* is improving or deteriorating, respectively.
- To assess the overall health of the City you need to consider additional nonfinancial factors, such as changes in the City’s property tax base and the condition of the City’s roads.

The government-wide financial statements of the City are divided into two categories:

- Governmental activities—Most of the City’s basic services are included here, such as police, fire, community development, parks, and general administration. Property taxes and state and federal grants finance most of these activities.
- Business-type activities—The City charges fees to customers to help it cover the costs of certain services it provides. The City’s water, sewer, stormwater management systems, and tennis are included here. The internal services for management from public works support services and engineering are also included with business-type activities.

## Statement of Net Position as of June 30, 2024

Net position may serve over time as a useful indicator of a government's financial health. In the case of the City, assets and deferred outflows exceeded liabilities and deferred inflows by \$504.7 million at the close of the most recent fiscal year.

By far the largest portion of the City's net position (75.5 percent) reflects its investment in capital assets (e.g., land, buildings, machinery, and equipment), less any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its 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.

**Table 1**  
**Net Position as of Fiscal Year-end**  
*(in millions)*

	Governmental		Business-type		Total	
	Activities		Activities			
	FY23-24	FY22-23	FY23-24	FY22-23	FY23-24	FY22-23
Current and other assets	\$ 133.2	\$ 130.3	\$ 52.4	\$ 56.4	\$ 185.6	\$ 186.7
Capital assets	281.3	256.7	330.9	303.0	612.2	559.7
Total assets	414.5	387.0	383.3	359.4	797.8	746.4
Deferred outflows	30.5	17.1	3.8	3.6	34.3	20.7
Current liabilities	13.7	11.8	10.9	11.5	24.6	23.3
Long-term liabilities	162.3	141.5	133.1	122.9	295.4	264.4
Total liabilities	176.0	153.3	144.0	134.4	320.0	287.7
Deferred inflows	4.5	13.0	3.0	5.1	7.5	18.1
Net position						
Net investment of capital assets	182.5	162.5	197.8	178.9	380.3	341.4
Restricted	64.3	68.9	0.2	0.2	64.5	69.1
Unrestricted	17.9	6.6	42.1	44.6	60.0	51.2
Total net position	<u>\$ 264.7</u>	<u>\$ 238.0</u>	<u>\$ 240.1</u>	<u>\$ 223.7</u>	<u>\$ 504.8</u>	<u>\$ 461.7</u>

An additional portion of the City's net position (\$64.5 million or 12.8 percent) represents resources that are subject to external restrictions on how they may be used. The remaining balance of *unrestricted net position*, \$60.0 million, may be used to meet the City's ongoing obligations to citizens and creditors.

As of June 30, 2024, the City had positive balances in all of the three categories of net position, for the City as a whole, and for the separate governmental activities.

Total net position increased by \$43.1 million during the current fiscal year. This increase represents the degree to which increases in ongoing revenues have exceeded similar increases in ongoing expenses.

## Statement of Activities for the fiscal year ended June 30, 2024

As with the statement of net position, the City reports activities on a consolidated basis. A summary of the statement of activities is provided in Table 2 below.

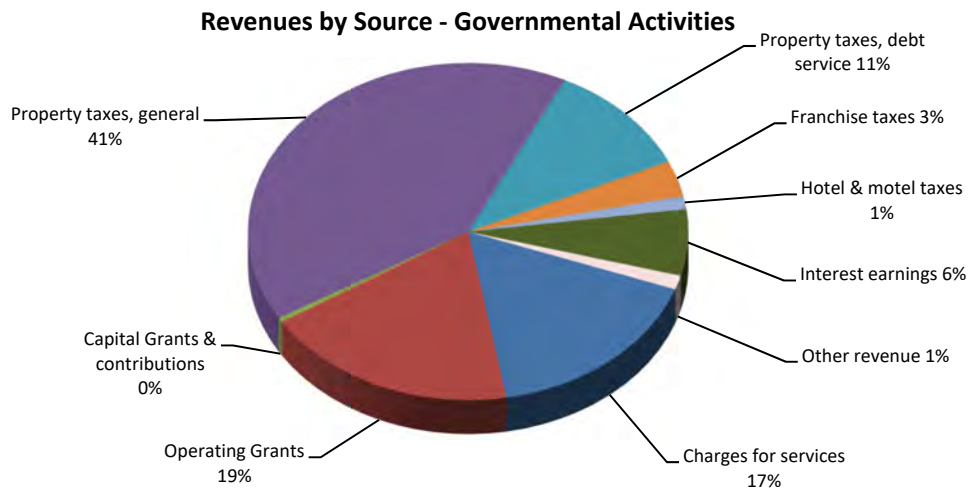
**Table 2**  
**Changes in Net Position**  
*(in millions)*

	Governmental Activities		Business-type Activities		Total	
	FY23-24	FY22-23	FY23-24	FY22-23	FY23-24	FY22-23
<b>Revenues</b>						
Charges for services	\$ 17.5	\$ 17.2	\$ 44.5	\$ 46.0	\$ 62.0	\$ 63.2
Operating grants	19.7	17.1	-	-	19.7	17.1
Capital grants	0.5	0.7	1.5	3.0	2.0	3.7
<b>General revenues</b>						
Property taxes	54.3	52.8			54.3	52.8
Franchise and hotel/motel taxes	4.9	4.7			4.9	4.7
Other	8.1	4.2	2.5	1.2	10.6	5.4
Total revenues	<u>105.0</u>	<u>96.7</u>	<u>48.5</u>	<u>50.2</u>	<u>153.5</u>	<u>146.9</u>
<b>Expenses</b>						
<b>Governmental activities</b>						
General government	10.3	8.9			10.3	8.9
Public safety	36.8	33.9			36.8	33.9
Culture and recreation	19.9	17.1			19.9	17.1
Highways and streets	8.4	8.5			8.4	8.5
Interest on long-term debt	3.0	2.5			3.0	2.5
<b>Business-type activities</b>						
Water			14.1	15.4	14.1	15.4
Sewer			13.2	12.2	13.2	12.2
Stormwater			3.4	3.0	3.4	3.0
Tennis facility			0.7	0.6	0.7	0.6
Public works support services			0.1	0.1	0.1	0.1
Engineering			0.5	0.4	0.5	0.4
Total expenses	<u>78.4</u>	<u>70.9</u>	<u>32.0</u>	<u>31.7</u>	<u>110.4</u>	<u>102.6</u>
Excess before transfers	26.6	25.8	16.5	18.5	43.1	44.3
Transfers	-	(2.6)	-	2.6	-	-
Change in net position	<u>26.6</u>	<u>23.2</u>	<u>16.5</u>	<u>21.1</u>	<u>43.1</u>	<u>44.3</u>
Net Position - beginning	<u>238.0</u>	<u>214.8</u>	<u>223.5</u>	<u>202.4</u>	<u>461.5</u>	<u>385.7</u>
Net Position - ending	<u>\$ 264.6</u>	<u>\$ 238.0</u>	<u>\$ 240.0</u>	<u>\$ 223.5</u>	<u>\$ 504.6</u>	<u>\$ 461.5</u>

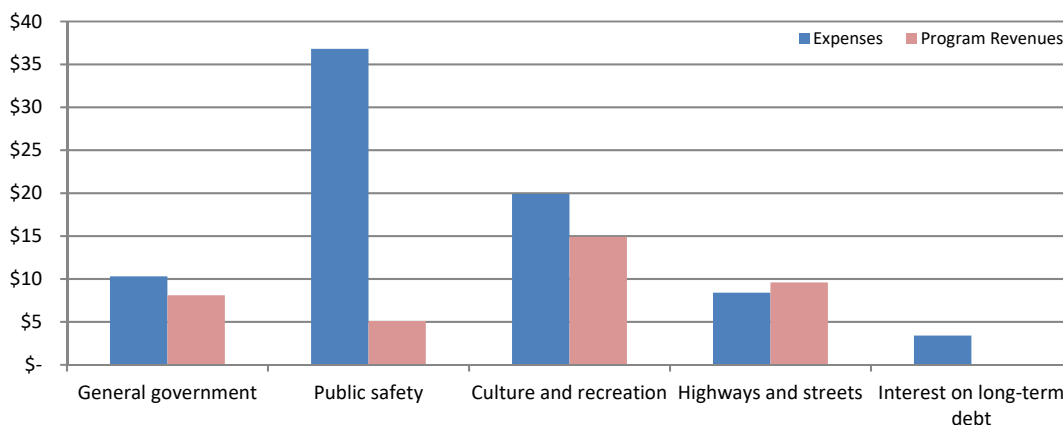
## Governmental Activities

Governmental activities increased the City's net position by \$26.6 million. Key elements of this increase are illustrated in Table 2 on the previous page. An increase in investment earnings of \$3.9 million contributed to the increase in net position. Blended into the governmental activities is the City's component unit, Lake Oswego Redevelopment Agency (the Agency), the urban renewal agency of the City. This Agency's tax collections account for \$9.7 million, or 17.9 percent, of the property taxes collected by the City. The Agency's property tax collections are restricted to repayment of urban renewal debt which finances various projects within the urban renewal district.

The revenues charted in the following pie chart include all program and general revenues for governmental activities such as property taxes, franchise fees, charges for services, operating grants, capital contributions, and interest earnings. Property taxes continue to be the major source of revenue for the City's governmental activities.



**Expenses and Program Revenues (in millions) – Governmental Activities**



## Business-type Activities – Enterprise Funds

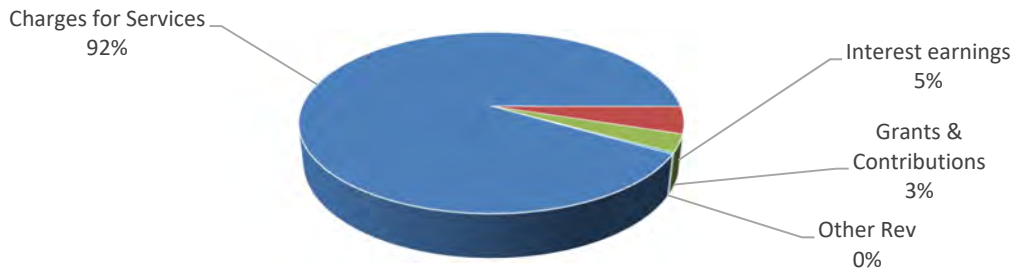
The Water Fund revenues represent approximately 38.2 percent of all enterprise revenues for the City. Most of these revenues went towards operations of the City’s water treatment plant located in West Linn. The Lake Oswego-Tigard Water Partnership was formed in 2009 to manage the expansion and upgrade of the City’s water supply system

The Sewer Fund revenues represent approximately 47.8 percent of all utility revenues for the City. Most of Lake Oswego is serviced by a sewer system that feeds into a main pipeline located under the surface of Oswego Lake transporting sewage to the Tryon Creek sewer treatment facility.

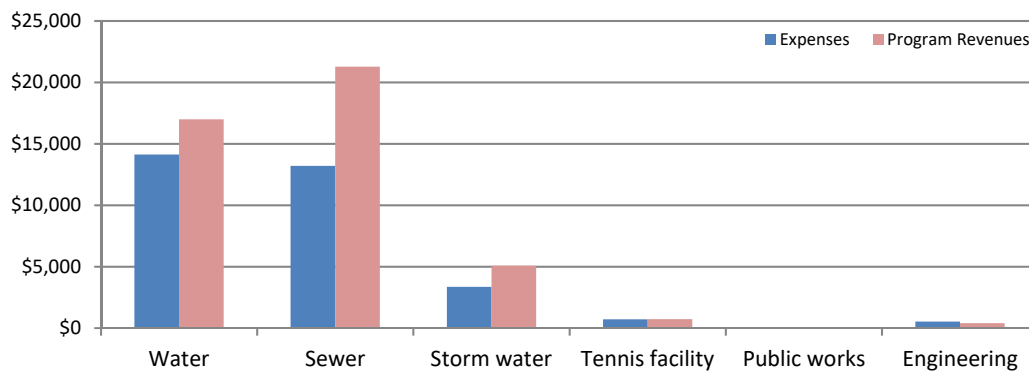
The Stormwater Fund revenues represent approximately 11.4 percent of all utility revenues for the City. These revenues go for the operations of the City’s stormwater management system.

Activities of the tennis facility, approximately 1.6 percent of the total enterprise revenues, are also included with business-type activities in the government-wide financial statements.

Revenues by Source - Business-type Activities



Expenses and Program Revenues (in millions) – Business-type Activities



## **FINANCIAL ANALYSIS OF THE GOVERNMENTAL FUNDS**

The focus of the City's governmental funds is to provide information on near-term inflows, outflows, and balances of expendable resources. Such information is useful in assessing the City's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of June 30, 2024, the City's governmental funds reported a combined ending fund balance of \$124.1 million, an increase of \$1.1 million when compared to the prior year. Most of this increase was in restricted fund balance for debt service. Unassigned fund balance combined with assigned and committed fund balance as of June 30, 2024, was \$57.1 million and is available for spending at the City's discretion.

### **General Fund**

The general fund is the chief operating fund of the City. At June 30, 2024, total fund balance was \$42.4 million, reflecting an increase of \$0.7 million from the prior year. Within the general fund ending balance, \$39.4 million is considered unassigned. The City's general fund continues to be funded mainly with property taxes. General fund revenues overall decreased from \$76.6 million from the prior year to \$76.1 million. The decrease was in large part due to \$4.4 million in ARPA funds received in the previous year, and not the current year. Property tax revenues increased by \$1.4 million primarily from a 3% increase in assessed value. In Oregon, Measure 50 limits the annual growth in assessed value to 3% if the assessed value is below real market value. In Clackamas County, the county covering the majority of the City of Lake Oswego, the assessed value is approximately 55% of the real market value. Expenditures in the general fund increased by \$9.9 million from \$63.8 million in the prior year to \$73.7 million. This increase was primarily from Parks Department capital outlay for Rassekh Park Development projects.

### **Street Fund**

This special revenue fund accounts for the operations and maintenance of the City's street and sidewalk systems. Revenue increased to \$9.9 million from \$7.5 million due to a 50% increase in the street maintenance fee charged to City property owners to fund improvements to paths and walkways. Overall expenditures decreased from \$11.4 million in the prior year to \$10.0 million from the timing of projects.

### **Redevelopment Agency East End Capital Fund**

This capital project fund accounts for the East End district capital projects in the Redevelopment Agency. Spending was \$188,490 lower than the previous year. Spending was limited to project management costs associated with the final punch-list items for the City Hall project.

### **Redevelopment Agency Lake Grove Capital Fund**

This capital project fund accounts for the Lake Grove district capital projects in the Redevelopment Agency. Expenditures decreased from \$847,579 to \$305,389 in the 2023-24 fiscal-year. Spending was limited to project management costs while preparing for the final phase of work in the Lake Grove district.

### **Parks Bond Fund**

This capital project fund accounts for the parks capital projects that are being funded with general obligation bond proceeds. At June 30, 2024, total fund balance was \$3.3 million, a decrease of \$7.4 million from the prior year. The decrease was the result of a \$6.0 million transfer to the Parks Recreation Center Fund and \$1.7 in capital outlay.



## Parks Recreation Center Fund

Capital outlay for construction of the Lake Oswego Recreation and Aquatics Center (LORAC) increased from \$6.8 million in the 2022-23 fiscal year to \$16.1 million in the current year. This project is scheduled to be completed by the end of the 2024-25 fiscal-year. This increase in spending also caused the fund to be classified as major in this year’s financial statements.

## GENERAL FUND BUDGETARY HIGHLIGHTS

In the first year of the budget for the 2023-25 biennium, the General Fund’s budgeted appropriations were revised through one adjustment and one supplemental budget.

### Final budget compared to actual results.

The most significant differences between estimated revenues and actual revenues were as follows:

Revenue source	Estimated revenues	Actual revenues	Difference
Property Taxes	41,500,000	42,983,751	1,483,751
Investment Income	300,000	2,001,190	1,701,190

Property Tax Revenues were higher than expected due to a higher collection rate. The budget was developed assuming a 94% collection rate, the actual rate was over 95%. The rate of return on our investments was significantly higher than anticipated. The budget was developed assuming a 2% return, actual returns for the year averaged 5.14%.

## CAPITAL ASSET AND DEBT ADMINISTRATION

### Capital Assets

As of the end of fiscal year 2023-24, the City had a net depreciated cost of \$612.2 million invested in a broad range of capital assets that include police and fire equipment, buildings, park facilities, streets, bridges, and water and sewer lines (Table 3). This amount had a net increase of \$52.5 million or 9.4 percent over the previous fiscal year (Table 4).

**Table 3**  
**Capital Assets as of Fiscal Year-end**  
*(net of depreciation, in millions)*

	Governmental Activities		Business-type Activities		Total	
	FY23-24	FY22-23	FY23-24	FY22-23	FY23-24	FY22-23
Land	\$ 58.2	\$ 58.2	\$ 8.3	\$ 8.3	\$ 66.5	\$ 66.5
Buildings and improvements	68.3	68.1	270.2	267.1	338.5	335.2
Machinery and equipment	3.3	3.8	5.5	6.0	8.8	9.8
Infrastructure	101.3	105.5	7.4	1.8	108.7	107.3
Intangibles	3.8	3.5	4.0	4.0	7.8	7.5
Software	-	0.4	-	-	-	0.4
Right-to-use leased assets	0.3	-	-	-	0.3	-
Construction in progress	46.1	17.2	35.6	15.8	81.7	33.0
Net capital assets	<u>\$ 281.3</u>	<u>\$ 256.7</u>	<u>\$ 331.0</u>	<u>\$ 303.0</u>	<u>\$ 612.3</u>	<u>\$ 559.7</u>

The following table reconciles the change in capital assets for the fiscal year. Expenditures for construction projects in progress at fiscal year-end are included in additions. Reductions are for capital asset dispositions and transfers of construction projects in progress that were completed during the fiscal year. Additions include capital contributions from outside developers with the revenue from these contributions reflected in capital grants and contributions on the statement of activities.

**Table 4**  
**Change in Capital Assets**  
*(in millions)*

	<b>Governmental Activities</b>		<b>Business-type Activities</b>		<b>Total</b>	
	<u>FY23-24</u>	<u>FY22-23</u>	<u>FY23-24</u>	<u>FY22-23</u>	<u>FY23-24</u>	<u>FY22-23</u>
Beginning balance	\$ 256.7	\$ 249.4	\$ 303.0	\$ 299.9	\$ 559.7	\$ 549.3
Additions	36.3	28.9	50.0	10.9	86.3	39.8
Reductions	(4.5)	(13.9)	(14.2)	(0.4)	(18.7)	(14.3)
Depreciation, net	<u>(7.2)</u>	<u>(7.7)</u>	<u>(7.9)</u>	<u>(7.4)</u>	<u>(15.1)</u>	<u>(15.1)</u>
Ending balance	<u>\$ 281.3</u>	<u>\$ 256.7</u>	<u>\$ 330.9</u>	<u>\$ 303.0</u>	<u>\$ 612.2</u>	<u>\$ 559.7</u>

Assets utilized in governmental activities increased to \$281.3 million and in the business type activities increased to \$330.9 million. Additions exceed annual depreciation and reductions in both the governmental and business type activities. Additions include the retaining wall improvements to the North Shore Road bridge; construction of the Rassekh Skatepark; with improvements and smaller projects throughout the community. More detailed information about the City’s capital assets is presented in Note 2.D. in the notes to the basic financial statements.

**Debt Outstanding**

As of the end of the fiscal year, the City had \$206.9 million in debt outstanding—an increase of 2.7 percent from last year—as shown in Table 5. More detailed information about the City’s long-term debt is presented in Note 2.F. in the notes to the basic financial statements.

**Bond Ratings**

In April 2024, Moody’s reaffirmed the City’s debt rating of Aaa.

**Limitations on Debt**

The State limits the amount of general obligation debt that cities can issue to 3 percent of the real market value of all taxable property within city limits. The City’s outstanding general obligation debt of \$30.9 million is significantly below this 3 percent limit of \$520 million.

**Table 5**  
**Outstanding Debt at Fiscal Year-end**  
*(in millions)*

	<b>June 30,</b>	
	2024	2023
<b>Governmental:</b>		
General obligation bonds	\$ 30.9	\$ 31.8
Full faith & credit obligations	62.5	64.5
Leases	0.2	-
Sub-total	93.6	96.3
<b>Business-type:</b>		
Full faith & credit obligations	113.3	105.1
Sub-total	113.3	105.1
<b>Total</b>	\$ 206.9	\$ 201.4

**ECONOMIC FACTORS**

The State of Oregon does not have a sales tax, making property taxes the major resource for most governmental agencies in Oregon. Property taxes are important to the City as they represent 51.7 percent of the resources which can be used for governmental activities. The next largest resource, at 18.8 percent, comes from operating grants and contributions. Property taxes for general operations increased slightly over the last year.

The business-type activities are funded with utility fees and charges. Effective July 1, 2023, the City increased water rates by 2 percent, sewer rates by 3.9 percent, and stormwater rates by 7 percent. These rate increases equate to an additional \$5.88 per month per household.

Uncertainties about future economic changes and financial impacts are common in all cities. To deal with the swings in the economy and to plan for future capital expansion, the City routinely sets aside portions of its fund balances for contingencies and emergency situations.

The Oregon state economy and labor market continue to recover from the steep decline seen during the pandemic. Oregon’s unemployment rate has dropped from the high of 13.7 percent in April of 2020 to 4.1 percent in June 2024. Given that context, there is less of a consensus amongst economists on the short and long-term forecasts.

**REQUESTS FOR INFORMATION**

This City’s financial statements are designed to provide our citizens, taxpayers, customers, investors, and creditors with a general overview of the City’s finances and to demonstrate the City’s accountability of the resources it receives and expends. If you have questions about this report, or need additional financial information, contact the Finance Department, City of Lake Oswego P.O. Box 369 Lake Oswego, Oregon 97034 or e-mail [scross@ci.oswego.or.us](mailto:scross@ci.oswego.or.us).

## **BASIC FINANCIAL STATEMENTS**

*Statement of Net Position*

*Statement of Activities*

*Fund Financial Statements*

*Notes to the Basic Financial Statements*

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**CITY OF LAKE OSWEGO, OREGON**  
**Statement of Net Position**  
*as of June 30, 2024*

	<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total</b>
<b>Assets</b>			
Current assets:			
Cash and investments	\$ 59,014,898	\$ 45,490,369	\$ 104,505,267
Receivables (net of allowance)	4,934,035	5,159,688	10,093,723
Internal balances	(714,388)	714,388	-
Inventories and prepaids	243,504	812,241	1,055,745
Restricted cash and investments	60,724,314	-	60,724,314
Total current assets	<u>124,202,363</u>	<u>52,176,686</u>	<u>176,379,049</u>
Noncurrent assets:			
Net OPEB asset	756,260	169,051	925,311
Capital assets:			
Land, intangibles and construction in progress	108,286,782	47,890,645	156,177,427
Other capital assets (net of accumulated depreciation)	172,728,904	283,034,271	455,763,175
Software (net of amortization)	34,004	-	34,004
Right-of-use asset - building (net of amortization)	258,987	-	258,987
Total capital assets (net of accumulated depreciation and amortization)	<u>281,308,677</u>	<u>330,924,916</u>	<u>612,233,593</u>
Restricted beneficial interest in trust	8,302,999	-	8,302,999
Total noncurrent assets	<u>290,367,936</u>	<u>331,093,967</u>	<u>621,461,903</u>
Total assets	<u>414,570,299</u>	<u>383,270,653</u>	<u>797,840,952</u>
<b>Deferred outflows of resources:</b>			
Deferred amounts related to other postemployment benefits	538,945	120,472	659,417
Deferred amounts related to pensions	19,448,766	3,723,966	23,172,732
Deferred amounts related to prepaid rent	10,552,011	-	10,552,011
Total deferred outflow of resources	<u>30,539,722</u>	<u>3,844,438</u>	<u>34,384,160</u>
<b>Liabilities</b>			
Current liabilities:			
Accounts payable	6,227,111	1,822,407	8,049,518
Salaries and benefits payable	551,801	19,468	571,269
Deposits	126,859	282,985	409,844
Interest payable	273,017	441,383	714,400
Bonds payable	3,540,885	7,854,647	11,395,532
SBITA and leases payable	77,057	-	77,057
Compensated absences payable	2,700,000	440,496	3,140,496
Total OPEB liability	165,109	36,908	202,017
Total current liabilities	<u>13,661,839</u>	<u>10,898,294</u>	<u>24,560,133</u>
<b>Noncurrent liabilities:</b>			
Bonds payable	95,977,910	122,445,793	218,423,703
Prepaid rent	10,552,011	-	10,552,011
SBITA and leases payable	184,582	-	184,582
Compensated absences payable	1,214,222	175,044	1,389,266
Total OPEB liability	2,194,261	490,499	2,684,760
Net pension liability	52,158,442	9,987,073	62,145,515
Total noncurrent liabilities	<u>162,281,428</u>	<u>133,098,409</u>	<u>295,379,837</u>
Total liabilities	<u>175,943,267</u>	<u>143,996,703</u>	<u>319,939,970</u>
<b>Deferred inflows of resources:</b>			
Deferred charge on refunding	-	2,219,733	2,219,733
Deferred amount related lease receivable	425,967	-	425,967
Deferred amounts related to other postemployment benefits	317,571	70,990	388,561
Deferred amounts related to pensions	3,727,556	713,738	4,441,294
Total deferred inflow of resources	<u>4,471,094</u>	<u>3,004,461</u>	<u>7,475,555</u>
<b>Net Position</b>			
Net investment in capital assets	182,518,430	197,851,320	380,369,750
Restricted for:			
Trolley and Tourism	800,013	-	800,013
Library and Adult Community Center programs	8,302,999	-	8,302,999
Capital projects	22,918,986	-	22,918,986
Debt service	23,967,805	-	23,967,805
Building program	7,188,017	-	7,188,017
Highway and streets	364,924	-	364,924
OPEB asset	756,260	169,051	925,311
Unrestricted	17,878,226	42,093,556	59,971,782
Total net position	<u>\$ 264,695,660</u>	<u>\$ 240,113,927</u>	<u>\$ 504,809,587</u>

The notes to the basic financial statements are an integral part of this statement.

**CITY OF LAKE OSWEGO, OREGON**  
**Statement of Activities**  
*for the fiscal year ended June 30, 2024*

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental activities:				
General government	\$ 10,312,013	\$ 6,222,110	\$ 1,863,002	\$ -
Public safety	36,780,612	4,508,923	546,846	-
Culture and recreation	19,883,005	1,836,636	13,097,770	-
Highways and streets	8,410,854	4,930,082	4,229,538	456,242
Interest on long-term debt	3,028,250	-	-	-
Total governmental activities	<u>78,414,734</u>	<u>17,497,751</u>	<u>19,737,156</u>	<u>456,242</u>
Business-type activities:				
Water	14,151,164	16,989,172	-	564,788
Sewer	13,198,217	21,274,032	-	434,234
Stormwater	3,363,053	5,065,932	-	559,849
Tennis facility	704,014	714,898	-	-
Public works support services	76,421	27,747	-	-
Engineering	519,918	396,648	-	-
Total business-type activities	<u>32,012,787</u>	<u>44,468,429</u>	<u>-</u>	<u>1,558,871</u>
Total government	<u>\$ 110,427,521</u>	<u>\$ 61,966,180</u>	<u>\$ 19,737,156</u>	<u>\$ 2,015,113</u>

General revenues:

Taxes

Property taxes, levied for general purposes

Property taxes, levied for debt service

Franchise taxes

Hotel and motel taxes

Interest and investment earnings

Other revenues

Total general revenues and transfers

Change in net position

Net position - beginning

Net position - ending

The notes to the basic financial statements are an integral part of this statement.

Continued on next page

**Net (Expense) Revenue and  
Changes in Net Assets**

<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total</b>
\$ (2,226,901)	\$ -	\$ (2,226,901)
(31,724,843)	-	(31,724,843)
(4,948,599)	-	(4,948,599)
1,205,008	-	1,205,008
(3,028,250)	-	(3,028,250)
<u>(40,723,585)</u>	<u>-</u>	<u>(40,723,585)</u>
-	3,402,796	3,402,796
-	8,510,049	8,510,049
-	2,262,728	2,262,728
-	10,884	10,884
-	(48,674)	(48,674)
-	(123,270)	(123,270)
<u>-</u>	<u>14,014,513</u>	<u>14,014,513</u>
<u>(40,723,585)</u>	<u>14,014,513</u>	<u>(26,709,072)</u>
42,823,089	-	42,823,089
11,498,196	-	11,498,196
3,622,736	-	3,622,736
1,286,707	-	1,286,707
6,686,788	2,347,735	9,034,523
1,406,339	147,723	1,554,062
<u>67,323,855</u>	<u>2,495,458</u>	<u>69,819,313</u>
26,600,270	16,509,971	43,110,241
<u>238,095,390</u>	<u>223,603,956</u>	<u>461,699,346</u>
<u>\$ 264,695,660</u>	<u>\$ 240,113,927</u>	<u>\$ 504,809,587</u>

Continued from previous page



**CITY OF LAKE OSWEGO, OREGON**  
**Balance Sheet**  
**Governmental Funds**  
*as of June 30, 2024*

	General Fund	Street Fund	Redevelopment Agency East End Capital Fund	Redevelopment Agency Lake Grove Capital Fund	Parks Bond Capital Projects Fund	Parks Recreation Center Fund	Other Government Funds	Total Government Funds
<b>Assets</b>								
Cash and investments	\$ 40,651,518	\$ 15,009,630	\$ -	\$ -	\$ -	\$ 1,247,712	\$ 2,106,038	\$ 59,014,898
Property taxes receivable	1,338,709	-	-	-	-	-	604,834	1,943,543
Accounts receivable	1,196,392	1,086,197	-	-	-	-	44,226	2,326,815
Due from other funds	3,000,000	-	-	-	-	-	-	3,000,000
Interest receivable	8,127	-	-	-	-	-	966	9,093
Assessment liens receivable	-	-	-	-	-	-	228,617	228,617
Leases receivable	425,967	-	-	-	-	-	-	425,967
Inventories and prepaids	243,504	-	-	-	-	-	-	243,504
Restricted cash and investments	-	-	3,521,451	1,980,692	3,479,915	-	51,742,256	60,724,314
Restricted beneficial interest in trust	-	-	-	-	-	-	8,302,999	8,302,999
Total assets	<u>\$ 46,864,217</u>	<u>\$ 16,095,827</u>	<u>\$ 3,521,451</u>	<u>\$ 1,980,692</u>	<u>\$ 3,479,915</u>	<u>\$ 1,247,712</u>	<u>\$ 63,029,936</u>	<u>\$ 136,219,750</u>
<b>Liabilities</b>								
Accounts payable	\$ 2,339,288	\$ 1,195,791	\$ 186,406	\$ -	\$ 202,968	\$ 1,064,828	\$ 1,237,830	\$ 6,227,111
Salaries and benefits payable	547,590	1,024	-	-	-	-	3,187	551,801
Refundable deposits	116,559	10,300	-	-	-	-	-	126,859
Due to other funds	-	-	3,000,000	-	-	-	-	3,000,000
Total liabilities	<u>3,003,437</u>	<u>1,207,115</u>	<u>3,186,406</u>	<u>-</u>	<u>202,968</u>	<u>1,064,828</u>	<u>1,241,017</u>	<u>9,905,771</u>
<b>Deferred inflows of resources</b>								
Unavailable revenue-property taxes	1,018,852	-	-	-	-	-	516,179	1,535,031
Unavailable revenue-leases	425,967	-	-	-	-	-	-	425,967
Unavailable revenue-assessment liens	-	-	-	-	-	-	228,617	228,617
Total deferred inflows of resources	<u>1,444,819</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>744,796</u>	<u>2,189,615</u>
<b>Fund balances</b>								
Non-spendable	243,504	-	-	-	-	-	-	243,504
Restricted for:								
Senior center programs and capital	-	-	-	-	-	-	2,677,621	2,677,621
Library programs and capital	-	-	-	-	-	-	5,625,378	5,625,378
Building inspection	-	-	-	-	-	-	7,188,017	7,188,017
Trolley	-	-	-	-	-	-	607,429	607,429
Tourism	-	-	-	-	-	-	192,584	192,584
Capital projects	-	-	335,045	1,980,692	3,276,947	182,884	20,420,365	26,195,933
Highway and streets	-	-	-	-	-	-	364,924	364,924
Debt service	-	-	-	-	-	-	23,967,805	23,967,805
Committed to:								
City tree fund	295,576	-	-	-	-	-	-	295,576
Assigned to:								
Library improvements	500,000	-	-	-	-	-	-	500,000
Parks & Golf	1,800,000	-	-	-	-	-	-	1,800,000
Art and education	226,310	-	-	-	-	-	-	226,310
Highway and streets	-	14,888,712	-	-	-	-	-	14,888,712
Unassigned	<u>39,350,571</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>39,350,571</u>
Total fund balances	<u>42,415,961</u>	<u>14,888,712</u>	<u>335,045</u>	<u>1,980,692</u>	<u>3,276,947</u>	<u>182,884</u>	<u>61,044,123</u>	<u>124,124,364</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 46,864,217</u>	<u>\$ 16,095,827</u>	<u>\$ 3,521,451</u>	<u>\$ 1,980,692</u>	<u>\$ 3,479,915</u>	<u>\$ 1,247,712</u>	<u>\$ 63,029,936</u>	<u>\$ 136,219,750</u>

The notes to the basic financial statements are an integral part of this statement.

**CITY OF LAKE OSWEGO, OREGON**

**Reconciliation of the Governmental Funds Balance Sheet to the  
Statement of Net Position**

*as of June 30, 2024*

Amounts reported for governmental activities in the statement of net position (page 29) are different because:

Total fund balances - governmental funds (page 32) \$ 124,124,364

Capital assets used in governmental activities are not financial resources and therefore are not reported, net of accumulated depreciation and amortization of \$124,781,331 281,308,677

Certain items are not available to pay for current period expenditures, but are reported in the Statement of Net Position

Net OPEB Asset	\$	756,260	
Deferred outflows of resources related to pensions		19,448,766	
Deferred outflows of resources related to other postemployment benefits		538,945	
Deferred amount outflows to prepaid rent		10,552,011	
Property taxes, earned but unavailable		1,535,031	
Assessment liens, earned but unavailable		228,617	33,059,630

Some items, such as liabilities and inflows of resources related to pensions, are reported in the Statement of Net Position, however, if they are not due and payable in the current period, they are not recorded in the governmental funds

Total Pension Liability	\$	(52,158,442)	
Deferred inflows of resources related to pensions		(3,727,556)	
Deferred inflows of resources related to other postemployment benefits		(317,571)	
Accrued compensated absences		(3,914,222)	
Accrued interest payable		(273,017)	
Total OPEB Liability		(2,359,370)	
Bond premium, net of amortization		(6,168,795)	(68,918,973)

Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds (104,133,650)

Adjustment to reflect the consolidation of internal service fund activities related to governmental funds. (744,388)

Net position of governmental activities (page 29) \$ 264,695,660

The notes to the basic financial statements are an integral part of this statement.

**CITY OF LAKE OSWEGO, OREGON**  
**Statement of Revenues, Expenditures and Changes in Fund Balances**  
**Governmental Funds**  
*for the fiscal year ended June 30, 2024*

			Redevelopment	Redevelopment				
	General	Street	Agency	Agency	Parks	Parks	Other	Total
	Fund	Fund	East End	Lake Grove	Bond	Recreation	Government	Governmental
			Capital	Capital	Capital	Center	Funds	Funds
			Fund	Fund	Projects	Fund		
					Fund			
<b>Revenues:</b>								
Property taxes	\$ 42,983,751	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 11,509,056	\$ 54,492,807
Franchise taxes	3,622,736	-	-	-	-	-	-	3,622,736
Intergovernmental	6,672,035	4,197,195	-	-	-	8,771,356	96,570	19,737,156
Licenses and fees	2,279,094	4,930,082	-	-	-	-	4,984,613	12,193,789
Fines and forfeitures	886,823	-	-	-	-	-	-	886,823
Sales and services	5,686,836	-	-	-	-	-	14,400	5,701,236
Charges for services	10,752,500	-	-	-	-	-	-	10,752,500
Special assessment - principal	-	-	-	-	-	-	7,499	7,499
Miscellaneous	3,164,963	736,820	193,579	100,193	319,414	-	3,573,267	8,088,236
Total revenues	76,048,738	9,864,097	193,579	100,193	319,414	8,771,356	20,185,405	115,482,782
<b>Expenditures:</b>								
Current:								
General government	17,720,784	-	31,653	305,389	-	-	-	18,057,826
Public safety	32,563,550	-	-	-	-	-	2,181,459	34,745,009
Culture and recreation	18,014,271	-	-	-	-	-	124,734	18,139,005
Highways and streets	-	4,406,739	-	-	-	-	-	4,406,739
Debt service:								
Principal	-	480,000	-	-	-	-	2,475,000	2,955,000
Interest	-	315,200	-	-	-	-	3,070,522	3,385,722
Capital outlay	5,364,426	4,777,429	-	-	1,702,699	16,102,222	4,735,669	32,682,445
Total expenditures	73,663,031	9,979,368	31,653	305,389	1,702,699	16,102,222	12,587,384	114,371,746
Excess (deficiency) of revenues over (under) expenditures	2,385,707	(115,271)	161,926	(205,196)	(1,383,285)	(7,330,866)	7,598,021	1,111,036
<b>Other financing sources (uses):</b>								
Transfers in	2,247,561	2,000,000	-	-	-	6,000,000	3,579,938	13,827,499
Transfers out	(3,998,056)	-	-	-	(6,000,000)	-	(3,829,443)	(13,827,499)
Proceeds from sale of capital assets	19,127	-	-	-	-	-	-	19,127
Total other financing sources (uses)	(1,731,368)	2,000,000	-	-	(6,000,000)	6,000,000	(249,505)	19,127
Net change in fund balances	654,339	1,884,729	161,926	(205,196)	(7,383,285)	(1,330,866)	7,348,516	1,130,163
Fund balances - beginning	41,761,622	13,003,983	173,119	2,185,888	10,660,232	-	55,209,357	122,994,201
Change within financial reporting entity (nonmajor to major fund)	-	-	-	-	-	1,513,750	(1,513,750)	-
Fund balances - ending	\$ 42,415,961	\$ 14,888,712	\$ 335,045	\$ 1,980,692	\$ 3,276,947	\$ 182,884	\$ 61,044,123	\$ 124,124,364

The notes to the basic financial statements are an integral part of this statement.

**CITY OF LAKE OSWEGO, OREGON**

**Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities for the fiscal year ended June 30, 2024**

Amounts reported for governmental activities in the statement of activities (pages 30 & 31) are different because:

Net change in fund balances--total governmental funds (page 34)		\$ 1,130,163
<p>Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation exceeded capital acquisition:</p>		
Expenditures for capital assets	\$ 32,682,445	
Less current year depreciation	<u>(8,667,722)</u>	24,014,723
<p>The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, transfers, and donations) is to decrease net position.</p>		
		369,357
<p>Donations of capital assets increase net position in the statement of activities, but do not appear in the governmental funds because they are not financial resources.</p>		
		456,242
<p>Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds:</p>		
Property taxes	\$ (171,522)	
Assessments and interest	<u>60,811</u>	(110,711)
<p>Issuance of debt proceeds are reported as financing sources and payments to escrow agent for refunded bonds are reported as financing uses in governmental funds and thus contribute to the change in fund balances. Repayment of principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.</p>		
		3,308,373
<p>Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.</p>		
Interest expense		(8,413)
Net pension asset/liability and related deferred outflows and inflows		(2,104,807)
Net other postemployment benefits obligation		
asset/liability and related deferred outflows and inflows		56,429
Compensated absences		(409,482)
<p>Adjustment to reflect the consolidation of internal service fund activities related to governmental funds.</p>		
		<u>(101,604)</u>
Change in net position of governmental activities (page 31)		<u>\$ 26,600,270</u>

The notes to the basic financial statements are an integral part of this statement.

**CITY OF LAKE OSWEGO, OREGON**  
**Statement of Net Position**  
**Proprietary Funds**  
**as of June 30, 2024**

	<b>Business-type Activities - Enterprise Funds</b>		
	<b>Water Fund</b>	<b>Sewer Fund</b>	<b>Stormwater Fund</b>
<b>Assets</b>			
Current assets:			
Cash and investments	\$ 18,516,565	\$ 17,077,687	\$ 6,656,545
Receivables (net of allowance)	2,173,904	2,304,298	678,773
Inventories & prepaids	788,889	-	-
Total current assets	<u>21,479,358</u>	<u>19,381,985</u>	<u>7,335,318</u>
Noncurrent assets:			
Net OPEB asset	46,676	18,864	8,465
Capital assets:			
Land	6,498,209	72,367	843,850
Intangibles	3,763,997	266,674	6,000
Buildings and improvements	184,786,651	152,719,750	39,292,224
Machinery and equipment	5,863,208	8,906,986	1,677,363
Infrastructure	1,282,346	6,116,830	-
Construction in progress	4,333,967	30,201,900	1,007,777
Intangibles	1,123,112	-	-
Less accumulated depreciation	<u>(56,748,905)</u>	<u>(55,201,134)</u>	<u>(21,064,809)</u>
Total capital assets (net of accumulated depreciation)	150,902,585	143,083,373	21,762,405
Total noncurrent assets	<u>150,949,261</u>	<u>143,102,237</u>	<u>21,770,870</u>
Total assets	<u>172,428,619</u>	<u>162,484,222</u>	<u>29,106,188</u>
<b>Deferred outflows of resources</b>			
Deferred amounts related to other postemployment benefits	33,263	13,443	6,032
Deferred amounts related to pensions	999,722	343,655	187,448
Total deferred outflow of resources	<u>1,032,985</u>	<u>357,098</u>	<u>193,480</u>
<b>Liabilities</b>			
Current liabilities:			
Accounts payable	530,514	1,069,366	178,140
Salaries and benefits payable	5,237	1,822	911
Matured and accrued bond interest payable	205,979	235,404	-
Deposit	-	2,500	-
Bonds payable	3,339,007	4,515,640	-
Compensated absences payable	155,000	41,238	21,289
Total OPEB liability	<u>10,191</u>	<u>4,118</u>	<u>1,848</u>
Total current liabilities	<u>4,245,928</u>	<u>5,870,088</u>	<u>202,188</u>
Noncurrent liabilities:			
Bonds payable	53,951,411	68,494,382	-
Compensated absences payable	67,300	-	-
Total OPEB liability	135,432	54,734	24,560
Net pension liability	<u>2,681,094</u>	<u>921,626</u>	<u>502,705</u>
Total noncurrent liabilities	<u>56,835,237</u>	<u>69,470,742</u>	<u>527,265</u>
Total liabilities	<u>61,081,165</u>	<u>75,340,830</u>	<u>729,453</u>
<b>Deferred inflows of resources</b>			
Deferred charge on refunding	1,545,586	674,147	-
Deferred amounts related to other postemployment benefits	19,600	7,922	3,555
Deferred amounts related to pensions	191,607	65,865	35,926
Total deferred inflow of resources	<u>1,756,793</u>	<u>747,934</u>	<u>39,481</u>
<b>Net Position</b>			
Net investment in capital assets	91,766,206	69,152,773	21,755,788
Restricted for OPEB asset	46,676	18,864	8,465
Unrestricted	<u>18,810,764</u>	<u>17,580,919</u>	<u>6,766,481</u>
Total net position	<u>\$ 110,623,646</u>	<u>\$ 86,752,556</u>	<u>\$ 28,530,734</u>

**Add**

Internal service funds are used by management to charge cost of maintenance administration, motor pool, and engineering services to individual funds. Assets, deferred outflows, liabilities and deferred inflows of the internal service funds are included in business-type activities in the Statement of Net Position.  
Total net position, business-type activities

The notes to the basic financial statements are an integral part of this statement.

Continued on next page

<u>Other Enterprise Funds</u>	<u>Total</u>	<u>Business-type Activities</u>
		<u>Internal Service Funds</u>
\$ 174,326	\$ 42,425,123	\$ 3,065,246
-	5,156,975	2,713
-	788,889	23,352
<u>174,326</u>	<u>48,370,987</u>	<u>3,091,311</u>
9,916	83,921	85,130
-	7,414,426	817,916
-	4,036,671	-
3,121,319	379,919,944	12,939,061
10,300	16,457,857	996,844
-	7,399,176	480,994
-	35,543,644	77,988
-	1,123,112	-
<u>(652,765)</u>	<u>(133,667,613)</u>	<u>(2,615,104)</u>
2,478,854	318,227,217	12,697,699
2,488,770	318,311,138	12,782,829
<u>2,663,096</u>	<u>366,682,125</u>	<u>15,874,140</u>
7,066	59,804	60,668
70,814	1,601,639	2,122,327
<u>77,880</u>	<u>1,661,443</u>	<u>2,182,995</u>
2,541	1,780,561	41,846
569	8,539	10,929
-	441,383	-
-	2,500	280,485
-	7,854,647	-
2,969	220,496	220,000
2,165	18,322	18,586
<u>8,244</u>	<u>10,326,448</u>	<u>571,846</u>
-	122,445,793	-
-	67,300	107,744
28,770	243,496	247,003
189,911	4,295,336	5,691,737
218,681	127,051,925	6,046,484
<u>226,925</u>	<u>137,378,373</u>	<u>6,618,330</u>
-	2,219,733	-
4,164	35,241	35,749
13,572	306,970	406,768
<u>17,736</u>	<u>2,561,944</u>	<u>442,517</u>
2,478,854	185,153,621	12,697,699
9,916	83,921	85,130
7,545	43,165,709	(1,786,541)
<u>\$ 2,496,315</u>	<u>228,403,251</u>	<u>\$ 10,996,288</u>
	11,710,676	
	<u>\$ 240,113,927</u>	

Continued from previous page

**CITY OF LAKE OSWEGO, OREGON**

**Statement of Revenues, Expenses, and Changes in Net Position**

**Proprietary Funds**

*for the fiscal year ended June 30, 2024*

	<b>Business-type Activities - Enterprise Funds</b>		
	<b>Water Fund</b>	<b>Sewer Fund</b>	<b>Stormwater Fund</b>
Operating revenues:			
Intergovernmental	\$ 1,896,000	\$ 3,479,143	\$ -
Licenses and fees	-	57,641	-
Charges for sales and services	15,093,172	17,737,248	5,065,932
Miscellaneous	130,341	18,718	-
Total operating revenues	<u>17,119,513</u>	<u>21,292,750</u>	<u>5,065,932</u>
Operating expenses:			
Salaries and benefits	2,434,270	738,051	560,160
Operating supplies and services	6,045,377	8,041,601	1,921,779
Depreciation	3,736,132	2,840,636	867,386
Total operating expenses	<u>12,215,779</u>	<u>11,620,288</u>	<u>3,349,325</u>
Operating income (loss)	<u>4,903,734</u>	<u>9,672,462</u>	<u>1,716,607</u>
Nonoperating revenues (expenses):			
Interest on investments	1,042,942	851,251	301,488
Interest expense	(1,885,663)	(1,539,764)	-
Gain or loss on sale of capital assets	-	-	-
Total nonoperating revenues (expenses)	<u>(842,721)</u>	<u>(688,513)</u>	<u>301,488</u>
Net income before contributions and transfers	4,061,013	8,983,949	2,018,095
Capital contributions	564,788	434,234	559,849
Transfers in	-	-	-
Transfers out	-	-	-
Change in net position	4,625,801	9,418,183	2,577,944
Total net position - beginning:	<u>105,997,845</u>	<u>77,334,373</u>	<u>25,952,790</u>
Total net position - ending	<u>\$ 110,623,646</u>	<u>\$ 86,752,556</u>	<u>\$ 28,530,734</u>

Add

Adjustment to reflect the consolidation of internal service  
fund activities related to enterprise funds  
Change in net position, business-type activities

Continued on next page

The notes to the basic financial statements are an integral part of this statement.

<u>Other Enterprise Funds</u>	<u>Total</u>	<u>Business-type Activities Internal Service Funds</u>
\$ -	\$ 5,375,143	\$ -
5,349	62,990	422,284
709,549	38,605,901	6,616,505
1,124	150,183	4,770
<u>716,022</u>	<u>44,194,217</u>	<u>7,043,559</u>
360,100	4,092,581	5,149,168
275,313	16,284,070	1,917,511
52,426	7,496,580	360,173
<u>687,839</u>	<u>27,873,231</u>	<u>7,426,852</u>
28,183	16,320,986	(383,293)
6,320	2,202,001	145,734
-	(3,425,427)	-
<u>(16,175)</u>	<u>(16,175)</u>	<u>5,670</u>
<u>(9,855)</u>	<u>(1,239,601)</u>	<u>151,404</u>
18,328	15,081,385	(231,889)
-	1,558,871	-
-	-	-
-	-	-
<u>18,328</u>	<u>16,640,256</u>	<u>(231,889)</u>
<u>2,477,987</u>	<u>211,762,995</u>	<u>11,228,177</u>
<u>\$ 2,496,315</u>	<u>228,403,251</u>	<u>\$ 10,996,288</u>
	<u>(130,285)</u>	
	<u>\$ 16,509,971</u>	

Continued from previous page



**CITY OF LAKE OSWEGO, OREGON**  
**Statement of Cash Flows**  
**Proprietary Funds**  
*for the fiscal year ended June 30, 2024*

	<b>Business-type Activities - Enterprise Funds</b>		
	<b>Water Fund</b>	<b>Sewer Fund</b>	<b>Stormwater Fund</b>
Cash flows from operating activities:			
Receipts from customers	\$ 17,208,626	\$ 21,099,566	\$ 4,985,012
Payments to suppliers	(6,171,098)	(9,486,990)	(1,808,454)
Payments to employees	(2,701,988)	(699,713)	(533,477)
Other receipts	130,341	18,718	-
Net cash flows from operating activities	<u>8,465,881</u>	<u>10,931,581</u>	<u>2,643,081</u>
Cash flows from capital and related financing activities:			
Purchases, acquisitions, and construction of capital assets	(3,326,790)	(30,221,865)	(672,914)
Principal payments net of new borrowings	(3,214,000)	12,192,034	(242,833)
Interest paid on capital debt	(1,896,601)	(1,623,279)	(938)
Net cash flows from capital and related financing activities	<u>(8,437,391)</u>	<u>(19,653,110)</u>	<u>(916,685)</u>
Cash flows from investing activities:			
Investment income	1,042,942	851,251	301,488
Net increase (decrease) in cash and investments	1,071,432	(7,870,278)	2,027,884
Cash and investments, June 30, 2023	<u>17,445,133</u>	<u>24,947,965</u>	<u>4,628,661</u>
Cash and investments, June 30, 2024	<u>\$ 18,516,565</u>	<u>\$ 17,077,687</u>	<u>\$ 6,656,545</u>
Reconciliation of operating income (loss) to net cash provided by operating activities:			
Operating income (loss)	\$ 4,903,734	\$ 9,672,462	\$ 1,716,607
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:			
Depreciation expense	3,736,132	2,840,636	867,386
Changes in assets and liabilities:			
Receivables	219,454	(174,466)	(80,920)
Inventories	(351,065)	-	-
Net OPEB asset	2,524	(762)	(110)
Deferred outflows	56,664	(45,132)	(28,775)
Accounts payable	225,344	(1,445,389)	113,325
Salaries and benefits payable	1,625	752	376
Total OPEB liability	(31,042)	(6,148)	(3,592)
Compensated absences payable	46,447	9,779	3,262
Refundable deposits	-	-	-
Net pension liability	240,168	233,160	136,119
Deferred Inflows	(584,104)	(153,311)	(80,597)
Net cash provided by operating activities	<u>\$ 8,465,881</u>	<u>\$ 10,931,581</u>	<u>\$ 2,643,081</u>
Noncash capital and related financing activities:			
Capital assets contributed from developers and other funds	\$ 564,788	\$ 434,234	\$ 559,849

The notes to the basic financial statements are an integral part of this statement.  
Continued on next page

		<b>Business-type Activities</b>	
<b>Other Enterprise Funds</b>	<b>Total</b>	<b>Internal Service Funds</b>	
\$ 714,898	\$ 44,008,102	\$ 7,084,634	
(274,104)	(17,740,646)	(1,920,484)	
(356,924)	(4,292,102)	(5,120,894)	
1,124	150,183	4,770	
<u>84,994</u>	<u>22,125,537</u>	<u>48,026</u>	
-	(34,221,569)	(99,728)	
-	8,735,201	-	
-	<u>(3,520,818)</u>	-	
-	<u>(29,007,186)</u>	<u>(99,728)</u>	
6,320	2,202,001	145,735	
91,314	(4,679,648)	94,033	
<u>83,012</u>	<u>47,104,771</u>	<u>2,971,213</u>	
<u>\$ 174,326</u>	<u>\$ 42,425,123</u>	<u>\$ 3,065,246</u>	
\$ 28,183	\$ 16,320,986	\$ (383,293)	
52,426	7,496,580	360,173	
-	(35,932)	(2,713)	
-	(351,065)	6,107	
(2,721)	(1,069)	(3,205)	
(7,398)	(24,641)	(205,753)	
1,209	(1,105,511)	(9,080)	
301	3,054	4,507	
5,102	(35,680)	(28,577)	
(1,381)	58,107	19,497	
-	-	48,558	
42,382	651,829	1,243,529	
<u>(33,109)</u>	<u>(851,121)</u>	<u>(1,001,724)</u>	
<u>\$ 84,994</u>	<u>\$ 22,125,537</u>	<u>\$ 48,026</u>	
\$ -	\$ 1,558,871	\$ -	

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## CITY OF LAKE OSWEGO, OREGON

### Notes to the Basic Financial Statements

June 30, 2024

#### 1. The reporting entity and summary of significant accounting policies

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

##### A. Reporting entity

The City is a municipal corporation governed by the City Council which is composed of the elected mayor and six council members, who collectively comprise the legislative branch of the City government. The City operates under a Home Rule Charter originally granted by the State of Oregon in 1909. A City Manager, appointed by the City Council, administers City operations.

The City provides a full range of municipal services to the community, which includes police and fire protection, emergency medical services, traffic control and improvement, street maintenance and improvement, water, sewer, and stormwater management services, planning and zoning regulation, building inspection and regulation, parks and recreational activities, and community library service.

The accompanying financial statements present the City (primary government) and its component unit (the City's urban renewal agency), an entity for which the City is considered to be financially responsible.

**Blended component unit.** In accordance with GASB Statement No. 61, the activities of the Lake Oswego Redevelopment Agency (the Agency) are included in the City's financial statements as a blended component unit. The Agency is a legally separate entity, which is governed by a board comprised of the City Council, as stipulated in the bylaws. The Council has the ability to impose its will on the Agency as determined on the basis of budget adoption, taxing authority, and funding. Additionally, the City's management has operational responsibility for the Agency as it manages the activities of the Agency in essentially the same manner in which it manages the City's own operations. The purpose of the Agency is to undertake urban renewal projects and activities pursuant to the City's east end and lake grove village center redevelopment plans. The financial results of the Agency are reported herein as two debt service funds and two capital projects funds. The Agency also prepares a separate component unit financial report which may be obtained from the Agency's administrative offices at 380 "A" Avenue, Lake Oswego, Oregon 97034.

##### B. Government-wide and fund financial statements

Basic financial statements are presented at both the government-wide and fund financial level. Both levels of statements categorize primary activities as either governmental or business-type. Governmental activities, which are normally supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

## CITY OF LAKE OSWEGO, OREGON

### Notes to the Basic Financial Statements

June 30, 2024

#### 1. The reporting entity and summary of significant accounting policies, continued

##### B. Government-wide and fund financial statements, continued

*Government-wide financial statements* display information about the reporting government as a whole. These statements focus on the sustainability of the City as an entity and the change in aggregate financial position resulting from the activities of the fiscal period. These aggregated statements consist of the Statement of Net Position and the Statement of Activities.

The *Statement of Net Position* presents information on all of the City's assets, net outflows of resources, liabilities, and net inflows of resources, with the difference between them reported as *net position*.

The *Statement of Activities* demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services or privileges provided by a given function or segment, and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

*Fund financial statements* display information at the individual fund level. Each fund is considered to be a separate accounting entity. Funds are classified and summarized as governmental, proprietary, or fiduciary. Currently, the City has only governmental and proprietary type funds. Major individual governmental funds and major individual enterprise funds are reported in separate columns in the fund financial statements. Nonmajor funds are consolidated into a single column within each fund type in the financial section of the basic financial statements and are detailed in the combining and individual fund statements and schedules.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements, except for interfund activity that results from the City's allocation of charges as reimbursement for services provided by one fund, to another based on levels of service provided. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned. These charges are included in direct program expenses.

##### C. Measurement focus, basis of accounting and financial statement presentation

Measurement focus is a term used to describe *which* transactions are recorded within the various financial statements. Basis of accounting refers to when transactions are recorded. The government-wide financial statements are presented on a full accrual basis of accounting with an economic resource measurement focus, as are the proprietary funds financial statements. An economic resource focus concentrates on an entity or fund's net position. All transactions and events that affect the total economic resources (net position) during the period are reported. An economic resources measurements focus is inextricably connected with full accrual accounting. Under the full accrual basis of accounting, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of the timing of

## CITY OF LAKE OSWEGO, OREGON

### Notes to the Basic Financial Statements

June 30, 2024

#### 1. The reporting entity and summary of significant accounting policies, continued

##### C. Measurement focus, basis of accounting and financial statement presentation, continued

related cash inflows and outflows. Governmental fund financial statements are presented on a modified accrual basis of accounting with a current financial resource measurement focus. The measurement focus concentrates on the fund's resources available for spending currently or in the near future. Only transactions and events affecting the fund's current financial resources during the period are reported. Similar to the connection between an economic resource measurement focus and full accrual basis of accounting, a current financial resource measurement focus is inseparable from a modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they become measurable and available). *Measurable* means the amount of the transaction can be determined and revenues are considered *available* when they are collected within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Revenues considered susceptible to accrual are property taxes, state, county and local shared revenues, franchise fees, intergovernmental grants, and investment income.

A deferred inflow of resources arises on the balance sheet of the governmental funds when potential revenue does not meet both the measurable and available criteria for recognition in the current period. This unavailable revenue consists primarily of uncollected property taxes and assessments not deemed available to finance operation of the current period. In the government-wide statement of activities, with a full accrual basis of accounting, revenue must be recognized as soon as it is earned regardless of its availability. Thus, the deferred inflow of resources created on the balance sheet of the governmental funds for unavailable revenue, is eliminated.

Similar to the way its revenues are recorded, governmental funds only record those expenditures that affect current financial resources. Debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due. In the government-wide financial statements, however, with a full accrual basis of accounting, all expenses affecting the economic resource status of the government are recognized.

Since the governmental fund statements are presented on a different measurement focus and basis of accounting than the government-wide statements' governmental column, a reconciliation is necessary to explain the adjustments needed to transform the fund based financial statements into the governmental column of the government-wide presentation. This reconciliation is part of the basic financial statements.

GASB Statement No. 34 sets forth minimum criteria for the determination of major funds. Nonmajor funds are combined in a column in the fund financial statements and detailed in the combining section.

# CITY OF LAKE OSWEGO, OREGON

## Notes to the Basic Financial Statements

June 30, 2024

### 1. The reporting entity and summary of significant accounting policies, continued

#### C. Measurement focus, basis of accounting and financial statement presentation, continued

The City reports the following governmental funds:

Major Governmental Funds:

- *General Fund*  
This is the City's primary operating fund. It accounts for the financial operations of the City, which are not accounted for in any other fund. Principal sources of revenue are property taxes, charges for services from other funds, intergovernmental revenues, licenses and fees, and other miscellaneous revenues. Primary expenditures are for general administration.
- *Street Fund*  
This fund accounts for the activities of building, rebuilding and maintaining City streets, right-of-way improvements, and street lights. Revenue is derived primarily from motor vehicle fees from the State of Oregon restricted by state statute, and a street maintenance fee.
- *Redevelopment Agency East End Capital Project Fund*  
This fund accounts for the capital projects for the East End district. Financing is derived primarily from a transfer in of debt proceeds.
- *Redevelopment Agency Lake Grove Capital Project Fund*  
This fund accounts for the capital projects for the Lake Grove district. Financing is derived primarily from a transfer in of debt proceeds
- *Parks Bond Capital Project Fund*  
This fund accounts for Parks bond capital projects. Financing is from a transfer of debt proceeds.
- *Parks Recreation Center Fund*  
This fund accounts for the capital expenses for construction of the Recreation and Aquatics Center. Financing is from a transfer of debt proceeds and a partnership with the Lake Oswego School District. This fund was classified as a nonmajor governmental fund in the previous fiscal-year.

Nonmajor Governmental Funds:

- *Special Revenue Funds*  
These funds account for revenues derived from specific taxes or other restricted or committed revenue sources including property taxes, licenses and fees, intergovernmental revenues, sales and services, and charges for services that are restricted to finance particular functions or activities.
- *Debt Service Funds*  
These funds are used to account for payment of principal and interest on general obligation and tax increment bonded debt. Resources are from property taxes and interest.
- *Capital Project Funds*  
These funds account for the construction of major capital facilities and projects (other than those financed by proprietary funds). Resources are primarily from general obligation bonds, urban renewal bonds, assessment collections and investment interest on fund balances.

# CITY OF LAKE OSWEGO, OREGON

## Notes to the Basic Financial Statements

June 30, 2024

### 1. The reporting entity and summary of significant accounting policies, continued

#### C. Measurement focus, basis of accounting and financial statement presentation, continued

The City reports three of its four enterprise funds as major funds. These funds are used to account for the acquisition, operation, and maintenance of activities that are similar to private businesses.

Enterprise funds are entirely or predominantly self-supported through user charges to customers, and are categorized as follows:

##### Major Enterprise Funds:

- *Water Fund*  
*Accounts for the activities of the City's water distribution system. Revenue is derived primarily from water service charges. The Water Fund consists of the following two budgetary funds: Water Fund and the Capital Reserve Water Fund.*
- *Sewer Fund*  
*Accounts for the activities of the City's sewer collection and treatment system. Revenue is derived primarily from sewer service charges.*
- *Stormwater Fund*  
*Accounts for the activities of the City's stormwater management system which was developed to address water quality and flooding problems. Revenue is derived primarily from stormwater management charges.*

##### Nonmajor Enterprise Funds:

- *Tennis Facility Fund*  
*Accounts for the operation of the City's indoor tennis facility. Revenue is derived primarily from user fees.*

The City reports two internal service funds. They are used to account for those activities and services furnished internally to other organizational units within the City on a cost reimbursement basis. Charges are made to the various departments to support the activities. The aggregate of all internal service funds are reflected mostly in the proprietary fund financial statements. The City's internal service funds include:

- *Public Works Support Services Fund*  
*Accounts for the maintenance of equipment, property, and for the activities of the automobile fleet of the City. Revenues are derived from reimbursements from other funds for associated costs as well as a reimbursement from the Lake Oswego School District for fuel usage.*
- *Engineering Fund*  
*Manages the planning, design and construction of the City's infrastructure, including stormwater, water, sewer collection, and transportation. In addition, the Engineering Division provides technical support for privately financed public improvements (constructed with development projects), and provides GIS mapping services.*



## CITY OF LAKE OSWEGO, OREGON

### Notes to the Basic Financial Statements

June 30, 2024

#### 1. The reporting entity and summary of significant accounting policies, continued

##### C. Measurement focus, basis of accounting and financial statement presentation, continued

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services, and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. Included within the principal operating revenues of the City's water, sewer, and stormwater funds are also fees that recover the cost of connecting new customers to the City's utility system. Operating expenses for the proprietary funds include the cost of sales and services, administrative overhead, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

##### D. Assets, deferred outflows of resources, liabilities, deferred inflows of resources and net position or fund balance

###### 1. Cash and Investments

Cash and investments include cash on hand, short-term investments, and cash deposits that are held in an investment pool that has the general characteristic of a demand deposit account. The City maintains cash and investment balances in a common pooled account. Investment income is allocated monthly based on each fund's average cash balance.

Investments are recorded at fair value in accordance with GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and External Investment Pools*, which requires governmental entities to report certain investments at fair value in the statement of net position/balance sheet and recognize the corresponding change in the fair value of investments in the year in which the change occurred. The City uses quoted market prices to determine fair value of investments. Realized gains and losses as well as the change in fair value of investments are recorded as components of investment income.

The City 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 the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; and Level 3 inputs are significant unobservable inputs.

The City's investment policy, adopted by the City Council, essentially mirrors the requirements of the Oregon Revised Statutes. Currently, the City's investment portfolio includes investments in the State of Oregon Local Government Investment Pool, U.S. Government Treasury and Agency securities and corporate indebtedness.

###### 2. Receivables and payables

Property taxes are levied on and become a lien against the property on July 1 in the year in which they are due. 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 or February 15. Taxes unpaid and outstanding on May 16 are considered delinquent.

## CITY OF LAKE OSWEGO, OREGON

Notes to the Basic Financial Statements

June 30, 2024

### 1. The reporting entity and summary of significant accounting policies, continued

#### D. Assets, deferred outflows of resources, liabilities, deferred inflows of resources and net position or fund balance, continued

##### 2. *Receivables and payables*, continued

In the fund financial statements, property taxes receivables that are collected within 60 days after the end of fiscal year are considered measurable and available, and therefore, are recognized as revenue. The property taxes receivable portion beyond 60 days is recorded as unavailable revenue. Assessments are recognized as receivables at the time property owners are assessed on property improvements. These receivables are entirely offset by unavailable revenue, as assessment revenue is recognized upon collection.

In the government-wide financial statements, property taxes and assessment receivables are recognized as revenue when earned and are shown net of an allowance for uncollectibles.

In the proprietary funds, receivables include services provided but not billed. The enterprise funds' receivables include billings for residential and commercial customers utilizing the City's water, sewer, and stormwater services and are reported net of an allowance for uncollectibles, which is determined based upon an estimated percentage of the receivable balance.

##### 3. *Inventories and prepaid items*

In the government-wide and the proprietary funds financial statements, inventories of materials and supplies are stated at cost, using the first-in first-out method and are charged against operations as used. Also, advance payments made to vendors for services that will benefit periods beyond June 30 are recorded as prepaid using the consumption method. The inventories in the governmental funds are not significant at the end of the fiscal year.

##### 4. *Restricted assets*

Assets whose use is restricted by legal requirements external to the City, are segregated on the government-wide statement of net position and the proprietary fund statement of net position. These legal restrictions include bond covenants that establish debt reserves and use limitations, as well as building fees and systems development charges that are legally restricted by applicable state statutes.

When either restricted or unrestricted resources are available for use, it is the City's policy to use restricted resources first, and then unrestricted resources, as they are needed.

# CITY OF LAKE OSWEGO, OREGON

Notes to the Basic Financial Statements

June 30, 2024

## 1. The reporting entity and summary of significant accounting policies, continued

### D. Assets, deferred outflows of resources, liabilities, deferred inflows of resources and net position or fund balance, continued

#### 5. Beneficial Interest in Trust

The Oregon Community Foundation (the Foundation) is an Oregon non-profit corporation. Foundation endowments are owned, managed, and invested by the Foundation in accordance with the charitable goals of the underlying endowment. The Foundation maintains variance power and legal ownership of their endowments and reports the funds as assets in their financial statements. Also, in accordance with FASB ASC Topic Not-for-Profit Entities, the Foundation establishes a liability for the fair market value of the endowment, which is generally equivalent to the present value of future payments expected to be made back to the charitable organization.

Upon a majority vote of the Lake Oswego City Council, working with the Adult Community Center (ACC) and Library advisory boards, the City may receive these funds back from the Foundation and use them in a manner that is consistent with the original endowment purpose.

Based upon the City's indirect access to these funds, their respective fair values are included as a non-current asset.

The Beneficial Interest in Trust consists of:	Value as of June 30, 2022	Value as of June 30, 2023	Value as of June 30, 2024
Adult Community Center Endowment Fund	\$ 2,434,808	\$ 2,491,331	\$ 2,677,621
Public Library Endowment Fund	4,091,979	4,340,825	4,803,975
Public Library - Bischoff Endowment Fund	756,465	771,582	821,403
	<u>\$ 7,283,252</u>	<u>\$ 7,603,738</u>	<u>\$ 8,302,999</u>

#### 6. Capital assets

Capital assets, which include land, buildings, improvements, equipment, infrastructure (e.g., streets, bridges, sidewalks, and similar items) and intangibles, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements and in the proprietary fund statements. Capital assets are defined as assets with an initial, individual cost of \$10,000 or more and an estimated useful life in excess of one year. Such assets are recorded at historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

**CITY OF LAKE OSWEGO, OREGON**

Notes to the Basic Financial Statements

June 30, 2024

**1. The reporting entity and summary of significant accounting policies, continued**

**D. Assets, deferred outflows of resources, liabilities, deferred inflows of resources and net position or fund balance, continued**

**6. Capital assets, continued**

Major outlays for capital assets and improvements are capitalized as projects are constructed.

Exhaustible assets of the City, as well as the Lake Oswego Redevelopment Agency, are depreciated using the method over the estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings and improvements	20-50
Infrastructure	30
Vehicles	5-15
Machinery and equipment	5-10
Water systems	50
Sewer systems	40
Lake Interceptor	75
Intangibles	1-50

Capital assets include contribution of capital assets from outside developers. Revenue from these capital contributions is reflected in capital grants and contributions on the statement of activities and on the proprietary fund statements.

**7. Compensated absences**

It is the City's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. There is no liability reported for unpaid accumulated sick leave since the City, by policy, does not pay out sick leave banks when employees separate from service with the City. All vacation pay is accrued when incurred in the government-wide and proprietary fund financial statements. As compensated absences are due and payable on demand, they are considered due within one year. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of termination or retirement.

## CITY OF LAKE OSWEGO, OREGON

### Notes to the Basic Financial Statements

June 30, 2024

#### 1. The reporting entity and summary of significant accounting policies, continued

##### D. Assets, deferred outflows of resources, liabilities, deferred inflows of resources and net position or fund balance, continued

##### 8. Long-term obligations

In the government-wide financial statements, and in the proprietary fund financial statements, long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. When significant, bond premiums, discounts, and amounts deferred on refundings are amortized over the applicable bond term.

In the fund financial statements, governmental fund types recognize bond premiums, discounts, and deferred amounts on refunding, as period costs in the year of issue. The face amount of debt issued and any related premium is reported as other financing sources, while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

##### 9. Fund balance

Fund balance is reported in classifications that comprise a hierarchy based primarily on the extent to which the City is bound to observe constraints imposed on the use of the resources reported in governmental funds. Those classifications are as follows:

*Nonspendable* – resources which cannot be spent because they are either a) not in spendable form or; b) legally or contractually required to be maintained intact.

*Restricted* – resources with constraints that are either a) externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or b) imposed by law through constitutional provisions or enabling legislation.

*Committed* – resources which are subject to limitations the City imposes upon itself, by resolution of the Council. Commitments may be modified or rescinded by similar resolution.

*Assigned* – resources neither restricted nor committed for which the City has a stated intended use as established by the City Council or the City Manager for specific purposes.

*Unassigned* – resources which cannot be properly classified in one of the other four categories. The General Fund is the only fund that reports a positive unassigned fund balance amount. Unassigned balances also include deficits in the other governmental funds.

GASB Statement No. 54 requires the highest legal authority to approve authorized commitments of fund balance and to approve who can authorize making assignments of fund balance. These requirements, to include designating the City Manager to make assignments of fund balance, were approved by the City Council on June 21, 2011, utilizing the highest relevant means appropriate for such action with Resolution No. 11-30.

**CITY OF LAKE OSWEGO, OREGON**

Notes to the Basic Financial Statements

June 30, 2024

**1. The reporting entity and summary of significant accounting policies, continued**

**D. Assets, deferred outflow of resources, liabilities, deferred inflows of resources and net position or fund balance, continued**

**9. Fund balance continued**

The City Council has approved the following order of spending regarding fund balance categories: restricted resources are spent first when both restricted and unrestricted (committed, assigned, or unassigned) resources are available for expenditures. When unrestricted resources are spent, the order of spending is committed (if applicable), assigned (if applicable), and lastly unassigned fund balance.

To preserve a sound financial system and to provide a stable financial base, the governing body has adopted a minimum ending fund balance policy for various operating funds at levels sufficient to protect the City's credit as well as its financial position from emergencies. These funds include the General Fund, the Bonded Debt Service Fund, and the Tennis Facility Fund.

In the government-wide statement of net position, fund equity is referred to as *net position* and is segregated into the following three components: 1) net investment in capital assets, 2) legally restricted by outside parties for a specific purpose, and 3) unrestricted.

**10. Use of estimates**

The preparation of the financial statements, in conformity with accounting principles generally accepted in the United States of America, requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual amounts could differ from those estimates.

**11. Deferred outflows/inflows of resources**

In addition to assets, the statement of financial position reports a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net assets that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then.

## CITY OF LAKE OSWEGO, OREGON

### Notes to the Basic Financial Statements

June 30, 2024

#### 1. The reporting entity and summary of significant accounting policies, continued

##### D. Assets, deferred outflow of resources, liabilities, deferred inflows of resources and net position or fund balance, continued

###### 11. *Deferred outflows/inflows of resources* continued

In addition to liabilities, the statement of financial position reports a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net assets that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. Deferred inflows from debt refunding represents the unamortized carrying value from the refunding. With the implementations of GASB Statement No. 68, the City now presents deferred outflows and inflows from pensions on the statement of financial position. The deferred outflows from pension is for the difference between expected and actual experience, for changes in assumptions, for the difference between the City's contributions and its proportionate share of system contributions, and for contributions subsequent to the measurement date, as determined during the implementation of GASB Statement No. 68. The deferred inflows from pension are for the net difference between projected and actual earnings on pension plan investments, for changes in proportionate share and differences between City contributions and proportionate share of contributions, as determined during the implementation of GASB Statement No. 68. With the implementations of GASB Statement No. 75, the City now presents deferred outflows and inflows from other postemployment benefits on the statement of financial position. The deferred outflows from other postemployment benefits is for differences between expected and actual experience, changes in assumptions, and contributions after the measurement date, as determined during the implementation of GASB Statement No. 75. The deferred inflows from other postemployment benefits are for differences between expected and actual experience changes in proportionate share, for change in assumptions, for the net difference between projected and actual earnings on plan investments, and differences between City contributions and proportionate share of contributions, as determined during the implementation of GASB Statement No. 75. The City also presents unavailable revenue as a deferred inflow of resources on governmental funds balance sheet. The government has three items, which arise only under a modified accrual basis of accounting that qualify for reporting in this category, property taxes, lease receivables and special assessments. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

###### 12. *Pensions*

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Oregon Public Employees Retirement System (OPERS) and additions to/deductions from OPERS's fiduciary net position have been determined on the same basis as they are reported by OPERS.

###### 13. *Other Postemployment Benefit Plans*

The City's net other postemployment benefits plan (OPEB) asset/liability, deferred inflows and outflows related to OPEB, and OPEB benefit/expense have been determined on the basis reported by Oregon Public Employees Retirement System (OPERS). Additionally, the City's total OPEB obligation, deferred inflows and outflows related to OPEB, and OPEB benefit/expense for the implicit subsidy have been actuarially determined. These amounts are recognized in the government-wide financial statements.

**CITY OF LAKE OSWEGO, OREGON**

Notes to the Basic Financial Statements

June 30, 2024

**2. Detailed notes on all accounts**

**A. Cash and investments**

Deposits and investments. The City maintains separate accountability by fund for cash and investments accounts. Deposits with financial institutions include bank demand deposits and time certificates of deposit. The combined book balance at June 30, 2024 was \$14,009,723 and the total bank balance was \$10,158,576. The City’s deposits are insured by the Federal Deposit Insurance Corporation (FDIC) for \$250,000. As required by Oregon Revised Statutes, deposits in excess of federal depository insurance are held at a qualified depository for public funds. All qualified depositories for public funds are included in the multiple financial institution collateral pool that is maintained by and in the name of the Office of the State Treasurer.

Oregon Revised Statutes and the City’s investment policy authorize the City to invest primarily in general obligations of the U.S. Government and its agencies, certain bonded obligations of Oregon municipalities, bank repurchase agreements, bankers’ acceptances, high-grade corporate indebtedness, and the State of Oregon Local Government Investment Pool (LGIP). The City’s LGIP investments are reported at fair value, which is 100.39 percent of pool shares, at June 30, 2024.

The City participates in the State of Oregon Local Government Investment Pool (LGIP), an open-ended, no-load diversified portfolio created under ORS 294.805 to 294.895 that is not registered with the U.S. Securities and Exchange Commission as an investment company. The State Treasurer administers the LGIP with the oversight of the Oregon Investment Council and with the advice of the Oregon Short Term Fund Board. These funds must be invested and managed, as a prudent investor would, exercising reasonable care, skill and caution. Investments in the fund are further governed by portfolio guidelines issued by the Oregon Short-Term Fund Board, which establish diversification percentages and specify the types and maturities of investments. The Oregon Audits Division of the Secretary of State’s Office audits the LGIP annually. The City has the following recurring fair value measurements as of June 30, 2024:

- U.S. Treasury securities of \$64.33 million are valued using quoted market prices (Level 1 inputs)

At June 30, 2024, the City’s cash and investments are comprised of the following:

Cash on hand	\$ 11,772
Demand deposits with financial institutions	14,009,723
State of Oregon Local Government Investment Pool	86,878,789
U.S. Treasury Obligations	64,329,297
	<u>\$ 165,229,581</u>



**CITY OF LAKE OSWEGO, OREGON**

Notes to the Basic Financial Statements

June 30, 2024

**2. Detailed notes on all accounts, continued**

**A. Cash and investments, continued**

Cash and investments are reflected on the basic financial statements as follows:

	<u>Governmental Activities</u>	<u>Business-type Activities</u>
Cash and investments		
Unrestricted	\$ 59,014,898	\$ 45,490,369
Restricted	<u>60,724,314</u>	-
Total cash and investments	<u>\$ 119,739,212</u>	<u>\$ 45,490,369</u>

**Custodial credit risk - deposits.** Custodial credit risk is the risk that, in the event of failure of the counterparty, the City will not be able to recover the value of its deposits that are in the possession of an outside party. At June 30, 2024 the City has \$250,000 in deposits not exposed to custodial credit risk, as they are covered by FDIC insurance and the balance is covered by the Public Funds Collateralization Program (ORS 295.015) administered by the Oregon State Treasury.

**Interest rate risk.** In accordance with its investment policy, the City manages its exposure to declines in fair value by limiting the weighted average maturities in its investment portfolio to three years or less.

**Credit risk.** State law limits investments in commercial paper and corporate bonds to the top two ratings issued by nationally recognized statistical rating organizations (NRSROs). It is the City's policy to limit its investments in these investment types to the top two ratings issued by NRSROs at the time of purchase. The State of Oregon Local Government Investment Pool (LGIP) is not rated by NRSROs.

At June 30, 2024 the City's investments were rated as follows:

<u>Investment type</u>	Highest Rating From Moody's Investors Service or Standard & Poor's Corporation		
	<u>Total</u>	<u>Aaa/AAA</u>	<u>Not rated</u>
U.S. treasury obligations	\$ 64,329,297	\$ 64,329,297	\$ -
State of Oregon local government investment pool	<u>86,878,789</u>	<u>-</u>	<u>86,878,789</u>
Total	<u>\$ 151,208,086</u>	<u>\$ 64,329,297</u>	<u>\$ 86,878,789</u>

**CITY OF LAKE OSWEGO, OREGON**

Notes to the Basic Financial Statements

June 30, 2024

**2. Detailed notes on all accounts, continued**

**A. Cash and investments, continued**

**Concentration of credit risk.** This is the risk that, when investments are concentrated in one issue, this concentration presents a heightened risk of potential loss. The City’s investment policy, as it relates to investing outside of the LGIP, does not allow for an investment in any single corporate entity and its affiliates or subsidiaries that is in excess of five percent of the City’s total investments (ORS 294.035). All other investments not explicitly guaranteed by the United States Government were limited to two- and one-half percent per issuer.

**Custodial credit risk – investments.** For an investment, this is the risk that, in the event of the failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The City has no investments at June 30, 2024 subject to custodial credit risk.

**B. Receivables**

Receivables as of the fiscal year ended June 30, 2024 for the City’s governmental and business-type activities, net of the allowance for uncollectible amounts, are as follows:

<b>Governmental activities:</b>	<b>General</b>	<b>Street</b>	<b>(nonmajor)</b>	<b>Total</b>
Receivables:				
Property taxes	\$ 1,338,709	\$ -	\$ 604,834	\$ 1,943,543
Accounts	1,630,486	1,086,197	45,192	2,761,875
Assessments	-	-	228,617	228,617
Gross receivables	<u>2,969,195</u>	<u>1,086,197</u>	<u>878,643</u>	<u>4,934,035</u>
Less: allowance for uncollectibles	-	-	-	-
Net receivables	<u>\$ 2,969,195</u>	<u>\$ 1,086,197</u>	<u>\$ 878,643</u>	<u>\$ 4,934,035</u>

<b>Business-type activities:</b>	<b>Water</b>	<b>Sewer</b>	<b>Stormwater</b>	<b>Internal Service Funds</b>	<b>Total</b>
Receivables:					
Accounts	\$ 2,064	\$ -	\$ -	\$ 2,713	\$ 4,777
Utility accounts	2,192,640	2,304,298	678,773	-	5,175,711
Gross receivables	<u>2,194,704</u>	<u>2,304,298</u>	<u>678,773</u>	<u>2,713</u>	<u>5,180,488</u>
Less: allowance for uncollectibles	(20,800)	-	-	-	(20,800)
Net receivables	<u>\$ 2,173,904</u>	<u>\$ 2,304,298</u>	<u>\$ 678,773</u>	<u>\$ 2,713</u>	<u>\$ 5,159,688</u>

**CITY OF LAKE OSWEGO, OREGON**

Notes to the Basic Financial Statements

June 30, 2024

**2. Detailed notes on all accounts, continued**

**C. Unavailable Revenue**

Governmental funds report unavailable revenue in the fund financial statements in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. The unavailable revenue reported in the governmental funds was as follows:

Property Taxes:	
General Fund	\$ 1,018,852
Nonmajor Funds	<u>516,179</u>
	<u>1,535,031</u>
Leases:	
General Fund	<u>425,967</u>
	<u>425,967</u>
Liens and assessments:	
Nonmajor Funds	<u>228,617</u>
	<u>228,617</u>
Total unavailable revenue for governmental funds	<u>\$ 2,189,615</u>

**CITY OF LAKE OSWEGO, OREGON**

Notes to the Basic Financial Statements

June 30, 2024

**2. Detailed notes on all accounts, continued**

**D. Capital assets**

Capital asset activity for the fiscal year ended June 30, 2024 was as follows:

**Primary government**

	<u>Beginning balances</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending balances</u>
<b>Governmental activities:</b>				
<i>Capital assets, not being depreciated:</i>				
Land and land improvements	\$ 58,211,240	\$ -	\$ -	\$ 58,211,240
Intangibles	3,768,531	203,557	-	3,972,088
Construction in progress	<u>17,170,815</u>	<u>31,821,120</u>	<u>(2,888,481)</u>	<u>46,103,454</u>
Total capital assets, not being depreciated	<u>79,150,586</u>	<u>32,024,677</u>	<u>(2,888,481)</u>	<u>108,286,782</u>
<i>Capital assets, being depreciated/amortized:</i>				
Buildings	63,304,447	263,194	-	63,567,641
Improvements other than buildings	38,482,249	2,295,756	(3,136)	40,774,869
Machinery and equipment	12,241,305	751,831	(830,125)	12,163,011
Infrastructure	179,587,863	780,675	-	180,368,538
Intangibles	411,679	-	-	411,679
Software	852,054	-	(750,044)	102,010
Right-to-use asset - building	<u>322,674</u>	<u>279,324</u>	<u>(186,520)</u>	<u>415,478</u>
Total capital assets, being depreciated	<u>295,202,271</u>	<u>4,370,780</u>	<u>(1,769,825)</u>	<u>297,803,226</u>
<i>Less accumulated depreciation/amortization for:</i>				
Buildings	(11,500,544)	(1,265,066)	-	(12,765,610)
Improvements other than buildings	(22,201,946)	(1,224,763)	3,136	(23,423,573)
Machinery and equipment	(8,855,234)	(819,243)	767,903	(8,906,574)
Infrastructure	(74,098,428)	(5,080,580)	-	(79,179,008)
Intangibles	(282,069)	-	-	(282,069)
Software	(455,842)	(208,741)	596,577	(68,006)
Right-to-use leased assets	<u>(273,682)</u>	<u>(69,329)</u>	<u>186,520</u>	<u>(156,491)</u>
Total accumulated depreciation	<u>(117,667,745)</u>	<u>(8,667,722)</u>	<u>1,554,136</u>	<u>(124,781,331)</u>
Total capital assets being depreciated, net	<u>177,534,526</u>	<u>(4,296,942)</u>	<u>(215,689)</u>	<u>173,021,895</u>
Governmental activities capital assets, net	<u>\$256,685,112</u>	<u>\$27,727,735</u>	<u>\$ (3,104,170)</u>	<u>\$281,308,677</u>

Depreciation/amortization expense was charged to functions/programs as follows:

General government	\$ 2,756,346
Public safety	564,288
Culture and recreation	1,324,566
Highways and streets	<u>4,022,522</u>
Depreciation expense (governmental)	<u>\$ 8,667,722</u>

**CITY OF LAKE OSWEGO, OREGON**

Notes to the Basic Financial Statements

June 30, 2024

**2. Detailed notes on all accounts, continued**

**D. Capital assets, continued**

	<u>Beginning balances</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending balances</u>
<b>Business-type activities:</b>				
<i>Capital assets, not being depreciated:</i>				
Land and land improvements	\$ 8,232,342	\$ -	\$ -	\$ 8,232,342
Intangibles	4,036,669	-	-	4,036,669
Construction in progress	<u>15,764,454</u>	<u>34,082,322</u>	<u>(14,225,142)</u>	<u>35,621,634</u>
Total capital assets, not being depreciated	<u>28,033,465</u>	<u>34,082,322</u>	<u>(14,225,142)</u>	<u>47,890,645</u>
<i>Capital assets, being depreciated:</i>				
Buildings	105,216,028	-	(47,620)	105,168,408
Improvements other than buildings	277,499,879	10,190,719	-	287,690,598
Machinery and equipment	17,469,550	134,244	(149,093)	17,454,701
Infrastructure	2,286,873	5,593,296	-	7,880,169
Intangibles	<u>1,123,112</u>	<u>-</u>	<u>-</u>	<u>1,123,112</u>
Total capital assets, being depreciated	<u>403,595,442</u>	<u>15,918,259</u>	<u>(196,713)</u>	<u>419,316,988</u>
<i>Less accumulated depreciation for:</i>				
Buildings	(20,877,726)	(1,960,118)	31,445	(22,806,399)
Improvements other than buildings	(94,718,279)	(5,069,451)	-	(99,787,730)
Machinery and equipment	(11,444,088)	(739,798)	149,093	(12,034,793)
Infrastructure	(443,298)	(87,386)	-	(530,684)
Intangibles	<u>(1,123,111)</u>	<u>-</u>	<u>-</u>	<u>(1,123,111)</u>
Total accumulated depreciation	<u>(128,606,502)</u>	<u>(7,856,753)</u>	<u>180,538</u>	<u>(136,282,717)</u>
Total capital assets being depreciated, net	<u>274,988,940</u>	<u>8,061,506</u>	<u>(16,175)</u>	<u>283,034,271</u>
Business-type activities capital assets, net	<u>\$ 303,022,405</u>	<u>\$ 42,143,828</u>	<u>\$ (14,241,317)</u>	<u>\$ 330,924,916</u>

Depreciation expense was charged to functions/programs as follows:

Water	\$ 3,736,132
Wastewater	2,840,636
Surface water	867,386
Public works support services	325,947
Engineering	34,226
Tennis facility	<u>52,426</u>
Depreciation expense (business-type)	<u>\$ 7,856,753</u>

**CITY OF LAKE OSWEGO, OREGON**

Notes to the Basic Financial Statements

June 30, 2024

**2. Detailed notes on all accounts, continued**

**D. Capital assets, continued**

**Construction commitments**

The City has active construction projects as of June 30, 2024, including the Boones Ferry Road Project; annual pavement preservation; pump station upgrades; and the Parks Recreation Center. As of the fiscal year-end, the City’s commitments are as follows (based on remaining contract):

<b>Project</b>	<b>Expended through 6/30/24</b>	<b>Remaining commitment</b>
Street rehabilitation	\$ 1,987,997	\$ 2,549,201
Sewer projects	35,598	1,209,936
Surface water projects	169,256	669,042
Water	950,551	1,505,040
Parks projects	<u>23,607,686</u>	<u>38,285,774</u>
	<u>\$ 26,751,088</u>	<u>\$ 44,218,993</u>

**E. Interfund transfers**

Transfers between funds provide support for various City programs in accordance with budgetary authorizations and are utilized to cover administrative services, provide for additional funding for reserve purposes, contribute towards the cost of capital projects, and to provide for other operational resources.

Interfund transfers for the fiscal year ended June 30, 2024 are as follows:

	<b>Transfer from other funds</b>	<b>Transfer to other funds</b>	<b>Net</b>
Governmental funds:			
General	\$ 2,247,561	\$ (3,998,056)	\$ (1,750,495)
Street	2,000,000	-	2,000,000
Parks Bond Capital Projects	-	(6,000,000)	(6,000,000)
Parks Recreation Center	6,000,000	-	6,000,000
Nonmajor governmental	<u>3,579,938</u>	<u>(3,829,443)</u>	<u>(249,505)</u>
Total governmental funds	<u>\$ 13,827,499</u>	<u>\$ (13,827,499)</u>	<u>\$ -</u>

**CITY OF LAKE OSWEGO, OREGON**

Notes to the Basic Financial Statements

June 30, 2024

**2. Detailed notes on all accounts, continued**

**E. Interfund transfers, continued**

	<u>Transfer from other funds</u>	<u>Transfer to other funds</u>	<u>Net</u>
Business-type funds:			
Water Fund	\$ -	\$ (1,000,000)	\$ (1,000,000)
Nonmajor business-type	1,000,000	-	1,000,000
Total business-type funds	<u>\$ 1,000,000</u>	<u>\$ (1,000,000)</u>	<u>\$ -</u>

**F. Long-term obligations**

The City issues a variety of obligations for the purpose of carrying out its capital financing activities. The various types are discussed below. Outstanding amounts are as of June 30, 2024.

**General obligation bonds.** General obligation bonds are direct obligations and pledge the full faith and credit of the City. The City issues general obligation bonds to finance the purchase of major capital items and the acquisition or construction of major capital facilities. The original amount of the outstanding general obligation bonds issued in prior years totals \$40,245,000.

Annual debt service requirements to maturity for general obligation bonds, which have stated interest rates that range from 2 - 5%, are as follows:

Fiscal year ending June 30,	<u>Governmental activities</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2025	\$ 1,065,000	\$ 985,434	\$ 2,050,434
2026	1,170,000	935,384	2,105,384
2027	1,280,000	881,009	2,161,009
2028	1,400,000	820,309	2,220,309
2029	1,530,000	753,709	2,283,709
2030-34	7,880,000	3,271,146	11,151,146
2035-39	10,405,000	2,131,337	12,536,337
2040-42	6,140,000	473,600	6,613,600
	<u>\$ 30,870,000</u>	<u>\$ 10,251,928</u>	<u>\$ 41,121,928</u>

## **CITY OF LAKE OSWEGO, OREGON**

Notes to the Basic Financial Statements

*June 30, 2024*

### **2. Detailed notes on all accounts, continued**

#### **F. Long-term obligations, continued**

##### **Full Faith and Credit obligations.**

In December 2017, \$44.16 million of full faith and credit obligations were sold to refund the 2009A Full Faith and Credit obligation.

In April 2018, \$51.64 million of full faith and credit obligations were sold to refund the 2005 stormwater revenue bonds (\$1.23 million) and the 2007 water revenue bonds (\$3.595 million). The remaining \$46.815 million is to be used to finance Lake Oswego Redevelopment Agency's projects.

In November 2019 the City issued \$11.785 million in Full Faith and Credit obligations for capital construction and improvements related to streets.

In May 2020, \$33.425 million of full faith and credit obligations were sold to refund the 2010 sewer bonds (\$20.27 million). The remaining \$13.155 million is to be used to finance Lake Oswego Redevelopment Agency's projects.

During the 2021-22 fiscal-year, the City paid off the remaining \$6.71 million in outstanding Series 2011A Full Faith and Credit Obligations.

In the 2022-23 fiscal-year the City sold \$6.1 million in general obligation bonds for Parks projects including the Recreation and Aquatics Center. The City also sold \$50.5 million in full faith and credit obligations to refund the outstanding 2013 water bonds. This refunding resulted in an aggregate saving of \$9.06 million with a net present value of savings of \$7.43 million.

During the 2023-24 fiscal-year, the City issued \$14.4 million in Full Faith and Credit obligations to fund a portion of the costs to design, develop, and acquire land for the construction of a new Wastewater Treatment Facility.



**CITY OF LAKE OSWEGO, OREGON**

Notes to the Basic Financial Statements

June 30, 2024

**2. Detailed notes on all accounts, continued**

**F. Long-term obligations, continued**

Annual debt service requirements to maturity for the Full Faith and Credit obligations, which have stated interest rates that range from 2 - 5%, are in the following two tables:

Fiscal year ending June 30,	FF&C governmental activities		
	Principal	Interest	Total
2025	\$ 2,110,000	\$ 2,253,887	\$ 4,363,887
2026	2,245,000	2,146,388	4,391,388
2027	2,385,000	2,032,262	4,417,262
2028	2,530,000	1,910,888	4,440,888
2029	2,665,000	1,800,487	4,465,487
2030-34	15,035,000	7,714,175	22,749,175
2035-39	18,425,000	5,085,575	23,510,575
2040-44	15,745,000	1,863,919	17,608,919
2045	1,340,000	67,000	1,407,000
	<u>\$ 62,480,000</u>	<u>\$ 24,874,581</u>	<u>\$ 87,354,581</u>

Fiscal year ending June 30,	FF&C business-type activities		
	Principal	Interest	Total
2025	\$ 6,640,000	\$ 5,244,750	\$ 11,884,750
2026	6,910,000	4,928,150	11,838,150
2027	7,265,000	4,578,900	11,843,900
2028	7,625,000	4,212,150	11,837,150
2029	7,650,000	3,850,400	11,500,400
2030-34	43,835,000	13,641,975	57,476,975
2035-39	25,440,000	4,753,750	30,193,750
2040-44	3,470,000	1,644,750	5,114,750
2045-49	4,430,000	686,500	5,116,500
	<u>\$ 113,265,000</u>	<u>\$ 43,541,325</u>	<u>\$ 156,806,325</u>

**CITY OF LAKE OSWEGO, OREGON**

Notes to the Basic Financial Statements

June 30, 2024

**2. Detailed notes on all accounts, continued**

**F. Long-term obligations, continued**

**Changes in long-term obligations.** Long-term obligation information is presented separately with respect to governmental and business-type activities. The following table shows the fiscal year changes in long-term obligations outstanding, along with the current portion for each issue. Also, for the governmental activities, compensated absences are liquidated by each governmental fund that has payroll expenditures, which includes the General Fund. Contingent claims are liquidated by the General Fund.

	<u>Beginning balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending balance</u>	<u>Due within one year</u>
<b>Governmental activities:</b>					
General obligation bonds					
Series 2015 Lake Grove / Refunded	\$ 3,090,000	\$ -	\$ (155,000)	\$ 2,935,000	160,000
Series 2019 Parks	22,605,000	-	(810,000)	21,795,000	905,000
Series 2023 Parks	6,140,000	-	-	6,140,000	-
Full Faith & Credit					
Series 2018 LORA	41,210,000	-	(1,405,000)	39,805,000	1,475,000
Series 2019 Streets	10,240,000	-	(480,000)	9,760,000	505,000
Series 2020 LORA	13,020,000	-	(105,000)	12,915,000	130,000
Total bonds	<u>96,305,000</u>	<u>-</u>	<u>(2,955,000)</u>	<u>93,350,000</u>	<u>3,175,000</u>
Unamortized bond premium	6,534,680	-	(365,885)	6,168,795	365,885
Total bonds and premium payable	<u>102,839,680</u>	<u>-</u>	<u>(3,320,885)</u>	<u>99,518,795</u>	<u>3,540,885</u>
Leases	54,007	328,337	(155,914)	226,430	41,848
SBITAs	235,210	-	(200,001)	35,209	35,209
Compensated absences	<u>3,504,740</u>	<u>-</u>	<u>-</u>	<u>3,914,222</u>	<u>2,700,000</u>
Total governmental activities	<u>\$ 106,633,637</u>	<u>\$ 328,337</u>	<u>\$ (3,676,800)</u>	<u>\$ 103,694,656</u>	<u>\$ 6,317,942</u>

**CITY OF LAKE OSWEGO, OREGON**

Notes to the Basic Financial Statements

June 30, 2024

**2. Detailed notes on all accounts, continued**

**F. Long-term obligations, continued**

	<u>Beginning balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending balance</u>	<u>Due within one year</u>
<b>Business-type activities:</b>					
Full Faith & Credit					
Series 2017 Sewer FF&C	\$ 35,500,000	\$ -	\$ (2,340,000)	\$ 33,160,000	\$ 2,460,000
Series 2018 Water	1,540,000	-	(280,000)	1,260,000	290,000
Series 2018 Stormwater	225,000	-	(225,000)	-	-
Series 2020 Wastewater	17,360,000	-	(1,090,000)	16,270,000	1,145,000
Series 2023 Water FF&C	50,520,000	-	(2,345,000)	48,175,000	2,460,000
Series 2024 Wastewater	-	14,400,000	-	14,400,000	285,000
Total revenue bonds / FF&C	<u>105,145,000</u>	<u>14,400,000</u>	<u>(6,280,000)</u>	<u>113,265,000</u>	<u>6,640,000</u>
Unamortized bond premium	<u>16,420,239</u>	<u>1,776,605</u>	<u>(1,161,404)</u>	<u>17,035,440</u>	<u>1,214,647</u>
Bonds/FFC and premiums	<u>121,565,239</u>	<u>16,176,605</u>	<u>(7,441,404)</u>	<u>130,300,440</u>	<u>7,854,647</u>
Compensated absences	<u>537,936</u>	<u>-</u>	<u>-</u>	<u>615,540</u>	<u>440,496</u>
Total business-type activities	<u>\$ 122,103,175</u>	<u>\$ 16,176,605</u>	<u>\$ (7,441,404)</u>	<u>\$ 130,915,980</u>	<u>\$ 8,295,143</u>

**G. Leases**

The City is involved in various leasing arrangements for land, buildings, and land use rights which are leased to commercial customers. With the implementation of GASB Statement No. 87 Leases, effective the fiscal year ended June 30, 2022, all existing and newly acquired leases during the current fiscal year were analyzed and classified as either qualified or non-qualified leases, for both lessor and lessee positions. With this implementation, a respective receivable or payable is recognized.

**Lessor lease receivables.** The City has entered into 2 lease agreements as the lessor for land-use rights for telecommunications. The receivable related to these leases was initially recognized on July 1st, 2021 with the adoption of GASB Statement No. 87. These agreements relate to the installation, operation and maintenance of telecommunication sites, mounting structures and equipment associated with the transmission and reception of radio communication signals. These are qualified leases under GASB Statement No. 87 with the latest expiring on September 15<sup>th</sup>, 2036. Interest rates for lessor leases are 8.25% and 9.5%. Annual payments for the current year are \$28,268 and \$35,613.

**CITY OF LAKE OSWEGO, OREGON**

Notes to the Basic Financial Statements

June 30, 2024

**2. Detailed notes on all accounts, continued**

**G. Leases, continued**

Fiscal year ending June 30,	Lessor governmental activities		
	Principal	Interest	Total
2025	\$ 29,331	\$ 36,467	\$ 65,798
2026	34,122	33,650	67,772
2027	39,422	30,383	69,805
2028	45,282	26,617	71,899
2029	51,756	22,300	74,056
2030-34	155,513	62,573	218,086
2035-36	70,541	8,891	79,432
	<u>\$ 425,967</u>	<u>\$ 220,881</u>	<u>\$ 646,848</u>

**Lessee lease payables.** The City has entered into 2 lease agreements as the lessee for buildings. The liability related to these leases was initially recognized on July 1st, 2021 with the adoption of GASB Statement No. 87. These lease agreements are related to buildings used for various functions such as office space, parks program space and storage facilities. These are qualified leases under GASB Statement No. 87 with latest expiring on January 31, 2029. Interest rates are 3.25% and 5.5%. Annual payments for the current year are \$29,000 and \$21,920.

Fiscal year ending June 30,	Lessee governmental activities		
	Principal	Interest	Total
2025	41,848	11,420	53,268
2026	45,849	9,018	54,867
2027	50,121	6,391	56,512
2028	54,692	3,520	58,212
2029	33,920	625	34,545
	<u>\$ 226,430</u>	<u>\$ 30,974</u>	<u>\$ 257,404</u>

**H. Subscription based information technology arrangements (SBITAs)**

Subscription-based information technology arrangements (SBITAs) are recognized in accordance with GASB Statement No. 96, Subscription-Based Information Technology Arrangements. This statement defines a SBITA as a contract that conveys control of the right to use another party's (the SBITA vendor's) information technology (IT) software, alone or in combination with tangible capital assets (the underlying IT assets) as specified in the contract for a period of time in an exchange or exchange-like transaction.

The City is also involved in various subscription-based information technology arrangements (SBITAs) for information technology software and underlying subscription assets which are subscribed mainly from commercial and retail software vendors. With the implementation of GASB Statement No. 96, effective the fiscal year ended June 30, 2023, all existing and newly acquired subscriptions during the current fiscal year

**CITY OF LAKE OSWEGO, OREGON**

Notes to the Basic Financial Statements

June 30, 2024

**2. Detailed notes on all accounts, continued**

**H. Subscription based information technology arrangements (SBITAs), continued**

were analyzed and classified as either qualified or non-qualified SBITAs. With this implementation, a subscription payable is recognized. One of SBITAs was considered qualified and recorded as an asset and a corresponding liability. Interest rate is 3.25%. Annual payment for the current year was \$32,219. The financial statements also include \$146,740 in prepaid qualified SBITAs with no offsetting liability recorded.

Fiscal year ending June 30,	SBITA governmental activities		
	Principal	Interest	Total
2025	\$ 35,209	\$ 2,753	\$ 37,962
	<u>\$ 35,209</u>	<u>\$ 2,753</u>	<u>\$ 37,962</u>

**3. Other information**

**A. Risk management**

The City 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 its general insurance coverage, the City pays an annual premium to City/County Insurance Services (CIS), a public entity risk pool that provides the City risk management and insurance services.

Liabilities are reported when it is probable that a loss has occurred. Liabilities are reported timely and liability is assessed, reserved or paid after an adjuster’s analysis, after an event that could give rise to a claim has occurred. The agreement with the CIS trust provides that CIS will be self-sustaining through member contributions and will reinsure through an AM Best Superior rated reinsurer for claims in excess of a \$500,000 retention. The City carries commercial insurance for all other risks of loss, including workers’ compensation and employee health and accident insurance. Settled claims have not exceeded commercial coverage in any of the three prior fiscal years.

**B. Contingent liabilities**

The City is contingently liable with respect to lawsuits and other claims incidental to the ordinary course of its operations. These claims are generally covered by insurance and are of the types which are normal in view of the City’s operations. City management believes the total amount of liability, if any, which may arise from such claims and lawsuits beyond that which is covered by insurance would not have a material effect on the City’s financial condition or its activities as now conducted.

## CITY OF LAKE OSWEGO, OREGON

Notes to the Basic Financial Statements

June 30, 2024

### 3. Other information, continued

#### C. Commitments

In 1983 the City entered into an agreement with the City of Portland to process the City's sewage for fifty years. The applicable treatment plant is owned and operated by the City of Portland and the City is obligated to make payments to the City of Portland for usage of the plant, based upon normal user fees estimated at \$2.3 million annually. At the end of the fifty years, the term changes to "in perpetuity" until either party provides a five-year advance written notice to the other. If the City terminates this agreement, the City is required to pay its share of any remaining un-depreciated portion of the facility, as determined in the use agreement at the time of termination.

#### D. Joint Operation

The Lake Oswego-Tigard Water Partnership is a joint operation established August 6, 2008 between the City of Lake Oswego and the City of Tigard to design, construct, operate, and maintain joint water supply facilities. The Lake Oswego-Tigard Water Partnership was established to retrofit and expand the City of Lake Oswego's water supply facilities and allow Tigard to acquire an ownership interest.

Lake Oswego is the managing agency for the operation, maintenance, repair and replacement of the existing supply facilities and to manage the planning, design, and construction of the initial expansion of the Project. Each City is obligated to fund the project in the proportions stated in the intergovernmental agreement. The City of Lake Oswego has financed its portion through previously issued water revenue bonds.

#### E. Employee retirement pension plan

##### 1. Pension plan

The Oregon Public Employees Retirement System (OPERS) is a cost-sharing multiple-employer plan that provides statewide defined benefit and defined contribution retirement plans for units of state government, political subdivisions, community colleges and school districts. The City has joined this pool. The system provides retirement and disability benefits, post-employment healthcare benefits, annual cost of living adjustments, and death benefits to plan members and beneficiaries.

##### 2. Description of benefit terms

**Plan Benefits** – Employees of the City are provided with pensions through OPERS. All benefits of OPERS are established by the legislature pursuant to ORS Chapters 238 and 238A. The authority to establish and amend the benefit provisions of the plan rests with the Oregon Legislature. OPERS produces an independently audited CAFR that can be obtained at:

<https://www.oregon.gov/pers/Documents/Financials/ACFR/2023-ACFR.pdf>

## CITY OF LAKE OSWEGO, OREGON

### Notes to the Basic Financial Statements

June 30, 2024

#### 3. Other information, continued

##### E. Employee retirement pension plan, continued

**Benefits provided under Chapter 238-Tier One/Tier Two.** Tier One/Tier Two Retirement Benefit plan is closed to new members hired on or after August 29, 2003.

**Pension Benefits** – The OPERS 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, 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. Monthly payments must be a minimum of \$200 per month or the member will receive a lump-sum payment of the actuarial equivalent of benefits to which he or she is entitled.

Under Senate Bill 1049, passed during the 2019 legislative session, the salary included in the determination of Final Average Salary will be limited for all members beginning in 2020. The limit will be equal to \$197,730 in 2021 and will be indexed with inflation in later years.

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.

**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:

- Member was employed by a OPERS employer at the time of death,
- Member died within 120 days after termination of OPERS-covered employment,
- Member died as a result of injury sustained while employed in a OPERS-covered job, or
- Member was on an official leave of absence from an OPERS-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 OPERS judge members) for disability benefits regardless of the length of OPERS-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.

**CITY OF LAKE OSWEGO, OREGON**

Notes to the Basic Financial Statements

June 30, 2024

**3. Other information, continued**

**E. Employee retirement pension plan, continued**

**Benefit Changes After Retirement** - Members may choose to continue participation in a variable equities investment account after retiring and may experience annual benefit fluctuations due to changes in the market value of equity investments.

Under ORS 238.360 monthly benefits are adjusted annually through cost-of-living (COLA) changes. The COLA is capped at 2.0 percent.

**Benefits provided under Chapter 238A – OPSRP** OPSRP pension program provides benefits to members hired on or after August 29, 2003. This portion of the OPSRP provides a life pension funded by employer contributions. Benefits are calculated with the following formula for members who attain normal retirement age:

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

**General Service** - 1.5 percent is multiplied by the number of years of service and the final average salary. Normal retirement age for general service members is age 65, or age 58 with 30 years of retirement credit. Employees of the City are considered to be in the General Service category.

Under Senate Bill 1049, passed during the 2019 legislative session, the salary included in the determination of final average salary will be limited for all members beginning in 2020. The limit will be equal to \$197,730 in 2021 and will be indexed with inflation in later years.

A member of the OPSRP 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.



## CITY OF LAKE OSWEGO, OREGON

### Notes to the Basic Financial Statements

June 30, 2024

#### 3. Other information, continued

##### E. Employee retirement pension plan, continued

**Benefit Changes After Retirement** - Under ORS 238A.210 monthly benefits are adjusted annually through cost-of-living changes. Under current law, the cap on the COLA in fiscal year 2015 and beyond will vary based on 1.25 percent on the first \$60,000 of annual benefit and 0.15 percent on annual benefits above \$60,000.

##### **Benefits provided under OPSRP Individual Account Program (OPSRP IAP)**

**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.

#### 3. Actuarial Valuations

The employer contribution rates effective July 1, 2023, through June 30, 2025, were set using the projected unit credit 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 (the estimated amount necessary to finance benefits earned by the employees during the current service year), (2) 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 20 years. For the OPSRP Pension Program component of the PERS Defined Benefit Plan, this method produced an employer contribution 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 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.

**CITY OF LAKE OSWEGO, OREGON**

Notes to the Basic Financial Statements

June 30, 2024

**3. Other information, continued**

**E. Employee retirement pension plan, continued**

The total pension liability in the December 31, 2021 actuarial valuation was determined using the following actuarial assumptions:

**Actuarial Methods and Assumptions -**

- Valuation Date 12/31/2021
- Measurement Date 6/30/2023
- Experience Study 2020, published July 24, 2021
- Actuarial cost method Entry Age Normal
- Amortization method Amortized as a level percentage of payroll; Tier One/Tier Two UAL (20 year) and OPSRP Pension UAL (16 year); Amortization periods are closed.
  
- Actuarial assumptions:
  - Inflation rate 2.40 percent
  - Long-term expected rate of return 6.90 percent
  - Discount rate 6.90 percent
  - Projected salary increases 3.40 percent
  - Cost of living adjustment Blend of 2.00% COLA and graded COLA (1.25%/0.15%) in accordance with *Moro* decision; blend based on service.
  
  - Mortality **Healthy retirees and beneficiaries:** Pub-2010 Healthy Retiree, sex-distinct, generational with Unisex, Social Security Data scale, with collar adjustments and set-backs as described in the valuation.  
**Active members:** Pub-2010 Employee, sex-distinct, generational with Unisex, Social Security Data Scale, with collar adjustments and set-backs as described in the valuation.  
**Disabled retirees:** Pub-2010 Disabled retirees, sex-distinct, generational with Unisex, Social Security Data Scale, with job category adjustments and set-backs as described in the valuation.

Actuarial valuations of an ongoing plan involve estimates of the value of projected benefits 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 methods and assumptions shown above are based on the 2020 Experience Study which reviewed experience for the four-year period ending on December 31, 2020.

## CITY OF LAKE OSWEGO, OREGON

### Notes to the Basic Financial Statements

June 30, 2024

#### 3. Other information, continued

##### E. Employee retirement pension plan, continued

###### 3. Actuarial Valuations, continued

###### Discount Rate

The discount rate used to measure the total pension liability was 6.9 percent for the Defined Benefit Pension Plan. The projection of cash flows used to determine the discount rate assumed that contributions from 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.

###### Long-Term Expected Rate of Return

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

###### Assumed Asset Allocation

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			<u>100.0</u>

**CITY OF LAKE OSWEGO, OREGON**

Notes to the Basic Financial Statements

June 30, 2024

**3. Other information, continued**

**E. Employee retirement pension plan, continued**

**3. Actuarial Valuations, continued**

Asset Class	Target Allocation	20-Year Annualized Geometric Mean
Global Equity	27.50%	7.07%
Private Equity	25.50	8.83
Core Fixed Income	25.00	4.50
Real Estate	12.25	5.83
Master Limited Partnership	0.75	6.02
Infrastructure	1.50	6.51
Commodities	0.00	0.00
Hedge Fund of Funds - Multistrategy	1.25	6.27
Hedge Fund Equity - Hedge	0.63	6.48
Hedge Fund - Macro	5.62	4.83
US Cash	0.00	0.00
Assumed Inflation - Mean		2.35%

**4. Contributions**

OPERS 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. This funding policy applies to the PERS Defined Benefit Plan and the Other Postemployment Benefit Plan. The governmental funds used to liquidate pension obligations include the General, Building and Street funds.

Employer contribution rates during the period were based on the December 31, 2021 actuarial valuation. The rates based on a percentage of payroll, first became effective July 1, 2023.

The City's contributions for the year ended June 30, 2024 were \$8,821,335 (excluding 6% employee pickup of \$1,625,583).

The rates in effect for the fiscal year ended June 30, 2024 were 29.54% for Tier One/Tier Two, 22.55% for OPSRP Pension Program General Service Members, 27.34% for OPSRP Pension Program Police and Fire Members, and 6% for OPSRP Individual Account Program.

## CITY OF LAKE OSWEGO, OREGON

### Notes to the Basic Financial Statements

June 30, 2024

#### 3. Other information, continued

##### E. Employee retirement pension plan, continued

###### 4. Contributions, continued

Beginning January 1, 2004, all employee contributions were placed in the OPSRP Individual Account Program (IAP), a defined contribution pension plan established by the Oregon Legislature. Prior to that date, all member contributions were credited to the Defined Benefit Pension Plan. Member contributions are set by statute at 6.0 or 7.0 percent of salary and are remitted by participating employers. The contributions are either deducted from member salaries or paid by the employers on the members behalf. The IAP member accounts represent member contributions made on or after January 1, 2004, plus earnings allocations less disbursements for refunds, death benefits, and retirements. As permitted, the City has opted to pick-up the contributions on behalf of employees; contribution were \$1,625,583 for the year ended June 30, 2024.

###### 5. Proportionate Share Allocation Methodology

The basis for the employer's proportion is actuarially determined by comparing the employer's projected long-term contribution effort to the plan with the total projected long-term contribution effort of all employers. The contribution rate for every employer has at least two major components; Normal Cost rate and Unfunded Actuarial Liability (UAL) Rate.

Since the December 31, 2013 actuarial valuation, the system-wide actuarial accrued liability has increased primarily due to the Moro decision and assumption changes, along with interest on the liability as current active members get closer to retirement, The Oregon Supreme Court decision in Moro v. State of Oregon, issued on April 30, 2015, reversed a significant portion of the reductions the 2013 Oregon Legislature made to future system Cost of Living Adjustments (COLA) through Senate Bills 822 and 861. This reversal increased the benefits projected to be paid by employers compared to those developed in the prior actuarial valuation, and consequently increased plan liabilities. The employers' projected long-term contribution effort has been adjusted for the estimated impact of the Moro decision. In accordance with statute, a biennial review of actuarial methods and assumptions was completed in 2015 to be used for the December 31, 2014 actuarial valuation. After completion of this review and subsequent to the measurement date, the PERS Board adopted several assumption changes, including lowering the investment return assumption to 7.5%, effective January 1, 2016 which is used for rates beginning July 1, 2017. On July 23, 2021, the PERS Board voted to set the assumed rate of return to 6.9 percent, down from 7.2 percent. The PERS Board reviews the assumed rate in odd-numbered years as part of the board's adoption of actuarial methods and assumptions. The rate was then adopted in an administrative rule at the PERS Board's October 1, 2021, meeting. The new assumed rate will be reflected in the December 31, 2021 actuarial valuation for funding, and decreases in the assumed rate typically increase the system's unfunded actuarial liability as well as employer contribution rates. The new assumed rate was applied by the actuaries to the Net Pension Liability and Net OPEB Liability as of June 30, 2021.

**CITY OF LAKE OSWEGO, OREGON**

Notes to the Basic Financial Statements

June 30, 2024

**3. Other information, continued**

**E. Employee retirement pension plan, continued**

**6. Pension Assets/Liabilities, Pension Expense, and Deferred Outflows and Inflows of Resources Related to Pensions**

At June 30, 2024, the City reported a liability of \$62,145,515 for its proportionate share of the plan pension liability. The net pension liability was measured as of June 30, 2023 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2021. The City's proportionate share was based on a projection of the City's long-term share of contributions to the pension plan relative to the projected contributions of all participating members of the cost sharing pool, actuarially determined. At June 30, 2024 and 2023, the City's proportion was 0.33178 percent and 0.30528, respectively.

For the year ended June 30, 2024, the City recognized pension expense of \$1,894,316. At June 30, 2024, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 3,039,105	\$ 246,412
Change of assumptions	5,520,640	41,162
Net difference between projected and actual earnings on pension plan investments	1,117,009	-
Changes in proportionate share	4,181,467	1,224,037
Difference between employer contributions and employer's proportionate share of system contributions	493,176	2,929,683
City contributions subsequent to the measurement date	8,821,335	-
Total	<u>\$ 23,172,732</u>	<u>\$ 4,441,294</u>

Deferred outflows of resources related to pensions of \$8,821,335 resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2025. Other amounts reported as deferred inflows and outflows of resources related to pensions will be recognized in pension expense (income) as follows:

Year ended		<u>Total</u>
June 30:		
2025	\$	1,289,222
2026		(1,195,579)
2027		6,714,228
2028		2,643,479
2029		458,753
	<u>\$</u>	<u>9,910,103</u>

**CITY OF LAKE OSWEGO, OREGON**

Notes to the Basic Financial Statements

June 30, 2024

**3. Other information, continued**

**E. Employee retirement pension plan, continued**

**7. Sensitivity of the City's Proportionate Share of the Net Pension Asset/Liability to Changes in the Discount Rate**

The following represents the City's proportionate share of the pension liability calculated using the discount rate of 6.9 percent, as well as what the City's share of the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the current rate:

	1% Decrease <u>(5.9%)</u>	Discount Rate <u>(6.9%)</u>	1% Increase <u>(7.9%)</u>
Entity's proportionate share of net pension (asset)/liability	\$102,652,690	\$ 62,145,515	\$ 28,245,303

**F. Deferred compensation plan**

The City offers its employees a deferred compensation plan (the Plan) created in accordance with Internal Revenue Code Section 457. The Plan, available to all regular, salaried City employees, permits them to defer a portion of their salary until future years. Participation in the Plan is optional.

Payment from the Plan is not available to employees until termination, retirement, death or unforeseeable emergency.

The City works with two separate investment providers who also provide third-party administration for all deferred compensation program funds. Participating employees have several investment options with varying degrees of market risk. The City has no liability for losses under the Plan but does have the duty to administer the plan in a prudent manner.

In accordance with GASB Statement No. 32, *Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans*, the City created a Trust (the City of Lake Oswego Deferred Compensation Trust) and transferred all Plan assets to that Trust on December 31, 1998. All property and rights purchased with those amounts, and all income attributable to those amounts, property, or rights are solely the property and rights of the employee Trust, held for the exclusive benefit of participants and their beneficiaries, and are not subject to the claims of the City's general creditors.

**CITY OF LAKE OSWEGO, OREGON**

Notes to the Basic Financial Statements

June 30, 2024

**3. Other information, continued**

**G. Postemployment benefits other than pensions**

The other postemployment benefits (OPEB) for the City combines two separate plans. The City provides an implicit rate subsidy for retiree health insurance premiums, and a contribution to the State of Oregon’s PERS cost-sharing multiple-employer defined health insurance benefit plan.

**Financial statement presentation**

The City’s two OPEB plans are presented in the aggregate on the Statement of Net Position. The amounts on the financial statements relate to the plans as follows:

	Implicit Rate Subsidy Plan	PERS RHIA Plan	Net OPEB on Financials
Net OPEB Asset	\$ -	\$ 925,311	\$ 925,311
Deferred Outflows of Resources			
Difference between expected and actual experience	280,667	2,624	283,291
Change in Proportionate Share	-	24,511	24,511
Change in Assumptions	91,775	-	91,775
Contributions After the Measurement Date	259,589	251	259,840
Total OPEB Liability	(2,886,777)	-	(2,886,777)
Deferred Inflows of Resources			
Difference between expected and actual experience	(11,901)	(23,230)	(35,131)
Change in Proportionate Share	-	(32,121)	(32,121)
Change in Assumptions	(311,332)	(9,977)	(321,309)
OPEB Expense	198,244	(95,895)	102,349

**1. Implicit Rate Subsidy**

**Plan Description.** As required by Oregon Revised Statutes 243.303, the City provides a single-employer plan to provide retirees with access to group health and dental insurance from the date of retirement to age 65 at the same rate provided to current employees. This "plan" is not a stand-alone plan and therefore does not issue its own financial statements. There are no assets accumulated in a GASB-compliant trust.

**Funding Policy.** The City collects insurance premiums from all retirees who have elected to stay on the City-sponsored health plan each month and deposits them into a restricted insurance premium account. The City then pays health insurance premiums for all retirees at tiered rates to the insurance company. The required contributions to the plan include the employer's pay-as-you-go amount, an amount paid by retirees, and an additional amount calculated to prefund future benefits as determined by the actuary.



**CITY OF LAKE OSWEGO, OREGON**

Notes to the Basic Financial Statements

June 30, 2024

**3. Other information, continued**

**G. Postemployment benefits other than pensions, continued**

**1. Implicit Rate Subsidy, continued**

Retirees electing to remain on the City-sponsored health plans must pay the entire premium for that coverage in order to maintain coverage. However, while the City does not directly contribute to the cost of the premiums for these retirees, the premium itself does not represent the full cost of covering these retirees. Since they are older than the active population, retirees can be expected to generate higher medical claims and therefore higher premiums than the active population. This additional cost is called the “implicit rate subsidy”, and is required to be valued and recognized under GASB Statement 75.

The required monthly contributions of the plan members were as follows for the fiscal year ended June 30, 2024:

	Health / Vision		Dental	
	<u>AETNA/VS</u>	<u>Kaiser</u>	<u>MODA</u>	<u>Kaiser</u>
Employee	\$ 872	\$ 827	\$ 56	\$ 96
Emp + child(s)	1,741	1,655	111	192
Employee + 1	1,569	1,489	89	173
Full Family	2,441	2,482	156	288

**Total OPEB Liability, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB**

The City’s total OPEB liability of \$2,886,777 was measured as of June 30, 2023, and was determined by an actuarial valuation as of July 1, 2022.

For the fiscal year ended June 30, 2024, the City recognized OPEB expense from this plan of \$198,244. At June 30, 2024, the City reported deferred outflows of resources and deferred inflows of resources related to this OPEB plan from the following sources:

**CITY OF LAKE OSWEGO, OREGON**

Notes to the Basic Financial Statements

June 30, 2024

**3. Other information, continued**

**G. Postemployment benefits other than pensions, continued**

**1. Implicit Rate Subsidy, continued**

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 280,667	\$ 11,901
Changes of assumptions	91,775	311,332
Contributions after the measurement date	259,589	-
	<u>\$ 632,031</u>	<u>\$ 323,233</u>

Employees covered by benefit terms: at July 1, 2022, the following employees were covered by the benefit terms:

Active employees	324
Eligible Retirees	29
Spouses of Ineligible Retirees	<u>3</u>
	<u>356</u>

Deferred outflows of resources related to OPEB of \$259,589 resulting from the City's contributions made after the measurement date of the total OPEB liability but before the end of the fiscal year will be recognized as a reduction of the total OPEB liability in the subsequent fiscal period rather than in the current fiscal period. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year ended June 30:	
2025	\$ (5,107)
2026	14,749
2027	18,384
2028	10,975
2029	4,811
Thereafter	<u>5,397</u>
	<u>\$ 49,209</u>

**CITY OF LAKE OSWEGO, OREGON**

Notes to the Basic Financial Statements

June 30, 2024

**3. Other information, continued**

**G. Postemployment benefits other than pensions, continued**

**1. Implicit Rate Subsidy, continued**

**Actuarial Assumptions and Other Inputs**

The total OPEB liability in the July 1, 2022 valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Actuarial cost methods	Entry age normal
Inflation	2.40%
Salary increases	3.40%
Mortality	Pub-2010 General and Safety Employee and Healthy Retiree tables, set distinct for members and dependents, with one-year setback for male general service employees and female safety employees.
Discount rate	3.65%
Healthcare cost trend rate	Medical and vision: 4.25% per year decreasing to 3.75% Dental: 1.75% for 2022, 3.75% per year thereafter

**CITY OF LAKE OSWEGO, OREGON**

Notes to the Basic Financial Statements

June 30, 2024

**3. Other information, continued**

**G. Postemployment benefits other than pensions, continued**

**1. Implicit Rate Subsidy, continued**

**Changes in the Total OPEB Liability**

	<u>Total OPEB Liability</u>
Balance as of June 30, 2023	\$ 2,989,988
Changes for the year:	
Service cost	153,594
Interest on Total OPEB Liability	105,327
Effect of economic/demographic gains or losses	-
Effect of assumptions changes or inputs	(22,711)
Benefit payment	<u>(339,421)</u>
Balance as of June 30, 2024	<u>\$ 2,886,777</u>

Changes in assumptions include the result of the change in the discount rate from 3.54 to 3.65%.

**Sensitivity of the Total OPEB Liability**

The following presents the City’s total OPEB liability, as well as what the liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.65 percent) or 1-percentage-point higher (4.65 percent) than the current discount rate. A similar sensitivity analysis is then presented for changes in the healthcare trend assumption

**Discount Rate:**

	<u>1% Decrease (2.65%)</u>	<u>Current Discount Rate (3.65%)</u>	<u>1% Increase (4.65%)</u>
Total OPEB Liability	\$ 3,090,239	\$ 2,886,777	\$ 2,698,573

**Healthcare Cost Trend:**

	<u>1% Decrease</u>	<u>Current healthcare trend rate</u>	<u>1% Increase</u>
Total OPEB Liability	\$ 2,637,273	\$ 2,886,777	\$ 3,179,361

## CITY OF LAKE OSWEGO, OREGON

### Notes to the Basic Financial Statements

June 30, 2024

#### 3. Other information, continued

##### G. Postemployment benefits other than pensions, continued

###### 2. PERS Retirement Health Insurance Account

###### Plan Description

The City contributes to the PERS 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 PERS. RHIA pays a monthly contribution toward the cost of Medicare companion health insurance premiums for eligible retirees. ORS 238.420 established this trust fund. Authority to establish and amend the benefit provisions of RHIA reside with the Oregon Legislature. The plan is closed to new entrants hired after August 29, 2003. PERS issues publicly available financial statements and required supplementary information. That report may be obtained by writing to Oregon Public Employees Retirement System, PO Box 23700, Tigard, OR 97281-3700, or online at

<https://www.oregon.gov/pers/Documents/Financials/ACFR/2023-ACFR.pdf>

###### Benefits Provided

Because RHIA was created by enabling legislation (ORS 238.420), contribution requirements of the plan members and the participating employers were established and may be amended only by the Oregon Legislature. ORS require that an amount equal to \$60 or the total monthly cost of Medicare companion health insurance premiums coverage, whichever is less, shall be paid from the RHIA established by the employer, and any monthly cost in excess of \$60 shall be paid by the eligible retired member in the manner provided in ORS 238.410. To be eligible to receive this monthly payment toward the premium cost, the member must: (1) have eight years or more of qualifying service in PERS at the time of retirement or receive a disability allowance as if the member had eight years or more of creditable service in PERS, (2) receive both Medicare Parts A and B coverage, and (3) enroll in a PERS-sponsored health plan. A surviving spouse or dependent of a deceased PERS retiree who was eligible to receive the subsidy is eligible to receive the subsidy if he or she (1) is receiving a retirement benefit or allowance from PERS or (2) was insured at the time the member died and the member retired before May 1, 1991.

###### Contributions

PERS funding policy provides for 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. Employer contribution rates for the period were based on the December 31, 2022 actuarial valuation. The rates based on a percentage of payroll, first became effective July 1, 2021. The City's contribution rates for the period were 6% for Tier One/Tier Two members, and 0% for OPSRP members. The City's total contributions were \$251 for the year ended June 30, 2024.

**CITY OF LAKE OSWEGO, OREGON**

Notes to the Basic Financial Statements

June 30, 2024

**3. Other information, continued**

**G. Postemployment benefits other than pensions, continued**

**2. PERS Retirement Health Insurance Account, continued**

**OPEB Assets, Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB**

At June 30, 2024, the City reported an asset of \$925,311 for its proportionate share of the OPERS net OPEB asset. The net OPEB asset was measured as of June 30, 2023, and the net OPEB liability used to calculate the net OPEB asset was determined by an actuarial valuation as of December 31, 2021 rolled forward to June 30, 2023. The City's proportion of the net OPEB asset was based on the City's contributions to the RHIA program during the measurement period relative to contributions from all participating employers. At June 30, 2023, the City's proportionate share was 0.234%. At June 30, 2024, the City's proportionate share was 0.253%. The governmental funds used to liquidate OPEB obligations include the General, Building and Street funds.

For the year ended June 30, 2024, the City recognized OPEB revenue from this plan of \$95,895. At June 30, 2024, the City reported deferred outflows of resources and deferred inflows of resources related to this OPEB plan from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ -	\$ 23,230
Changes of assumptions	-	9,977
Difference in earnings	2,624	-
Changes in proportionate share	24,511	32,121
Contributions after the measurement date	251	-
	<u>\$ 27,386</u>	<u>\$ 65,328</u>

Deferred outflows of resources related to OPEB of \$251 resulting from the City's contributions made after the measurement date of the net OPEB liability but before the end of the fiscal year will be recognized as a reduction of the OPEB liability in the subsequent fiscal period rather than in the current fiscal period. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year ended June 30:	
2025	\$ (42,444)
2026	(42,209)
2027	34,196
2028	12,264
	<u>\$ (38,193)</u>

# CITY OF LAKE OSWEGO, OREGON

Notes to the Basic Financial Statements

June 30, 2024

### 3. Other information, continued

#### G. Postemployment benefits other than pensions, continued

##### 2. PERS Retirement Health Insurance Account, continued

###### Actuarial Methods and Assumptions

The net OPEB liability in the December 31, 2021 actuarial valuation was determined using actuarial methods and assumptions consistent with those disclosed for the OPERS Pension Plan. See Note 3.E. for additional information on Actuarial Assumptions and Methods, the Long-Term Expected Rate of Return, and the Discount Rate.

###### Sensitivity of the City's proportionate share of the net OPEB liability (asset) to changes in the discount rate

The following presents the City's proportionate share of the net OPEB liability (asset) calculated using the discount rate of 6.90%, as well as what the City's proportionate share of the net OPEB liability (asset) would be if it were calculated using a discount rate that is 1-percentage-point lower (5.90%) or 1-percentage-point higher (7.90%) than the current rate:

	1% Decrease (5.9%)	Current Discount Rate (6.9%)	1% Increase (7.9%)
Net OPEB Liability (Asset)	\$ (841,109)	\$ (925,311)	\$ (997,555)

###### OPEB Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued OPERS financial report.

#### H. Property Tax Limitation

The citizens of the State of Oregon approved the first property tax limitation in 1990 – Measure 5. This limitation divides property taxes into an education category and a non-education category. The tax rate in the education category was limited to \$5 per thousand of real market value for fiscal year 1995-96 and thereafter. The non-education category was limited to \$10 per thousand of real market value. Although all non-education taxes to the City currently do not exceed the \$10 per \$1,000 of property real market value limitation, this limitation may affect the availability of future tax revenues for the City. A second property tax limitation was approved in November 1996 and later modified in May 1997 – Measures 47 and 50, respectively. This limitation set a maximum permanent tax rate for the City exclusive of bonded debt at \$5.0353 per \$1,000 assessed value. Assessed values can only grow by a maximum of 3 percent, exclusive of new construction and annexations.

## **REQUIRED SUPPLEMENTARY INFORMATION**

*Schedule of Changes in the City's Total OPEB Liability and Related Ratios  
Implicit Rate Subsidy Plan  
Schedule of City's Contributions- Pension Plan and OPEB  
Schedule of Proportionate Share of Net Pension (Asset)/Liability  
and Net OPEB (Asset)/Liability  
Schedules of Resources and Requirements -  
Budget to Actual*



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**City of Lake Oswego, Oregon**  
**Schedule of Changes in the City's Total OPEB Liability and Related Ratios**  
**Implicit Rate Subsidy Plan**  
*last ten fiscal years*

	2018	2019	2020	2021	2022	2023	2024
<b>Total OPEB liability<sup>1</sup></b>							
Service cost	\$ 167,706	\$ 156,977	\$ 144,168	\$ 161,698	\$ 173,426	\$ 178,638	\$ 153,594
Interest	84,871	101,203	108,574	102,109	65,858	64,482	105,327
Changes of economic/demographic gains or losses	-	449,100	-	328,779	-	(15,253)	-
Changes of assumptions or other inputs	(158,848)	(486,298)	74,737	(288,994)	10,236	72,170	(22,711)
Benefit payments	(237,047)	(231,361)	(227,860)	(238,319)	(266,548)	(232,127)	(339,421)
Net change in OPEB liability	(143,318)	(10,379)	99,619	65,273	(17,028)	67,910	(103,211)
Total OPEB liability-beginning	2,927,911	2,784,593	2,774,214	2,873,833	2,939,106	2,922,078	2,989,988
Total OPEB liability-ending	<u>\$ 2,784,593</u>	<u>\$ 2,774,214</u>	<u>\$ 2,873,833</u>	<u>\$ 2,939,106</u>	<u>\$ 2,922,078</u>	<u>\$ 2,989,988</u>	<u>\$ 2,886,777</u>
Covered-employee payroll	25,790,304	26,580,104	28,343,764	28,901,322	30,433,674	31,523,701	32,801,528
Total OPEB liability as a percentage of its covered payroll	10.80%	10.44%	10.14%	10.17%	9.60%	9.48%	8.80%

<sup>1</sup> 10-year trend information required by GASB 75 will be presented prospectively

**NOTES TO SCHEDULE**

Assets:

There are no assets accumulated in a trust that meet the criteria of GASB codification P22.101 or P52. 101 to pay related benefits for the OPEB plan.

Changes in assumptions:

Changes of assumptions and other inputs reflect the effects of changes in the discount rate.

	2018	2019	2020	2021	2022	2023	2024
Discount rate used	3.58%	3.87%	3.50%	2.21%	2.16%	3.54%	3.65%

**City of Lake Oswego, Oregon**  
**Schedule of City's Contributions**  
*last ten fiscal years*

**Pension Plan Contributions**

<b>Year Ended June 30</b>	<b>Contractually required contributions</b>	<b>Contributions in relation to the contractually required contributions</b>	<b>Contribution deficiency/ (excess)</b>	<b>City's covered payroll</b>	<b>Contributions as a percentage of covered employee payroll</b>
2015	3,677,671	(3,677,671)	-	24,999,221	14.71%
2016	4,150,621	(4,150,621)	-	25,167,848	16.49%
2017	4,204,426	(4,204,426)	-	25,790,304	16.30%
2018	5,275,647	(5,275,647)	-	26,580,104	19.85%
2019	5,395,055	(5,395,055)	-	28,343,764	19.03%
2020	7,102,176	(7,102,176)	-	28,901,322	24.57%
2021	7,358,875	(7,358,875)	-	30,433,674	24.18%
2022	7,748,968	(7,748,968)	-	31,523,701	24.58%
2023	7,961,764	(7,961,764)	-	32,801,528	24.27%
2024	8,821,335	(8,821,335)	-	34,371,936	25.66%

**Oregon Public Employees Retirement System, Retirement Health Insurance Account**

<b>Year Ended June 30</b>	<b>Contractually required contributions</b>	<b>Contributions in relation to the contractually required contributions</b>	<b>Contribution deficiency/ (excess)</b>	<b>City's covered payroll</b>	<b>Contributions as a percentage of covered employee payroll</b>
2015	103,819	(103,819)	-	24,999,221	0.42%
2016	127,956	(127,956)	-	25,167,848	0.51%
2017	128,873	(128,873)	-	25,790,304	0.50%
2018	124,887	(124,887)	-	26,580,104	0.47%
2019	128,553	(128,553)	-	28,343,764	0.45%
2020	18,328	(18,328)	-	28,901,322	0.06%
2021	7,562	(7,562)	-	30,433,674	0.02%
2022	5,776	(5,776)	-	31,523,701	0.02%
2023	4,980	(4,980)	-	32,801,528	0.02%
2024	251	(251)	-	34,371,936	0.00%

**City of Lake Oswego, Oregon**  
**Schedule of Proportionate Share of Net (Asset) / Liability**  
*last ten fiscal years*

**Pension Plan**

<b>Measurement Date</b> <b>June 30</b>	<b>City's proportion of the net pension (asset)/liability</b>	<b>City's proportionate share of the net pension (asset)/liability</b>	<b>City's covered payroll<sup>2</sup></b>	<b>City's proportionate share of the net pension (asset)/liability as a percentage of its covered payroll</b>	<b>Plan fiduciary net position as a percentage of the net pension liability</b>
2014	0.4072195%	(9,230,505)	24,582,526	-37.55%	103.6%
2015	0.4013041%	23,040,721	24,199,986	95.21%	91.9%
2016	0.3542727%	53,184,559	24,999,221	212.74%	80.5%
2017	0.3239391%	43,667,107	25,167,848	173.50%	83.1%
2018	0.3086372%	46,754,472	25,790,304	181.29%	82.1%
2019	0.3237599%	56,002,713	26,580,104	210.69%	80.2%
2020	0.2961838%	64,637,484	28,343,764	228.05%	75.8%
2021	0.3075694%	36,805,230	28,901,322	127.35%	87.6%
2022	0.3052780%	46,744,185	30,433,674	153.59%	84.5%
2023	0.3317845%	62,145,515	31,523,701	197.14%	81.7%

**Oregon Public Employees Retirement System, Retirement Health Insurance Account**

<b>Measurement Date</b> <b>June 30</b>	<b>City's proportion of the net OPEB (asset)/liability</b>	<b>City's proportionate share of the net OPEB (asset)/liability</b>	<b>City's covered payroll<sup>2</sup></b>	<b>City's proportionate share of the net OPEB (asset)/liability as a percentage of its covered payroll</b>	<b>Plan fiduciary net position as a percentage of the total OPEB liability</b>
2017	0.2570459%	\$ (107,274)	\$ 25,167,848	-0.43%	108.9%
2018	0.2579245%	(287,912)	25,790,304	-1.12%	124.0%
2019	0.2593777%	(501,211)	26,580,104	-1.89%	144.4%
2020	0.2566449%	(522,940)	28,343,764	-1.84%	150.1%
2022	0.2826140%	(970,498)	28,901,322	-3.36%	183.9%
2022	0.2343438%	(832,706)	30,433,674	-2.74%	194.6%
2023	0.2527026%	(925,311)	31,523,701	-2.94%	201.6%

<sup>2</sup> Measurement date is one year in arrears

## **CITY OF LAKE OSWEGO, OREGON**

Schedules of Resources and Requirements - Budget to Actual

*June 30, 2024*

### **General Fund**

This fund accounts for the financial operations of the City which are not accounted for in any other fund. Principal sources of revenue are property taxes, sales and services, franchise fees, county library levy, and charges for administrative services provided to other funds. Expenditures are for police protection, fire services, municipal court, parks and recreation, library, planning services, and administrative-type functions such as finance, human resources, information technology, city attorney and city manager's office.

### **Street Fund**

This fund accounts for the activities of building, rebuilding and maintaining City streets, right-of-way improvements, and street lights. Revenue is derived primarily from motor vehicle fees from the State of Oregon restricted by state statute, and a street maintenance fee.

**CITY OF LAKE OSWEGO, OREGON**

**General Fund**

**Schedule of Resources and Requirements - Budget to Actual  
for the fiscal year ended June 30, 2024**

	Budget for the 2023-25 Biennium		1st year	Variance with Final Budget
	Original	Final	Actual Amounts	
<b>Resources:</b>				
Beginning fund balance	\$ 34,519,973	\$ 34,519,973	\$ 39,190,130	\$ 4,670,157
Property taxes	85,600,000	85,600,000	42,983,751	(42,616,249)
Franchise fees	7,765,000	7,765,000	3,622,736	(4,142,264)
Intergovernmental	12,116,000	14,150,000	6,672,035	(7,477,965)
Licenses and fees	4,365,000	4,365,000	2,279,094	(2,085,906)
Fines and forfeitures	1,850,000	1,850,000	886,823	(963,177)
Sales and services	13,558,000	13,558,000	5,686,836	(7,871,164)
Charges for services	22,152,000	22,152,000	10,752,500	(11,399,500)
Miscellaneous	987,000	987,000	3,078,051	2,091,051
Transfers	2,016,000	2,016,000	1,906,506	(109,494)
Proceeds sale of capital assets	-	-	19,127	19,127
<b>Total resources</b>	<b>\$ 184,928,973</b>	<b>\$ 186,962,973</b>	<b>\$ 117,077,589</b>	<b>\$ (69,885,384)</b>
<b>Requirements:</b>				
General administration	\$ 26,659,914	\$ 26,909,914	\$ 12,329,403	\$ 14,580,511
Redevelopment	1,249,243	1,249,243	582,245	666,998
Fire services	31,069,829	31,069,829	14,926,247	16,143,582
Library	13,796,496	13,796,496	5,357,512	8,438,984
Municipal court	3,211,081	3,211,081	1,322,364	1,888,717
Parks and recreation	33,971,564	33,971,564	15,653,808	18,317,756
Adult community center	3,554,829	3,554,829	1,648,656	1,906,173
Planning and building services	8,156,124	8,156,124	3,570,115	4,586,009
Police	36,856,594	37,011,594	18,052,197	18,959,397
<b>Nondepartmental</b>				
Transfers to other funds	4,220,000	4,220,000	2,198,055	2,021,945
Materials & service	1,375,000	3,254,000	-	3,254,000
Contingency	10,036,000	9,786,000	-	9,786,000
Unappropriated ending fund balance	10,772,299	10,772,299	41,436,987	(30,664,688)
<b>Total requirements</b>	<b>\$ 184,928,973</b>	<b>\$ 186,962,973</b>	<b>\$ 117,077,589</b>	<b>\$ 69,885,384</b>

**Reconciliation to net change in**

**net position - GAAP basis:**

Resources-beginning fund balance	\$ (39,190,130)
Net change in fund balance public art fund	127,476
Net change in fund balance capital reserve fund	(1,719,994)
Requirements-unappropriated ending fund balance	41,436,987
<b>Net change in net position - GAAP basis</b>	<b>\$ 654,339</b>

**CITY OF LAKE OSWEGO, OREGON**

**Street Fund**

**Schedule of Resources and Requirements - Budget to Actual**

*for the fiscal year ended June 30, 2024*

	<b>Budget for the 2023-25 Biennium</b>		<b>1st year</b>	<b>Variance with Final Budget</b>
	<b>Original</b>	<b>Final</b>	<b>Actual Amounts</b>	
<b>Resources:</b>				
Beginning fund balance	\$ 10,056,670	\$ 12,681,670	\$ 13,003,983	\$ 322,313
Intergovernmental	7,622,000	7,622,000	4,197,195	(3,424,805)
Licenses and fees	10,354,000	10,354,000	4,930,082	(5,423,918)
Miscellaneous	218,000	218,000	736,820	518,820
Transfers	4,000,000	4,000,000	2,000,000	(2,000,000)
Total resources	<u>\$ 32,250,670</u>	<u>\$ 34,875,670</u>	<u>\$ 24,868,080</u>	<u>\$ (10,007,590)</u>

<b>Requirements:</b>				
Street department	\$ 25,294,000	\$ 27,919,000	\$ 9,184,168	\$ 18,734,832
Debt service	1,593,000	1,593,000	795,200	797,800
Contingency	5,363,670	5,363,670	-	5,363,670
Unappropriated ending fund balance	-	-	14,888,712	(14,888,712)
Total requirements	<u>\$ 32,250,670</u>	<u>\$ 34,875,670</u>	<u>\$ 24,868,080</u>	<u>\$ 10,007,590</u>

**Reconciliation to net change in**

**fund balance - GAAP basis:**

Resources-beginning fund balance	\$ (13,003,983)
Requirements-unappropriated ending fund balance	<u>14,888,712</u>
Net change in fund balance - GAAP basis	<u>\$ 1,884,729</u>

## CITY OF LAKE OSWEGO, OREGON

### Notes to Required Supplementary Information

June 30, 2024

#### 1. Stewardship, compliance, and accountability

Municipal budgets are adopted on a basis consistent with Oregon Revised Statutes (ORS 294 – Local Budget Law). The process under which the budget is adopted is described in the following paragraphs.

The City Manager is responsible for submitting a proposed budget to the Budget Committee, which is comprised of the City Council and an equal number of citizens of the City. In Lake Oswego, the budget is presented in the spring to the Budget Committee for the subsequent budget period. The City is required to prepare a balanced budget for all funds, subject to the budget requirements of state law, in accordance with Oregon Revised Statutes. Each fund is budgeted on the modified accrual basis of accounting.

The budget document is required to contain specific detailed information for various revenue and expenditure categories. Information on the past two years' actual receipts and expenditures as well as current-year estimates is also included in the budget document.

The Budget Committee conducts public hearings for the purpose of obtaining citizens' comments, and then approves a budget and submits it to the City Council for final adoption. The approved expenditures for each fund may not be increased by more than 10 percent by Council without returning to the Budget Committee for a second approval. After the Council adopts the budget and certifies the total of *ad valorem* taxes to be levied, no additional tax levy may be made for that budget period.

The City Council legally adopts the budget by resolution before July 1. The resolution establishes appropriations for each fund and sets the level by which expenditures cannot legally exceed appropriations. In all funds except the ones noted below the levels of budgetary control established by resolution are set at the department level, debt service, capital outlay, transfers and operating contingency. For the City/LORA Debt Service Fund and the East End Debt Service Fund, the levels of budgetary control established by resolution are set at the department level, debt service, capital outlay, transfers and operating contingency. Appropriations lapse as of the end of the fiscal year for goods or services not yet received.

The City Council may change the budget throughout the year by transferring appropriations between levels of control and by adopting supplemental budgets. Unexpected additional resources may be added to the budget through the use of a supplemental budget. Some supplemental budgets require hearings before the public, publications in newspapers and approval by the City Council. Original and supplemental budgets may be modified by the use of appropriation transfers between the levels of control. Such transfers require approval by the City Council. The City Council approved one adjustment and one supplemental budget during the 2023-24 fiscal-year. The adjustment was to reflect the sale and debt service payments for the 2024 Full Faith & Credit Sewer Bonds. The supplemental budget was primarily to roll-over appropriation for projects not completed in the previous fiscal-year.



**CITY OF LAKE OSWEGO, OREGON**

Notes to Required Supplementary Information

*June 30, 2024*

**2. Net Pension Liability**

**Changes of assumptions**

Additional detail and a comprehensive list of changes in methods and assumptions can be found in the 2023 actuarial valuation, which was published on September, 2024, and can be found at:

<https://www.oregon.gov/pers/Documents/Financials/Actuarial/2024/12312023-Actuarial-Valuation.pdf>

## **OTHER SUPPLEMENTARY INFORMATION**

*Combining and Individual Fund  
Statements and Schedules*

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Combining and Individual Fund Financial  
Statements and Schedules  
For Other Governmental Funds

**Special Revenue Funds**

These nonmajor funds are used to account for specific revenues that are legally restricted or committed to expenditure for particular purposes.

Tourism Fund – tracks and accounts for the revenue generated by the 2% increase in the City’s portion of the local lodging tax (also known as the hotel/motel tax). Per state law, for any increases in the local transient lodging tax after July 1, 2003, at least 70% of net revenue from the increase must be used for funding tourism promotion or tourism related facilities.

Trolley Fund – accounts for the activities of the City’s trolley operations. Revenues are derived primarily from intergovernmental revenues restricted by Intergovernmental Agreement.

Systems Development Charges Fund – accounts for the collection and expenditure of City systems development charges for water, sanitary sewer, transportation, parks, and stormwater. Revenues are derived primarily from the various systems development charges which are restricted by state statute.

Bicycle Path Fund – accounts for procurement of pathways for public use. Revenues are derived from a portion of State provided motor vehicle fees and restricted for use by state statute.

Building Fund – accounts for the building permit center. Revenues are derived from building permit fees, which are restricted by statute.

Library Endowment Fund – accounts for restricted donations and gifts to the Library. Revenues are derived from donations and gifts.

ACC Endowment Fund – accounts for restricted donations and gifts to the ACC. Revenues are derived from donations and gifts.

The following funds are presented individually for budgetary purposes. For reporting purposes these funds are combined with the General Fund in accordance with GASB statement No. 54. See combining schedule on page 101.

Public Art Fund – accounts for the purchase and maintenance of the City's art collection. Revenue consists of transfers from the parks and recreation fund equal to a percent and one-half of the cost of qualified projects. Revenues are committed by City Code.

Capital Reserve Fund – accounts for funds set-aside for future capital purchases. Revenue consists of transfers from other funds.

Combining and Individual Fund Financial  
Statements and Schedules  
For Other Governmental Funds

**Debt Service Funds**

These funds are used to account for payment of general obligation and urban renewal bonds.

Bonded Debt Service Fund – accounts for the payment of principal and interest on certain general obligation bonded debt. The primary source of revenue is property taxes.

City/LORA Debt Service Fund – accounts for the payment of principal and interest on Full Faith & Credit obligations from the City for the urban renewal district. The primary source of revenue is the Redevelopment Agency's property tax increment revenues.

Redevelopment Agency East End and Lake Grove Debt Service Funds – accounts for the payment of principal and interest on urban renewal bonds. The primary source of revenue is property tax increment revenues.

**Capital Project Funds**

These funds account for the construction of specific capital projects.

Parks Recreation Center Fund – accounts for capital expenses related to construction of the Recreation and Aquatics Center. Resources are derived from debt financing, which is repayable by property tax revenues and through a joint partnership with the City of Lake Oswego School District.

Redevelopment Agency East End and Lake Grove Capital Projects Funds – accounts for the City's redevelopment activities in the City's east end urban renewal district. Resources are derived primarily from debt financing, which is repayable by property tax increment revenues and interest on investments.

Assessment Project Fund – accounts for expenditures related to local improvement districts. The primary revenues source is from assessment collections.

Parks Bond Capital Projects Fund – accounts for capital expenses related to Parks Department capital projects. Resources are derived from debt financing, which is repayable by property taxes.

# City of Lake Oswego, Oregon

## General Fund

### Schedule of Combining Actual Resources and Requirements for the General Fund for the fiscal year ended June 30, 2024

	<u>General Fund</u>	<u>Public Art Fund</u>	<u>Capital Reserve Fund</u>	<u>Combined General Fund</u>
	<u>Actual Amounts</u>	<u>Actual Amounts</u>	<u>Actual Amounts</u>	<u>Total</u>
Resources:				
Beginning fund balance	\$ 39,190,130	\$ 98,834	\$ 2,472,658	\$ 41,761,622
Property taxes	42,983,751	-	-	42,983,751
Franchise fees	3,622,736	-	-	3,622,736
Intergovernmental	6,672,035	-	-	6,672,035
Licenses and fees	2,279,094	-	-	2,279,094
Fines and forfeitures	886,823	-	-	886,823
Sales and services	5,686,836	-	-	5,686,836
Charges for services	10,752,500	-	-	10,752,500
Miscellaneous	3,078,051	6,906	80,006	3,164,963
Proceeds - sale of capital assets	19,127	-	-	19,127
Transfers	1,906,506	341,055	-	2,247,561
Total resources	<u>\$ 117,077,589</u>	<u>\$ 446,795</u>	<u>\$ 2,552,664</u>	<u>\$ 120,077,048</u>
Requirements:				
General administration	\$ 12,329,403	\$ -	\$ -	\$ 12,329,403
Redevelopment	582,245	-	-	582,245
Fire services	14,926,247	-	-	14,926,247
Library	5,357,512	-	-	5,357,512
Municipal court	1,322,364	-	-	1,322,364
Parks and recreation	15,653,808	-	-	15,653,808
Adult community center	1,648,656	-	-	1,648,656
Planning services	3,570,115	-	-	3,570,115
Police	18,052,197	-	-	18,052,197
Nondepartmental	2,198,055	-	1,800,000	3,998,055
Public art	-	220,485	-	220,485
Unappropriated ending fund balance	41,436,987	226,310	752,664	42,415,961
Total requirements	<u>\$ 117,077,589</u>	<u>\$ 446,795</u>	<u>\$ 2,552,664</u>	<u>\$ 120,077,048</u>

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**City of Lake Oswego, Oregon**  
**Combining Balance Sheet**  
**Nonmajor Governmental Funds**  
*as of June 30, 2024*

**Special Revenue Funds**

	<b>Tourism Fund</b>	<b>Trolley Fund</b>	<b>Systems Development Charges Fund</b>	<b>Bicycle Path Fund</b>
<b>Assets</b>				
Cash and investments	\$ 151,453	\$ 614,462	\$ -	\$ 361,956
Property taxes receivable	-	-	-	-
Accounts receivable	41,248	-	-	2,968
Interest receivable	-	-	-	-
Assessment liens receivable	-	-	97,775	-
Restricted cash and investments	-	-	20,637,440	-
Restricted beneficial interest in trust	-	-	-	-
<b>Total assets</b>	<b>\$ 192,701</b>	<b>\$ 614,462</b>	<b>\$ 20,735,215</b>	<b>\$ 364,924</b>
<b>Liabilities</b>				
Accounts payable	\$ 117	\$ 7,033	\$ 1,195,242	\$ -
Salaries and benefits payable	-	-	-	-
<b>Total liabilities</b>	<b>117</b>	<b>7,033</b>	<b>1,195,242</b>	<b>-</b>
<b>Deferred Inflows of resources</b>				
Unavailable revenue	-	-	97,775	-
<b>Total deferred inflows of resources</b>	<b>-</b>	<b>-</b>	<b>97,775</b>	<b>-</b>
<b>Fund balances</b>				
Restricted for:				
Senior center programs and capital	-	-	-	-
Library programs and capital	-	-	-	-
Building inspection	-	-	-	-
Trolley	-	607,429	-	-
Tourism	192,584	-	-	-
Capital projects	-	-	19,442,198	-
Highway and streets	-	-	-	364,924
Debt service	-	-	-	-
<b>Total fund balances</b>	<b>192,584</b>	<b>607,429</b>	<b>19,442,198</b>	<b>364,924</b>
<b>Total liabilities, deferred inflows of resources, and fund balances</b>	<b>\$ 192,701</b>	<b>\$ 614,462</b>	<b>\$ 20,735,215</b>	<b>\$ 364,924</b>

Continued on next page



**City of Lake Oswego, Oregon**  
**Combining Balance Sheet**  
**Nonmajor Governmental Funds**  
*as of June 30, 2024*

	Special Revenue Funds			Debt Service Funds	
	Building Fund	Library Endowment Fund	ACC Endowment Fund	Bonded Debt Service Fund	City/LORA Debt Service Fund
<b>Assets</b>					
Cash and investments	\$ -	\$ -	\$ -	\$ -	\$ -
Property taxes receivable	-	-	-	265,404	-
Accounts receivable	-	-	-	-	-
Interest receivable	-	-	-	339	-
Assessment liens receivable	-	-	-	-	-
Restricted cash and investments	7,226,642	-	-	784,499	-
Restricted beneficial interest in trust	-	5,625,378	2,677,621	-	-
<b>Total assets</b>	<b>\$ 7,226,642</b>	<b>\$ 5,625,378</b>	<b>\$ 2,677,621</b>	<b>\$ 1,050,242</b>	<b>\$ -</b>
<b>Liabilities</b>					
Accounts payable	\$ 35,438	\$ -	\$ -	\$ -	\$ -
Salaries and benefits payable	3,187	-	-	-	-
<b>Total liabilities</b>	<b>38,625</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Deferred Inflows of resources</b>					
Unavailable revenue	-	-	-	248,815	-
<b>Total deferred inflows of resources</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>248,815</b>	<b>-</b>
<b>Fund balances</b>					
Restricted for:					
Senior center programs and capital	-	-	2,677,621	-	-
Library programs and capital	-	5,625,378	-	-	-
Building inspection	7,188,017	-	-	-	-
Trolley	-	-	-	-	-
Tourism	-	-	-	-	-
Capital projects	-	-	-	-	-
Highway and streets	-	-	-	-	-
Debt service	-	-	-	801,427	-
<b>Total fund balances</b>	<b>7,188,017</b>	<b>5,625,378</b>	<b>2,677,621</b>	<b>801,427</b>	<b>-</b>
<b>Total liabilities, deferred inflows of resources, and fund balances</b>	<b>\$ 7,226,642</b>	<b>\$ 5,625,378</b>	<b>\$ 2,677,621</b>	<b>\$ 1,050,242</b>	<b>\$ -</b>

Continued on next page

<u>Debt Service Funds</u>		<u>Capital Projects Fund</u>	
<u>Redevelopment Agency East End Debt Service Fund</u>	<u>Redevelopment Agency Lake Grove Debt Service Fund</u>	<u>Assessment Project Fund</u>	<u>Total Nonmajor Governmental Funds</u>
\$ -	\$ -	\$ 978,167	\$ 2,106,038
247,708	91,722	-	604,834
8	2	-	44,226
419	208	-	966
-	-	130,842	228,617
14,799,126	8,294,549	-	51,742,256
-	-	-	8,302,999
<u>\$ 15,047,261</u>	<u>\$ 8,386,481</u>	<u>\$ 1,109,009</u>	<u>\$ 63,029,936</u>
\$ -	\$ -	\$ -	\$ 1,237,830
-	-	-	3,187
-	-	-	1,241,017
185,539	81,825	130,842	744,796
<u>185,539</u>	<u>81,825</u>	<u>130,842</u>	<u>744,796</u>
-	-	-	2,677,621
-	-	-	5,625,378
-	-	-	7,188,017
-	-	-	607,429
-	-	-	192,584
-	-	978,167	20,420,365
-	-	-	364,924
<u>14,861,722</u>	<u>8,304,656</u>	<u>-</u>	<u>23,967,805</u>
<u>14,861,722</u>	<u>8,304,656</u>	<u>978,167</u>	<u>61,044,123</u>
<u>\$ 15,047,261</u>	<u>\$ 8,386,481</u>	<u>\$ 1,109,009</u>	<u>\$ 63,029,936</u>

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**City of Lake Oswego, Oregon**  
**Combining Statement of Revenues, Expenditures and Changes in Fund Balances**  
**Nonmajor Governmental Funds**  
*for the fiscal year ended June 30, 2024*

	<b>Special Revenue Funds</b>			
	<b>Tourism Fund</b>	<b>Trolley Fund</b>	<b>Systems Development Charges Fund</b>	<b>Bicycle Path Fund</b>
<b>Revenues:</b>				
Property taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	60,000	-	32,343
Licenses and fees	300,188	-	2,155,822	-
Sales and services	-	14,400	-	-
Special assessment - principal	-	-	1,496	-
Miscellaneous	5,535	29,894	1,088,707	16,753
Total revenues	<u>305,723</u>	<u>104,294</u>	<u>3,246,025</u>	<u>49,096</u>
<b>Expenditures:</b>				
Current:				
Public Safety	-	-	-	-
Culture and recreation	34,765	89,969	-	-
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
Capital outlay	-	-	4,703,673	-
Total expenditures	<u>34,765</u>	<u>89,969</u>	<u>4,703,673</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	<u>270,958</u>	<u>14,325</u>	<u>(1,457,648)</u>	<u>49,096</u>
<b>Other financing sources (uses):</b>				
Transfers in	-	30,000	-	-
Transfers out	(173,000)	-	-	-
Total other financing sources (uses)	<u>(173,000)</u>	<u>30,000</u>	<u>-</u>	<u>-</u>
Net change in fund balances	97,958	44,325	(1,457,648)	49,096
Fund balances - beginning	94,626	563,104	20,899,846	315,828
Change within financial reporting entity (nonmajor to major fund)	-	-	-	-
Fund balances - ending	<u>\$ 192,584</u>	<u>\$ 607,429</u>	<u>\$ 19,442,198</u>	<u>\$ 364,924</u>

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Special Revenue Funds			Debt Service Funds			
Building Fund	Library Endowment Fund	ACC Endowment Fund	Bonded Debt Service Fund	City/LORA Debt Service Fund	Redevelopment Agency East End Debt Service Fund	Redevelopment Agency Lake Grove Debt Service Fund
\$ -	\$ -	\$ -	\$ 1,767,436	\$ -	\$ 6,642,007	\$ 3,099,613
-	-	-	-	-	2,790	1,437
2,521,254	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
340,346	544,478	261,291	81,809	-	721,566	436,144
2,861,600	544,478	261,291	1,849,245	-	7,366,363	3,537,194
2,181,459	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	965,000	1,510,000	-	-
-	-	-	1,030,584	2,039,938	-	-
31,996	-	-	-	-	-	-
2,213,455	-	-	1,995,584	3,549,938	-	-
648,145	544,478	261,291	(146,339)	(3,549,938)	7,366,363	3,537,194
-	-	-	-	3,549,938	-	-
-	(31,506)	(75,000)	-	-	(1,997,562)	(1,552,375)
-	(31,506)	(75,000)	-	3,549,938	(1,997,562)	(1,552,375)
648,145	512,972	186,291	(146,339)	-	5,368,801	1,984,819
6,539,872	5,112,406	2,491,330	947,766	-	9,492,921	6,319,837
-	-	-	-	-	-	-
<u>\$ 7,188,017</u>	<u>\$ 5,625,378</u>	<u>\$ 2,677,621</u>	<u>\$ 801,427</u>	<u>\$ -</u>	<u>\$ 14,861,722</u>	<u>\$ 8,304,656</u>

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**City of Lake Oswego, Oregon**  
**Combining Statement of Revenues, Expenditures and Changes in Fund Balances**  
**Nonmajor Governmental Funds**  
*for the fiscal year ended June 30, 2024*

	<b>Capital Projects Fund</b>		<b>Total Nonmajor Governmental Funds</b>
	<b>Assessment Project Fund</b>	<b>Parks Recreation Center Fund Fund</b>	
<b>Revenues:</b>			
Property taxes	\$ -	\$ -	\$ 11,509,056
Intergovernmental	-	-	96,570
Licenses and fees	7,349	-	4,984,613
Sales and services	-	-	14,400
Special assessment - principal	6,003	-	7,499
Miscellaneous	46,744	-	3,573,267
Total revenues	<u>60,096</u>	<u>-</u>	<u>20,185,405</u>
<b>Expenditures:</b>			
Current:			
Public Safety	-	-	2,181,459
Culture and recreation	-	-	124,734
Debt service:			
Principal	-	-	2,475,000
Interest	-	-	3,070,522
Capital outlay	-	-	4,735,669
Total expenditures	<u>-</u>	<u>-</u>	<u>12,587,384</u>
Excess (deficiency) of revenues over (under) expenditures	<u>60,096</u>	<u>-</u>	<u>7,598,021</u>
<b>Other financing sources (uses):</b>			
Transfers in	-	-	3,579,938
Transfers out	-	-	(3,829,443)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>(249,505)</u>
Net change in fund balances	60,096	-	7,348,516
Fund balances - beginning	918,071	1,513,750	55,209,357
Change within financial reporting entity (nonmajor to major fund)	-	(1,513,750)	(1,513,750)
Fund balances - ending	<u>\$ 978,167</u>	<u>\$ -</u>	<u>\$ 61,044,123</u>

Continued from previous page

**CITY OF LAKE OSWEGO, OREGON**

**Tourism Fund**

**Schedule of Resources and Requirements - Budget to Actual  
for the fiscal year ended June 30, 2024**

	Budget for the 2023-25 Biennium		1st year	Variance with Final Budget
	Original	Final	Actual Amounts	
<b>Resources:</b>				
Beginning fund balance	\$ 80,250	\$ 80,250	\$ 94,626	\$ 14,376
Licenses and fees	546,000	546,000	300,188	(245,812)
Sales and services	2,000	2,000		(2,000)
Miscellaneous	-	-	5,535	5,535
Total resources	<u>\$ 628,250</u>	<u>\$ 628,250</u>	<u>\$ 400,349</u>	<u>\$ (227,901)</u>
<b>Requirements:</b>				
Tourism department	\$ 78,000	\$ 78,000	\$ 34,765	\$ 43,235
Transfers	352,000	352,000	173,000	179,000
Contingency	198,250	198,250	-	198,250
Unappropriated ending fund balance	-	-	192,584	(192,584)
Total requirements	<u>\$ 628,250</u>	<u>\$ 628,250</u>	<u>\$ 400,349</u>	<u>\$ 227,901</u>
<b>Reconciliation to net change in fund balance - GAAP basis:</b>				
Resources-beginning fund balance			\$ (94,626)	
Requirements-unappropriated ending fund balance			192,584	
Net change in fund balance - GAAP basis			<u>\$ 97,958</u>	

**CITY OF LAKE OSWEGO, OREGON**

**Trolley Fund**

**Schedule of Resources and Requirements - Budget to Actual**

*for the fiscal year ended June 30, 2024*

	Budget for the 2023-25 Biennium		1st year	Variance with Final Budget
	Original	Final	Actual Amounts	
Resources:				
Beginning fund balance	\$ 494,602	\$ 494,602	\$ 563,104	\$ 68,502
Intergovernmental	120,000	120,000	60,000	(60,000)
Sales and services	28,000	28,000	14,400	(13,600)
Miscellaneous	10,000	10,000	29,894	19,894
Transfers	60,000	60,000	30,000	(30,000)
Total resources	<u>\$ 712,602</u>	<u>\$ 712,602</u>	<u>\$ 697,398</u>	<u>\$ (15,204)</u>

Requirements:				
Trolley	\$ 271,000	\$ 271,000	\$ 89,969	\$ 181,031
Contingency	441,602	441,602	-	441,602
Unappropriated ending fund balance	-	-	607,429	(607,429)
Total requirements	<u>\$ 712,602</u>	<u>\$ 712,602</u>	<u>\$ 697,398</u>	<u>\$ 15,204</u>

**Reconciliation to net change in  
fund balance - GAAP basis:**

Resources-beginning fund balance	\$ (563,104)
Requirements-unappropriated ending fund balance	607,429
Net change in fund balance - GAAP basis	<u>\$ 44,325</u>

**CITY OF LAKE OSWEGO, OREGON**  
**Systems Development Charges Fund**  
**Schedule of Resources and Requirements - Budget to Actual**  
*for the fiscal year ended June 30, 2024*

	<b>Budget for the 2023-25 Biennium</b>		<b>1st year</b>	<b>Variance with Final Budget</b>
	<b>Original</b>	<b>Final</b>	<b>Actual Amounts</b>	
<b>Resources:</b>				
Beginning fund balance	\$ 18,954,849	\$ 20,083,849	\$ 20,899,846	\$ 815,997
Licenses and fees	2,510,000	2,510,000	2,155,822	(354,178)
Special assessment	4,000	4,000	1,496	(2,504)
Miscellaneous	332,000	332,000	1,088,707	756,707
<b>Total resources</b>	<b>\$ 21,800,849</b>	<b>\$ 22,929,849</b>	<b>\$ 24,145,871</b>	<b>\$ 1,216,022</b>
<b>Requirements:</b>				
System development charges department	\$ 9,200,000	\$ 10,700,000	\$ 4,703,673	\$ 5,996,327
Contingency	12,600,849	12,229,849	-	12,229,849
Unappropriated ending fund balance	-	-	19,442,198	(19,442,198)
<b>Total requirements</b>	<b>\$ 21,800,849</b>	<b>\$ 22,929,849</b>	<b>\$ 24,145,871</b>	<b>\$ (1,216,022)</b>
<b>Reconciliation to net change in fund balance - GAAP basis:</b>				
Resources-beginning fund balance			\$ (20,899,846)	
Requirements-unappropriated ending fund balance			19,442,198	
<b>Net change in fund balance - GAAP basis</b>			<b>\$ (1,457,648)</b>	



**CITY OF LAKE OSWEGO, OREGON**  
**Bicycle Path Fund**  
**Schedule of Resources and Requirements - Budget to Actual**  
*for the fiscal year ended June 30, 2024*

	<b>Budget for the 2023-25 Biennium</b>		<b>1st year</b>	<b>Variance with Final Budget</b>
	<b>Original</b>	<b>Final</b>	<b>Actual Amounts</b>	
<b>Resources:</b>				
Beginning fund balance	\$ 308,231	\$ 308,231	\$ 315,828	\$ 7,597
Intergovernmental	50,000	50,000	32,343	(17,657)
Miscellaneous	8,000	8,000	16,753	8,753
Total resources	<u>\$ 366,231</u>	<u>\$ 366,231</u>	<u>\$ 364,924</u>	<u>\$ (1,307)</u>
<b>Requirements:</b>				
Reserve for future expenditure	\$ 366,231	\$ 366,231	\$ -	\$ 366,231
Unappropriated ending fund balance	-	-	364,924	(364,924)
Total requirements	<u>\$ 366,231</u>	<u>\$ 366,231</u>	<u>\$ 364,924</u>	<u>\$ 1,307</u>
<b>Reconciliation to net change in fund balance - GAAP basis:</b>				
Resources-beginning fund balance			\$ (315,828)	
Requirements-unappropriated ending fund balance			364,924	
Net change in fund balance - GAAP basis			<u>\$ 49,096</u>	

**CITY OF LAKE OSWEGO, OREGON**

**Building Fund**

**Schedule of Resources and Requirements - Budget to Actual**

*for the fiscal year ended June 30, 2024*

	Budget for the 2023-25 Biennium		1st year	Variance with Final Budget
	Original	Final	Actual Amounts	
<b>Resources:</b>				
Beginning fund balance	\$ 5,885,697	\$ 5,885,697	\$ 6,539,872	\$ 654,175
Licenses and fees	6,007,000	6,007,000	2,521,254	(3,485,746)
Miscellaneous	136,000	136,000	340,346	204,346
Total resources	<u>\$ 12,028,697</u>	<u>\$ 12,028,697</u>	<u>\$ 9,401,472</u>	<u>\$ (2,627,225)</u>
<b>Requirements:</b>				
Building department	\$ 6,514,000	\$ 6,514,000	\$ 2,213,455	\$ 4,300,545
Contingency	545,000	545,000	-	545,000
Reserve for future expenditure	4,969,697	4,969,697	-	4,969,697
Unappropriated ending fund balance	-	-	7,188,017	(7,188,017)
Total requirements	<u>\$ 12,028,697</u>	<u>\$ 12,028,697</u>	<u>\$ 9,401,472</u>	<u>\$ 2,627,225</u>
<b>Reconciliation to net change in fund balance - GAAP basis:</b>				
Resources-beginning fund balance			\$ (6,539,872)	
Requirements-unappropriated ending fund balance			7,188,017	
Net change in fund balance - GAAP basis			<u>\$ 648,145</u>	

**CITY OF LAKE OSWEGO, OREGON**

**Library Endowment**

**Schedule of Resources and Requirements - Budget to Actual**

*for the fiscal year ended June 30, 2024*

	Budget for the 2023-25 Biennium		1st year	Variance with Final Budget
	Original	Final	Actual Amounts	
Resources:				
Beginning fund balance	\$ 4,918,443	\$ 4,918,443	\$ 5,112,406	\$ 193,963
Miscellaneous	240,000	240,000	544,478	304,478
Total resources	<u>\$ 5,158,443</u>	<u>\$ 5,158,443</u>	<u>\$ 5,656,884</u>	<u>\$ 498,441</u>
Requirements:				
Transfers	\$ 66,000	\$ 66,000	\$ 31,506	\$ 34,494
Reserve for future expenditure	4,392,443	4,392,443	-	4,392,443
Unappropriated ending fund balance	700,000	700,000	5,625,378	(4,925,378)
Total requirements	<u>\$ 5,158,443</u>	<u>\$ 5,158,443</u>	<u>\$ 5,656,884</u>	<u>\$ (498,441)</u>
<b>Reconciliation to net change in fund balance - GAAP basis:</b>				
Resources-beginning fund balance			\$ (5,112,406)	
Requirements-unappropriated ending fund balance			5,625,378	
Net change in fund balance - GAAP basis			<u>\$ 512,972</u>	

**CITY OF LAKE OSWEGO, OREGON**

**ACC Endowment**

**Schedule of Resources and Requirements - Budget to Actual**

*for the fiscal year ended June 30, 2024*

	Budget for the 2023-25 Biennium		1st year	Variance with Final Budget
	Original	Final	Actual Amounts	
<b>Resources:</b>				
Beginning fund balance	\$ 2,404,810	\$ 2,404,810	\$ 2,491,330	\$ 86,520
Miscellaneous	130,000	130,000	261,291	131,291
Total resources	<u>\$ 2,534,810</u>	<u>\$ 2,534,810</u>	<u>\$ 2,752,621</u>	<u>\$ 217,811</u>
<b>Requirements:</b>				
Transfers	\$ 150,000	\$ 150,000	\$ 75,000	\$ 75,000
Reserve for future expenditure	2,384,810	2,384,810	-	2,384,810
Unappropriated ending fund balance	-	-	2,677,621	(2,677,621)
Total requirements	<u>\$ 2,534,810</u>	<u>\$ 2,534,810</u>	<u>\$ 2,752,621</u>	<u>\$ (217,811)</u>
<b>Reconciliation to net change in fund balance - GAAP basis:</b>				
Resources-beginning fund balance			\$ (2,491,330)	
Requirements-unappropriated ending fund balance			<u>2,677,621</u>	
Net change in fund balance - GAAP basis			<u>\$ 186,291</u>	

**CITY OF LAKE OSWEGO, OREGON**  
**Bonded Debt Service Fund**  
**Schedule of Resources and Requirements - Budget to Actual**  
*for the fiscal year ended June 30, 2024*

	Budget for the 2023-25 Biennium		1st year	Variance with Final Budget
	Original	Final	Actual Amounts	
Resources:				
Beginning fund balance	\$ 878,772	\$ 878,772	\$ 947,766	\$ 68,994
Property taxes	3,881,000	3,881,000	1,767,436	(2,113,564)
Miscellaneous	30,000	30,000	81,809	51,809
Total resources	<u>\$ 4,789,772</u>	<u>\$ 4,789,772</u>	<u>\$ 2,797,011</u>	<u>\$ (1,992,761)</u>

Requirements:				
Debt service	\$ 4,170,000	\$ 4,170,000	\$ 1,995,584	\$ 2,174,416
Unappropriated ending fund balance	<u>619,772</u>	<u>619,772</u>	<u>801,427</u>	<u>(181,655)</u>
Total requirements	<u>\$ 4,789,772</u>	<u>\$ 4,789,772</u>	<u>\$ 2,797,011</u>	<u>\$ 1,992,761</u>

**Reconciliation to net change in  
fund balance - GAAP basis:**

Resources-beginning fund balance	\$ (947,766)
Requirements-unappropriated ending fund balance	<u>801,427</u>
Net change in fund balance - GAAP basis	<u>\$ (146,339)</u>

**CITY OF LAKE OSWEGO, OREGON**  
**City/LORA Debt Service Fund**  
**Schedule of Resources and Requirements - Budget to Actual**  
*for the fiscal year ended June 30, 2024*

	<b>Budget for the 2023-25 Biennium</b>		<b>1st year</b>	<b>Variance with Final Budget</b>
	<b>Original</b>	<b>Final</b>	<b>Actual Amounts</b>	
<b>Resources:</b>				
Transfers	\$ 7,120,000	\$ 7,120,000	\$ 3,549,938	\$ (3,570,062)
Total resources	<u>\$ 7,120,000</u>	<u>\$ 7,120,000</u>	<u>\$ 3,549,938</u>	<u>\$ (3,570,062)</u>
<b>Requirements:</b>				
Debt service	\$ 7,120,000	\$ 7,120,000	\$ 3,549,938	\$ 3,570,062
Total requirements	<u>\$ 7,120,000</u>	<u>\$ 7,120,000</u>	<u>\$ 3,549,938</u>	<u>\$ 3,570,062</u>

Note: There is no difference between budgetary resources and requirements and GAAP revenues and expenditures.

**CITY OF LAKE OSWEGO, OREGON**  
**Redevelopment Agency East End Debt Service Fund**  
**Schedule of Resources and Requirements - Budget to Actual**  
*for the fiscal year ended June 30, 2024*

	<b>Budget for the 2023-25 Biennium</b>		<b>1st year</b>	<b>Variance with Final Budget</b>
	<b>Original</b>	<b>Final</b>	<b>Actual Amounts</b>	
<b>Resources:</b>				
Beginning fund balance	\$ 9,173,597	\$ 9,173,597	\$ 9,492,921	\$ 319,324
Property taxes	13,155,000	13,155,000	6,642,007	(6,512,993)
Intergovernmental	-	-	2,790	2,790
Miscellaneous	402,000	402,000	721,566	319,566
Total resources	<u>\$ 22,730,597</u>	<u>\$ 22,730,597</u>	<u>\$ 16,859,284</u>	<u>\$ (5,871,313)</u>
<b>Requirements:</b>				
Debt service	\$ 3,995,000	\$ 3,995,000	\$ 1,997,562	\$ 1,997,438
Reserve for future expenditure	18,735,597	18,735,597	-	18,735,597
Unappropriated ending fund balance	-	-	14,861,722	(14,861,722)
Total requirements	<u>\$ 22,730,597</u>	<u>\$ 22,730,597</u>	<u>\$ 16,859,284</u>	<u>\$ 5,871,313</u>
<b>Reconciliation to net change in fund balance - GAAP basis:</b>				
Resources-beginning fund balance			\$ (9,492,921)	
Requirements-unappropriated ending fund balance			<u>14,861,722</u>	
Net change in fund balance - GAAP basis			<u>\$ 5,368,801</u>	

**CITY OF LAKE OSWEGO, OREGON**

**Redevelopment Agency Lake Grove Debt Service Fund  
Schedule of Resources and Requirements - Budget to Actual  
for the fiscal year ended June 30, 2024**

	Budget for the 2023-25 Biennium		1st year	Variance with Final Budget
	Original	Final	Actual Amounts	
<b>Resources:</b>				
Beginning fund balance	\$ 6,674,338	\$ 6,674,338	\$ 6,319,837	\$ (354,501)
Property taxes	6,439,000	6,439,000	3,099,613	(3,339,387)
Intergovernmental	-	-	1,437	1,437
Miscellaneous	301,000	301,000	436,144	135,144
Total resources	<u>\$ 13,414,338</u>	<u>\$ 13,414,338</u>	<u>\$ 9,857,031</u>	<u>\$ (3,557,307)</u>
<b>Requirements:</b>				
Debt Service	\$ 3,125,000	\$ 3,125,000	\$ 1,552,375	\$ 1,572,625
Reserve for future expenditure	10,289,338	10,289,338	-	10,289,338
Unappropriated ending fund balance	-	-	8,304,656	(8,304,656)
Total requirements	<u>\$ 13,414,338</u>	<u>\$ 13,414,338</u>	<u>\$ 9,857,031</u>	<u>\$ 3,557,307</u>
<b>Reconciliation to net change in fund balance - GAAP basis:</b>				
Resources-beginning fund balance			\$ (6,319,837)	
Requirements-unappropriated ending fund balance			<u>8,304,656</u>	
Net change in fund balance - GAAP basis			<u>\$ 1,984,819</u>	



**CITY OF LAKE OSWEGO, OREGON**  
**Parks Bond Capital Projects Fund**  
**Schedule of Resources and Requirements - Budget to Actual**  
*for the fiscal year ended June 30, 2024*

	Budget for the 2023-25 Biennium		1st year	Variance with Final Budget
	Original	Final	Actual Amounts	
Resources:				
Beginning fund balance	\$ 9,426,781	\$ 10,659,781	\$ 10,660,232	\$ 451
Miscellaneous	150,000	150,000	319,414	169,414
Total resources	<u>\$ 9,576,781</u>	<u>\$ 10,809,781</u>	<u>\$ 10,979,646</u>	<u>\$ 169,865</u>
Requirements:				
Parks bond department	\$ 2,440,000	\$ 3,673,000	\$ 1,702,699	\$ 1,970,301
Transfers	7,136,000	7,136,000	6,000,000	1,136,000
Contingency	781	781	-	781
Unappropriated ending fund balance	-	-	3,276,947	(3,276,947)
Total requirements	<u>\$ 9,576,781</u>	<u>\$ 10,809,781</u>	<u>\$ 10,979,646</u>	<u>\$ (169,865)</u>

**Reconciliation to net change in**

**fund balance - GAAP basis:**

Resources-beginning fund balance	\$ (10,660,232)
Requirements-unappropriated ending fund balance	3,276,947
Net change in fund balance - GAAP basis	<u>\$ (7,383,285)</u>

**CITY OF LAKE OSWEGO, OREGON**  
**Parks Recreation Center Fund**  
**Schedule of Resources and Requirements - Budget to Actual**  
*for the fiscal year ended June 30, 2024*

	<b>Budget for the 2023-25 Biennium</b>		<b>1st year</b>	<b>Variance with Final Budget</b>
	<b>Original</b>	<b>Final</b>	<b>Actual Amounts</b>	
Resources:				
Beginning fund balance	\$ 144,520	\$ 144,520	\$ 1,513,750	\$ 1,369,230
Intergovernmental	16,250,000	16,250,000	8,771,356	(7,478,644)
Miscellaneous	150,000	150,000	-	(150,000)
Transfers	7,136,000	7,136,000	6,000,000	(1,136,000)
Total resources	<u>\$ 23,680,520</u>	<u>\$ 23,680,520</u>	<u>\$ 16,285,106</u>	<u>\$ (7,395,414)</u>

Requirements:				
Capital outlay	\$ 23,680,000	\$ 23,680,000	\$ 16,102,222	\$ 7,577,778
Contingency	520	520	-	520
Unappropriated ending fund balance	-	-	182,884	(182,884)
Total requirements	<u>\$ 23,680,520</u>	<u>\$ 23,680,520</u>	<u>\$ 16,285,106</u>	<u>\$ 7,395,414</u>

**Reconciliation to net change in  
fund balance - GAAP basis:**

Resources-beginning fund balance	\$ (1,513,750)
Requirements-unappropriated ending fund balance	182,884
Net change in fund balance - GAAP basis	<u>\$ (1,330,866)</u>

**CITY OF LAKE OSWEGO, OREGON**

**Redevelopment Agency East End Capital Projects Fund  
Schedule of Resources and Requirements - Budget to Actual  
for the fiscal year ended June 30, 2024**

	Budget for the 2023-25 Biennium		1st year	Variance with Final Budget
	Original	Final	Actual Amounts	
<b>Resources:</b>				
Beginning fund balance	\$ 117,479	\$ 117,479	\$ 173,119	\$ 55,640
Miscellaneous	60,000	60,000	193,579	133,579
Proceeds sale of capital assets	5,000,000	5,000,000	-	(5,000,000)
Total resources	<u>\$ 5,177,479</u>	<u>\$ 5,177,479</u>	<u>\$ 366,698</u>	<u>\$ (4,810,781)</u>
<b>Requirements:</b>				
Personal services				
East end activities	\$ 5,033,000	\$ 5,033,000	\$ 31,653	\$ 5,001,347
Contingency	144,479	144,479	-	144,479
Unappropriated ending fund balance	-	-	335,045	(335,045)
Total requirements	<u>\$ 5,177,479</u>	<u>\$ 5,177,479</u>	<u>\$ 366,698</u>	<u>\$ 4,810,781</u>
<b>Reconciliation to net change in fund balance - GAAP basis:</b>				
Resources-beginning fund balance			\$ (173,119)	
Requirements-unappropriated ending fund balance			<u>335,045</u>	
Net change in fund balance - GAAP basis			<u>\$ 161,926</u>	

**CITY OF LAKE OSWEGO, OREGON**

**Redevelopment Agency Lake Grove Capital Projects Fund  
Schedule of Resources and Requirements - Budget to Actual  
for the fiscal year ended June 30, 2024**

	Budget for the 2023-25 Biennium		1st year	Variance with Final Budget
	Original	Final	Actual Amounts	
<b>Resources:</b>				
Beginning fund balance	\$ 1,594,948	\$ 1,594,948	\$ 2,185,888	\$ 590,940
Miscellaneous	59,000	59,000	100,193	41,193
Total resources	<u>\$ 1,653,948</u>	<u>\$ 1,653,948</u>	<u>\$ 2,286,081</u>	<u>\$ 632,133</u>
<b>Requirements:</b>				
Lake grove village activities	\$ 608,000	\$ 608,000	\$ 305,389	\$ 302,611
Contingency	1,045,948	1,045,948	-	1,045,948
Unappropriated ending fund balance	-	-	1,980,692	(1,980,692)
Total requirements	<u>\$ 1,653,948</u>	<u>\$ 1,653,948</u>	<u>\$ 2,286,081</u>	<u>\$ (632,133)</u>
<b>Reconciliation to net change in fund balance - GAAP basis:</b>				
Resources-beginning fund balance			\$ (2,185,888)	
Requirements-unappropriated ending fund balance			1,980,692	
Net change in fund balance - GAAP basis			<u>\$ (205,196)</u>	

**CITY OF LAKE OSWEGO, OREGON**  
**Assessment Project Fund**  
**Schedule of Resources and Requirements - Budget to Actual**  
*for the fiscal year ended June 30, 2024*

	<b>Budget for the 2023-25 Biennium</b>		<b>1st year</b>	<b>Variance with Final Budget</b>
	<b>Original</b>	<b>Final</b>	<b>Actual Amounts</b>	
<b>Resources:</b>				
Beginning fund balance	\$ 900,369	\$ 900,369	\$ 918,071	\$ 17,702
Licenses and fees	40,000	40,000	7,349	(32,651)
Special assessment	14,000	14,000	6,003	(7,997)
Miscellaneous	24,000	24,000	46,744	22,744
Total resources	<u>\$ 978,369</u>	<u>\$ 978,369</u>	<u>\$ 978,167</u>	<u>\$ (202)</u>

<b>Requirements:</b>				
Reserve for future expenditure	\$ 978,369	\$ 978,369	\$ -	\$ 978,369
Unappropriated ending fund balance	-	-	978,167	(978,167)
Total requirements	<u>\$ 978,369</u>	<u>\$ 978,369</u>	<u>\$ 978,167</u>	<u>\$ 202</u>

**Reconciliation to net change in**

**fund balance - GAAP basis:**

Resources-beginning fund balance	\$ (918,071)
Requirements-unappropriated ending fund balance	978,167
Net change in fund balance - GAAP basis	<u>\$ 60,096</u>

**CITY OF LAKE OSWEGO, OREGON**

**Public Art Fund**

**Schedule of Resources and Requirements - Budget to Actual  
for the fiscal year ended June 30, 2024**

	Budget for the 2023-25 Biennium		1st year	Variance with Final Budget
	Original	Final	Actual Amounts	
<b>Resources:</b>				
Beginning fund balance	\$ 105,955	\$ 105,955	\$ 98,834	\$ (7,121)
Miscellaneous	2,000	2,000	6,906	4,906
Transfers	<u>512,000</u>	<u>512,000</u>	<u>341,055</u>	<u>(170,945)</u>
Total resources	<u>\$ 619,955</u>	<u>\$ 619,955</u>	<u>\$ 446,795</u>	<u>\$ (173,160)</u>
<b>Requirements:</b>				
Public art	\$ 552,000	\$ 552,000	\$ 220,485	\$ 331,515
Unappropriated ending fund balance	<u>67,955</u>	<u>67,955</u>	<u>226,310</u>	<u>(158,355)</u>
Total requirements	<u>\$ 619,955</u>	<u>\$ 619,955</u>	<u>\$ 446,795</u>	<u>\$ 173,160</u>

**Reconciliation to net change in  
fund balance - GAAP basis:**

Resources-beginning fund balance	\$ (98,834)
Requirements-unappropriated ending fund balance	<u>226,310</u>
Net change in fund balance - GAAP basis	<u>\$ 127,476</u>

Note: This fund's activities have been combined with the General Fund activities in accordance with GASB pronouncement No. 54 due to its resources being derived primarily from General Fund transfers.

**CITY OF LAKE OSWEGO, OREGON**

**Capital Reserve Fund**

**Schedule of Resources and Requirements - Budget to Actual**

*for the fiscal year ended June 30, 2024*

	Budget for the 2023-25 Biennium		1st year	Variance with Final Budget
	Original	Final	Actual Amounts	
Resources:				
Beginning fund balance	\$ 2,444,125	\$ 2,444,125	\$ 2,472,658	\$ 28,533
Miscellaneous	40,000	40,000	80,006	40,006
Transfers	-	-	-	-
Total resources	<u>\$ 2,484,125</u>	<u>\$ 2,484,125</u>	<u>\$ 2,552,664</u>	<u>\$ 68,539</u>
Requirements:				
Capital Reserve Activity	\$ 1,800,000	\$ 1,800,000	\$ 1,800,000	\$ -
Reserve for future expenditures	684,125	684,125	-	684,125
Unappropriated ending fund balance	-	-	752,664	(752,664)
Total requirements	<u>\$ 2,484,125</u>	<u>\$ 2,484,125</u>	<u>\$ 2,552,664</u>	<u>\$ (68,539)</u>

**Reconciliation to net change in**

**fund balance - GAAP basis:**

Resources-beginning fund balance	\$ (2,472,658)
Requirements-unappropriated ending fund balance	752,664
Net change in fund balance - GAAP basis	<u>\$ (1,719,994)</u>

Note: This fund's activities have been combined with the General Fund activities in accordance with GASB pronouncement No. 54 due to its resources being derived primarily from General Fund transfers.

Combining and Individual Fund Financial  
Statements and Schedules  
For Major and Nonmajor Proprietary Funds

**Proprietary Funds**

**Enterprise Funds**

These funds account for operation of the City's enterprise activities.

*Major enterprise funds:*

Water Fund - accounts for the activities of the City's water distribution system. Revenue is derived primarily from water service charges.

Sewer Fund - accounts for the activities of the City's sewer collection and treatment system. Revenue is derived primarily from sewer service charges.

Stormwater Fund - accounts for the activities of the City's stormwater management system which was developed to address water quality and flooding problems. Revenue is derived primarily from stormwater management charges.

*Nonmajor enterprise funds:*

Capital Reserve Water Fund – accounts for funds set-aside for future capital purchases. Revenue consists of transfers from the Water Fund.

Tennis Facility Fund – accounts for the operation of the City's indoor tennis facility. Revenue is primarily from user fees.

**Internal Service Funds**

These funds are used to account for services provided by the City of Lake Oswego to various departments within the City.

Public Works Support Services Fund – accounts for the maintenance of equipment, property, and for the activities of the automobile fleet of the City. Revenues are derived from reimbursements from other funds for associated costs as well as a reimbursement from the Lake Oswego School District for fuel usage.

Engineering Fund – manages the planning, design and construction of the City's infrastructure, including stormwater, water, sewer collection, and transportation. In addition, the Engineering Division provides technical support for privately financed public improvements (constructed with development projects), and provides GIS mapping services.



**City of Lake Oswego, Oregon**  
**Statement of Net Position**  
**Nonmajor Enterprise Funds**  
*as of June 30, 2024*

	<b>Business-type Activities - Enterprise Funds</b>
	<b>Tennis Facility Fund</b>
<b>Assets</b>	
Current assets:	
Cash and investments	\$ 174,326
Total current assets	<u>174,326</u>
Noncurrent assets:	
Net OPEB asset	9,916
Capital assets:	
Buildings and improvements	3,121,319
Machinery and equipment	10,300
	<u>3,131,619</u>
Less accumulated depreciation	(652,765)
Total capital assets (net of accumulated depreciation)	<u>2,478,854</u>
Total noncurrent assets	<u>2,488,770</u>
Total assets	<u>2,663,096</u>
<b>Deferred outflows of resources</b>	
Deferred amounts related to other postemployment benefits	7,066
Deferred amounts related to pensions	70,814
Total deferred outflows of resources	<u>77,880</u>
<b>Liabilities</b>	
Current liabilities:	
Accounts payable	2,541
Salaries and benefits payable	569
Compensated absences payable	2,969
Total OPEB liability	2,165
Total current liabilities	<u>8,244</u>
Noncurrent liabilities:	
Total OPEB liability	28,770
Net pension liability	189,911
Total noncurrent liabilities	<u>218,681</u>
Total liabilities	<u>226,925</u>
<b>Deferred inflows of resources</b>	
Deferred amounts related to other postemployment benefits	4,164
Deferred amounts related to pensions	13,572
Total deferred inflows of resources	<u>17,736</u>
<b>Net Position</b>	
Net investment in capital assets	2,478,854
Restricted for OPEB asset	9,916
Unrestricted	7,545
Total net position	<u>\$ 2,496,315</u>

**City of Lake Oswego, Oregon**  
**Statement of Revenues, Expenses, and Changes in Net Position**  
**Nonmajor Enterprise Funds**  
*for the fiscal year ended June 30, 2024*

	<b>Business-type Activities - Enterprise Funds</b>
	<b>Tennis Facility Fund</b>
Operating revenues:	
Licenses and fees	\$ 5,349
Charges for sales and services	709,549
Miscellaneous	1,124
Total operating revenues	<u>716,022</u>
Operating expenses:	
Salaries and benefits	360,100
Operating supplies and services	275,313
Depreciation	52,426
Total operating expenses	<u>687,839</u>
Operating income (loss)	<u>28,183</u>
Nonoperating revenues (expenses):	
Interest on investments	6,320
Loss on sale of capital assets	(16,175)
Total nonoperating revenues (expenses):	<u>(9,855)</u>
Change in net position	<u>18,328</u>
Total net position - beginning:	<u>2,477,987</u>
Total net position - ending	<u>\$ 2,496,315</u>

**CITY OF LAKE OSWEGO, OREGON**  
**Statement of Cash Flows**  
**Nonmajor Enterprise Funds**  
*for the fiscal year ended June 30, 2024*

	<b>Business- type Activities -</b>
	<b>Tennis Facility Fund</b>
Cash flows from operating activities:	
Receipts from customers	\$ 714,898
Payments to suppliers	(274,104)
Payments to employees	(356,924)
Other receipts	1,124
Net cash from operating activities	<u>84,994</u>
Cash flows from investing activities:	
Investment income	<u>6,320</u>
Net increase (decrease) in cash and investments	91,314
Cash and investments, June 30, 2023	<u>83,012</u>
Cash and investments, June 30, 2024	<u><u>\$ 174,326</u></u>
Reconciliation of operating income (loss) to net cash from operating activities:	
Operating income (loss)	\$ 28,183
Adjustments to reconcile operating income (loss) to net cash from operating activities:	
Depreciation expense	52,426
Changes in assets and liabilities:	
Net OPEB asset	(2,721)
Deferred outflows	(7,398)
Accounts payable	1,209
Salaries and benefits payable	301
Total OPEB liability	5,102
Compensated absences payable	(1,381)
Net pension liability	42,382
Deferred inflows	<u>(33,109)</u>
Net cash from operating activities	<u><u>\$ 84,994</u></u>

**CITY OF LAKE OSWEGO, OREGON**

**Water Fund**

**Schedule of Resources and Requirements - Budget to Actual**

*for the fiscal year ended June 30, 2024*

	Budget for the 2023-25 Biennium		1st year	Variance with Final Budget
	Original	Final	Actual Amounts	
Resources:				
Beginning fund balance	\$ 13,337,068	\$ 13,337,068	\$ 16,943,537	\$ 3,606,469
Intergovernmental	3,847,000	3,847,000	1,896,000	(1,951,000)
Sales and services	28,820,000	28,820,000	15,093,172	(13,726,828)
Miscellaneous	510,000	510,000	987,958	477,958
Total resources	<u>\$ 46,514,068</u>	<u>\$ 46,514,068</u>	<u>\$ 34,920,667</u>	<u>\$ (11,593,401)</u>
Requirements:				
Water department	\$ 29,264,000	\$ 31,309,000	\$ 11,965,381	\$ 19,343,619
Debt service	11,642,000	11,642,000	5,221,000	6,421,000
Transfers	2,000,000	2,000,000	1,000,000	1,000,000
Contingency	3,608,068	1,563,068	-	1,563,068
Unappropriated ending fund balance	-	-	16,734,286	(16,734,286)
Total requirements	<u>\$ 46,514,068</u>	<u>\$ 46,514,068</u>	<u>\$ 34,920,667</u>	<u>\$ 11,593,401</u>

**Reconciliation to net change in**

**net position - GAAP basis:**

Resources-beginning fund balance	\$ (16,943,537)
Requirements-unappropriated ending fund balance	16,734,286
Total OPEB liability	28,518
Deferred outflow other postemployment benefits	(20,632)
Deferred inflow other postemployment benefits	12,770
Accrual for compensated absences payable	(46,557)
Debt principal payment	2,625,000
Bond interest payable	10,938
Deferrred Charge on Refunding	110,399
Amortization of bond premium	589,000
Net pension liability (asset)	(240,168)
Deferred outflow pension	(36,032)
Deferred inflow pension	571,334
Capital outlay	3,216,501
Depreciation expense-GAAP expense	(3,736,132)
Capital contributions	564,788
Net change in net position - GAAP basis	<u>\$ 3,440,476</u>

**CITY OF LAKE OSWEGO, OREGON**

**Sewer Fund**

**Schedule of Resources and Requirements - Budget to Actual**

*for the fiscal year ended June 30, 2024*

	Budget for the 2023-25 Biennium		1st year	Variance with Final Budget
	Original	Final	Actual Amounts	
Resources:				
Beginning fund balance	\$ 24,946,332	\$ 24,946,332	\$ 24,559,479	\$ (386,853)
Intergovernmental	2,096,000	2,096,000	3,479,143	1,383,143
Licenses and fees	-	-	57,641	57,641
Sales and services	35,881,000	35,881,000	17,737,248	(18,143,752)
Miscellaneous	500,000	500,000	869,969	369,969
Other financing sources	-	16,500,000	16,176,605	(323,395)
Total resources	<u>\$ 63,423,332</u>	<u>\$ 79,923,332</u>	<u>\$ 62,880,085</u>	<u>\$ (17,043,247)</u>

Requirements:				
Wastewater department	\$ 47,184,000	\$ 56,884,000	\$ 38,963,930	\$ 17,920,070
Debt service	11,254,000	12,354,000	5,607,850	6,746,150
Contingency	4,985,332	10,685,332	-	10,685,332
Unappropriated ending fund balance	-	-	18,308,305	(18,308,305)
Total requirements	<u>\$ 63,423,332</u>	<u>\$ 79,923,332</u>	<u>\$ 62,880,085</u>	<u>\$ 17,043,247</u>

**Reconciliation to net change in**

**net position - GAAP basis:**

Resources-beginning fund balance	\$ (24,559,479)
Requirements-unappropriated ending fund balance	18,308,305
Net OPEB liability	6,910
Deferred outflow other postemployment benefits	(6,387)
Deferred inflow other postemployment benefits	3,988
Accrual for compensated absences payable	(9,778)
Bond principal payment	3,430,000
Bond interest payable	(49,042)
Other financing sources	(16,176,605)
Amortization of deferred charge on refunding	132,557
Amortization of bond premium	554,571
Net pension liability (asset)	(233,160)
Deferred outflow pension	51,519
Deferred inflow pension	149,323
Capital outlay	30,221,863
Depreciation expense-GAAP expense	(2,840,636)
Capital contributions	434,234
Net change in net position - GAAP basis	<u>\$ 9,418,183</u>

**CITY OF LAKE OSWEGO, OREGON**  
**Stormwater Fund**  
**Schedule of Resources and Requirements - Budget to Actual**  
*for the fiscal year ended June 30, 2024*

	<b>Budget for the 2023-25 Biennium</b>		<b>1st year</b>	<b>Variance with Final Budget</b>
	<b>Original</b>	<b>Final</b>	<b>Actual Amounts</b>	
<b>Resources:</b>				
Beginning fund balance	\$ 3,863,521	\$ 5,063,521	\$ 5,161,162	\$ 97,641
Sales and services	10,442,000	10,442,000	5,065,932	(5,376,068)
Miscellaneous	70,000	70,000	288,342	218,342
Total resources	<u>\$ 14,375,521</u>	<u>\$ 15,575,521</u>	<u>\$ 10,515,436</u>	<u>\$ (5,060,085)</u>
<b>Requirements:</b>				
Stormwater department	\$ 10,295,000	\$ 11,495,000	\$ 3,128,543	\$ 8,366,457
Debt service	231,000	231,000	230,625	375
Contingency	3,849,521	3,849,521	-	3,849,521
Unappropriated ending fund balance	-	-	7,156,268	(7,156,268)
Total requirements	<u>\$ 14,375,521</u>	<u>\$ 15,575,521</u>	<u>\$ 10,515,436</u>	<u>\$ 5,060,085</u>

**Reconciliation to net change in**

**net position - GAAP basis:**

Resources-beginning fund balance	\$ (5,161,162)
Requirements-unappropriated ending fund balance	7,156,268
Net OPEB liability	3,702
Deferred outflow other postemployment benefits	(3,120)
Deferred inflow other postemployment benefits	1,942
Accrual for compensated absences payable	(3,265)
Bond principal payment	225,000
Bond interest payable	938
Amortization of bond premium	17,833
Net pension liability (asset)	(136,119)
Deferred outflow pension	31,895
Deferred inflow pension	78,655
Capital outlay	672,914
Depreciation expense-GAAP expense	(867,386)
Capital contributions	559,849
Net change in net position - GAAP basis	<u>\$ 2,577,944</u>

# City of Lake Oswego, Oregon

## Water Fund

### Schedule of Combining Actual Resources and Requirements for the Water Fund for the fiscal year ended June 30, 2024

	<u>Water Fund</u>	<u>Capital Reserve Water Fund</u>	<u>Combined Water Fund</u>
	<u>Actual Amounts</u>	<u>Actual Amounts</u>	<u>Total</u>
Resources:			
Beginning fund balance	\$ 16,943,537	\$ 3,023,996	\$ 19,967,533
Intergovernmental	1,896,000	-	1,896,000
Sales and services	15,093,172	-	15,093,172
Miscellaneous	987,958	185,325	1,173,283
Transfers	-	1,000,000	1,000,000
Total resources	<u>\$ 34,920,667</u>	<u>\$ 4,209,321</u>	<u>\$ 39,129,988</u>
Requirements:			
Water department	\$ 11,965,381	\$ -	\$ 11,965,381
Debt service	5,221,000	-	5,221,000
Transfers	1,000,000	-	1,000,000
Unappropriated ending fund balance	16,734,286	4,209,321	20,943,607
Total requirements	<u>\$ 34,920,667</u>	<u>\$ 4,209,321</u>	<u>\$ 39,129,988</u>

**CITY OF LAKE OSWEGO, OREGON**

**Capital Reserve Water Fund**

**Schedule of Resources and Requirements - Budget to Actual**

*for the fiscal year ended June 30, 2024*

	Budget for the 2023-25 Biennium		1st year	Variance with Final Budget
	Original	Final	Actual Amounts	
<b>Resources:</b>				
Beginning fund balance	\$ 3,001,441	\$ 3,001,441	\$ 3,023,996	\$ 22,555
Miscellaneous	70,000	70,000	185,325	115,325
Transfers	2,000,000	2,000,000	1,000,000	(1,000,000)
Total resources	<u>\$ 5,071,441</u>	<u>\$ 5,071,441</u>	<u>\$ 4,209,321</u>	<u>\$ (862,120)</u>
<b>Requirements:</b>				
Reserve for future expenditures	\$ 5,071,441	\$ 5,071,441	\$ -	\$ 5,071,441
Unappropriated ending fund balance	-	-	4,209,321	(4,209,321)
Total requirements	<u>\$ 5,071,441</u>	<u>\$ 5,071,441</u>	<u>\$ 4,209,321</u>	<u>\$ 862,120</u>
<b>Reconciliation to net change in fund balance - GAAP basis:</b>				
Resources-beginning fund balance			\$ (3,023,996)	
Requirements-unappropriated ending fund balance			4,209,321	
Net change in fund balance - GAAP basis			<u>\$ 1,185,325</u>	

Note: This fund's activities have been combined with the Water Fund activities in accordance with GASB pronouncement No. 54 due to its resources being derived primarily from Water Fund transfers.



**CITY OF LAKE OSWEGO, OREGON**  
**Tennis Facility Fund**  
**Schedule of Resources and Requirements - Budget to Actual**  
*for the fiscal year ended June 30, 2024*

	<b>Budget for the 2023-25 Biennium</b>		<b>1st year</b>	<b>Variance with Final Budget</b>
	<b>Original</b>	<b>Final</b>	<b>Actual Amounts</b>	
<b>Resources:</b>				
Beginning fund balance	\$ 176,554	\$ 176,554	\$ 81,412	\$ (95,142)
Licenses and fees	4,000	4,000	5,349	1,349
Sales and services	968,000	968,000	709,549	(258,451)
Miscellaneous	36,000	36,000	7,444	(28,556)
Total resources	<u>\$ 1,184,554</u>	<u>\$ 1,184,554</u>	<u>\$ 803,754</u>	<u>\$ (380,800)</u>
<b>Requirements:</b>				
Tennis facility department	\$ 1,023,000	\$ 1,023,000	\$ 632,538	\$ 390,462
Unappropriated ending fund balance	161,554	161,554	171,216	(9,662)
Total requirements	<u>\$ 1,184,554</u>	<u>\$ 1,184,554</u>	<u>\$ 803,754</u>	<u>\$ 380,800</u>

**Reconciliation to net change in**

**net position - GAAP basis:**

Resources-beginning fund balance	\$ (81,412)
Requirements-unappropriated ending fund balance	171,216
Net OPEB liability	(2,381)
Deferred outflow other postemployment benefits	(815)
Deferred inflow other postemployment benefits	569
Accrual for compensated absences payable	1,381
Net pension liability (asset)	(42,382)
Deferred outflow pension	8,213
Deferred inflow pension	32,540
Loss on sale of capital assets	(16,175)
Depreciation expense-GAAP expense	<u>(52,426)</u>
Net change in net position - GAAP basis	<u>\$ 18,328</u>

**City of Lake Oswego, Oregon**  
**Combining Statement of Net Position**  
**Internal Service Funds**  
*as of June 30, 2024*

	<b>Public Works Support Services Fund</b>	<b>Engineering Fund</b>	<b>Total Internal Service Funds</b>
<b>Assets</b>			
Current assets:			
Cash and investments	\$ 934,851	\$ 2,130,395	\$ 3,065,246
Receivables	2,713	-	2,713
Inventories & prepaids	23,352	-	23,352
Total current assets	<u>960,916</u>	<u>2,130,395</u>	<u>3,091,311</u>
Noncurrent assets:			
Net OPEB asset	25,394	59,736	85,130
Capital assets:			
Land	817,916	-	817,916
Buildings and improvements	12,939,061	-	12,939,061
Machinery and equipment	639,294	357,550	996,844
Infrastructure	480,994	-	480,994
Construction in progress	77,988	-	77,988
	<u>14,955,253</u>	<u>357,550</u>	<u>15,312,803</u>
Less accumulated depreciation	<u>(2,407,612)</u>	<u>(207,492)</u>	<u>(2,615,104)</u>
Total capital assets (net of accumulated depreciation)	<u>12,547,641</u>	<u>150,058</u>	<u>12,697,699</u>
Total noncurrent assets	<u>12,573,035</u>	<u>209,794</u>	<u>12,782,829</u>
Total assets	<u>13,533,951</u>	<u>2,340,189</u>	<u>15,874,140</u>
<b>Deferred outflows of resources</b>			
Deferred amounts related to other postemployment benefits	18,097	42,571	60,668
Deferred amounts related to pensions	624,826	1,497,501	2,122,327
Total deferred outflows of resources	<u>642,923</u>	<u>1,540,072</u>	<u>2,182,995</u>
<b>Liabilities</b>			
Current liabilities:			
Accounts payable	29,315	12,531	41,846
Salaries and benefits payable	3,187	7,742	10,929
Compensated absences payable	50,000	170,000	220,000
Total OPEB liability	5,544	13,042	18,586
Refundable deposits	-	280,485	280,485
Total current liabilities	<u>88,046</u>	<u>483,800</u>	<u>571,846</u>
Noncurrent liabilities:			
Compensated absences payable	34,807	72,937	107,744
Total OPEB liability	73,680	173,323	247,003
Net pension liability	1,675,683	4,016,054	5,691,737
Total noncurrent liabilities	<u>1,784,170</u>	<u>4,262,314</u>	<u>6,046,484</u>
Total liabilities	<u>1,872,216</u>	<u>4,746,114</u>	<u>6,618,330</u>
<b>Deferred inflows of resources</b>			
Deferred amounts related to other postemployment benefits	10,664	25,085	35,749
Deferred amounts related to pensions	119,754	287,014	406,768
Total deferred inflow of resources	<u>130,418</u>	<u>312,099</u>	<u>442,517</u>
<b>Net Position</b>			
Net investment in capital assets	12,547,641	150,058	12,697,699
Restricted	25,394	59,736	85,130
Unrestricted	(398,795)	(1,387,746)	(1,786,541)
Total net position	<u>\$ 12,174,240</u>	<u>\$ (1,177,952)</u>	<u>\$ 10,996,288</u>

# City of Lake Oswego, Oregon

## Combining Statement of Revenues, Expenses, and Changes in Net Position Internal Service Funds

for the fiscal year ended June 30, 2024

	<b>Public Works Support Services Fund</b>	<b>Engineering Fund</b>	<b>Total Internal Service Funds</b>
Operating revenues:			
Licenses and fees	\$ 27,747	\$ 394,537	\$ 422,284
Charges for sales and services	2,116,000	4,500,505	6,616,505
Miscellaneous	<u>2,659</u>	<u>2,111</u>	<u>4,770</u>
Total operating revenues	<u>2,146,406</u>	<u>4,897,153</u>	<u>7,043,559</u>
Operating expenses:			
Salaries and benefits	1,582,453	3,566,715	5,149,168
Operating supplies and services	942,546	974,965	1,917,511
Depreciation	<u>325,947</u>	<u>34,226</u>	<u>360,173</u>
Total operating expenses	<u>2,850,946</u>	<u>4,575,906</u>	<u>7,426,852</u>
Operating income (loss)	<u>(704,540)</u>	<u>321,247</u>	<u>(383,293)</u>
Nonoperating revenues (expenses):			
Interest on investments	48,674	97,060	145,734
Proceeds on sale of capital assets	<u>5,670</u>	<u>-</u>	<u>5,670</u>
Total nonoperating revenues (expenses)	<u>54,344</u>	<u>97,060</u>	<u>151,404</u>
Change in net position	(650,196)	418,307	(231,889)
Total net position - beginning	<u>12,824,436</u>	<u>(1,596,259)</u>	<u>11,228,177</u>
Total net position - ending	<u>\$ 12,174,240</u>	<u>\$ (1,177,952)</u>	<u>\$ 10,996,288</u>

**CITY OF LAKE OSWEGO, OREGON**  
**Combining Statement of Cash Flows**  
**Internal Service Funds**  
*for the fiscal year ended June 30, 2024*

	<b>Public Works Support Services Fund</b>	<b>Engineering Fund</b>	<b>Total Internal Service Funds</b>
Cash flows from operating activities:			
Receipts from customers	\$ 2,141,034	\$ 4,943,600	\$ 7,084,634
Payments to suppliers	(950,837)	(969,647)	(1,920,484)
Payments to employees	(1,339,921)	(3,780,973)	(5,120,894)
Other receipts	2,659	2,111	4,770
Net cash flows from operating activities	<u>(147,065)</u>	<u>195,091</u>	<u>48,026</u>
Cash flows from capital and related financing activities:			
Purchases, acquisitions, dispositions and construction of capital assets	<u>(99,728)</u>	<u>-</u>	<u>(99,728)</u>
Net cash provided (used) by noncapital financing activities	<u>(99,728)</u>	<u>-</u>	<u>(99,728)</u>
Cash flows from investing activities:			
Investment income	<u>48,674</u>	<u>97,061</u>	<u>145,735</u>
Net increase (decrease) in cash and investments	<u>(198,119)</u>	<u>292,152</u>	<u>94,033</u>
Cash and investments, June 30, 2023	<u>1,132,970</u>	<u>1,838,243</u>	<u>2,971,213</u>
Cash and investments, June 30, 2024	<u>\$ 934,851</u>	<u>\$ 2,130,395</u>	<u>\$ 3,065,246</u>
Reconciliation of operating income (loss) to net cash provided by operating activities:			
Operating income (loss)	\$ (704,540)	\$ 321,247	\$ (383,293)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:			
Depreciation expense	325,947	34,226	360,173
Changes in assets and liabilities:			
Receivables	(2,713)	-	(2,713)
Inventories	6,107	-	6,107
Net OPEB asset	(3,114)	(91)	(3,205)
Deferred outflows	(161,344)	(44,409)	(205,753)
Accounts payable	(14,398)	5,318	(9,080)
Salaries and benefits payable	1,582	2,925	4,507
Net OPEB liability	(776)	(27,801)	(28,577)
Compensated absences payable	28,902	(9,405)	19,497
Refundable deposits	-	48,558	48,558
Net pension liability	598,278	645,251	1,243,529
Deferred inflows	<u>(220,996)</u>	<u>(780,728)</u>	<u>(1,001,724)</u>
Net cash provided by operating activities	<u>\$ (147,065)</u>	<u>\$ 195,091</u>	<u>\$ 48,026</u>

**CITY OF LAKE OSWEGO, OREGON**  
**Public Works Support Services Fund**  
**Schedule of Resources and Requirements - Budget to Actual**  
*for the fiscal year ended June 30, 2024*

	<b>Budget for the 2023-25 Biennium</b>		<b>1st year</b>	<b>Variance with Final Budget</b>
	<b>Original</b>	<b>Final</b>	<b>Actual Amounts</b>	
<b>Resources:</b>				
Beginning fund balance	\$ 1,106,137	\$ 1,106,137	\$ 1,117,111	\$ 10,974
Charges for services	4,364,000	4,364,000	2,116,000	(2,248,000)
Miscellaneous	52,000	52,000	79,080	27,080
Proceeds sale of capital assets	-	-	5,670	5,670
<b>Total resources</b>	<b>\$ 5,522,137</b>	<b>\$ 5,522,137</b>	<b>\$ 3,317,861</b>	<b>\$ (2,204,276)</b>
<b>Requirements:</b>				
Operations services department	\$ 5,109,000	\$ 5,109,000	\$ 2,389,446	\$ 2,719,554
Contingency	413,137	413,137	-	413,137
Unappropriated ending fund balance	-	-	928,415	(928,415)
<b>Total requirements</b>	<b>\$ 5,522,137</b>	<b>\$ 5,522,137</b>	<b>\$ 3,317,861</b>	<b>\$ 2,204,276</b>
<b>Reconciliation to net change in net position - GAAP basis:</b>				
Resources-beginning fund balance			\$ (1,117,111)	
Requirements-unappropriated ending fund balance			928,415	
Total OPEB liability			3,890	
Deferred outflow other postemployment benefits			(6,309)	
Deferred inflow other postemployment benefits			3,994	
Accrual for compensated absences payable			(28,903)	
Net pension liability (asset)			(598,278)	
Deferred outflow pension			167,653	
Deferred inflow pension			217,002	
Capital outlay			105,398	
Depreciation expense-GAAP expense			(325,947)	
<b>Net change in net position - GAAP basis</b>			<b>\$ (650,196)</b>	

**CITY OF LAKE OSWEGO, OREGON**  
**Engineering Fund**  
**Schedule of Resources and Requirements - Budget to Actual**  
*for the fiscal year ended June 30, 2024*

	Budget for the 2023-25 Biennium		1st year	Variance with Final Budget
	Original	Final	Actual Amounts	
<b>Resources:</b>				
Beginning fund balance	\$ 1,284,798	\$ 1,284,798	\$ 1,594,288	\$ 309,490
Licenses and fees	485,000	485,000	394,537	(90,463)
Charges for services	9,443,000	9,443,000	4,500,505	(4,942,495)
Miscellaneous	24,000	24,000	99,171	75,171
Total resources	<u>\$ 11,236,798</u>	<u>\$ 11,236,798</u>	<u>\$ 6,588,501</u>	<u>\$ (4,648,297)</u>
<b>Requirements:</b>				
Engineering department	\$ 10,753,000	\$ 10,753,000	\$ 4,758,864	\$ 5,994,136
Contingency	483,798	483,798	-	483,798
Unappropriated ending fund balance	-	-	1,829,637	(1,829,637)
Total requirements	<u>\$ 11,236,798</u>	<u>\$ 11,236,798</u>	<u>\$ 6,588,501</u>	<u>\$ 4,648,297</u>
<b>Reconciliation to net change in net position - GAAP basis:</b>				
Resources-beginning fund balance			\$ (1,594,288)	
Requirements-unappropriated ending fund balance			1,829,637	
Net OPEB liability			27,892	
Deferred outflow other postemployment benefits			(22,767)	
Deferred inflow other postemployment benefits			14,156	
Accrual for compensated absences payable			9,407	
Net pension liability (asset)			(645,251)	
Deferred outflow pension			67,175	
Deferred inflow pension			766,572	
Depreciation expense-GAAP expense			(34,226)	
Net change in net position - GAAP basis			<u>\$ 418,307</u>	

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## **OTHER FINANCIAL SCHEDULES**

Schedule of Property Tax Transactions and Outstanding Balances

Schedule of Future Requirements of Debt Obligations

Schedule of Accountability of Independently Elected Officials



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**CITY OF LAKE OSWEGO, OREGON**

**Schedule of Property Tax Transactions and Outstanding Balances**  
*for the fiscal year ended June 30, 2024*

<u>Tax levy fiscal year</u>	<u>Balance June 30, 2023</u>	<u>Levy assessed</u>	<u>Add (deduct) adjustments and discounts</u>	<u>Deduct cash collections</u>	<u>Balance June 30, 2024</u>
2023-24	\$ -	\$ 56,353,528	\$ (1,488,409)	\$ (53,678,394)	\$ 1,186,724
2022-23	1,423,148	-	(570,497)	\$ (489,485)	363,166
2021-22	696,503	-	(12,756)	(481,663)	202,084
2020-21	201,509	-	(22,439)	(87,094)	91,976
2019-20 & prior	158,671	-	61,856	(120,935)	99,592
	<u>\$ 2,479,831</u>	<u>\$ 56,353,528</u>	<u>\$ (2,032,245)</u>	<u>\$ (54,857,571)</u>	<u>\$ 1,943,543</u>

**CITY OF LAKE OSWEGO, OREGON**  
**Schedule of Future Requirements for Debt Obligations**  
as of June 30, 2024

**FUTURE PRINCIPAL REQUIREMENTS**

Fiscal year	General Obligation Bonds			Full Faith & Credit					
	Lake Grove/ Parks Refunding	Parks Series 2019	Parks Series 2023	Sewer Refunding	LORA, Water, and Stormwater Series 2018 Refunding	Streets Series 2019	Wastewater 2010 Refunding & LORA	Water Series 2023	Sewer Series 2024
	2/26/15	11/6/19	6/1/23	12/21/17	5/2/18	11/6/19	5/12/20	6/1/23	5/21/24
2025	\$ 160,000	\$ 905,000	\$ -	\$ 2,460,000	\$ 1,765,000	\$ 505,000	\$ 1,275,000	\$ 2,460,000	\$ 285,000
2026	165,000	1,005,000	-	2,505,000	1,860,000	530,000	1,365,000	2,580,000	315,000
2027	165,000	1,115,000	-	2,635,000	1,955,000	560,000	1,455,000	2,710,000	335,000
2028	170,000	1,230,000	-	2,760,000	2,055,000	585,000	1,555,000	2,850,000	350,000
2029	175,000	1,355,000	-	2,900,000	1,785,000	615,000	1,660,000	2,990,000	365,000
2030	180,000	1,225,000	-	3,015,000	1,840,000	630,000	1,765,000	3,140,000	385,000
2031	190,000	1,300,000	-	3,140,000	1,895,000	640,000	1,880,000	3,290,000	405,000
2032	195,000	1,375,000	-	3,260,000	1,955,000	655,000	2,010,000	3,455,000	425,000
2033	200,000	1,460,000	-	3,390,000	2,015,000	670,000	2,130,000	3,630,000	445,000
2034	205,000	1,550,000	-	3,495,000	2,075,000	685,000	2,265,000	3,815,000	470,000
2035	210,000	1,645,000	-	3,600,000	2,140,000	700,000	2,410,000	4,000,000	490,000
2036	220,000	1,745,000	-	-	2,205,000	720,000	605,000	4,205,000	515,000
2037	225,000	1,850,000	-	-	2,275,000	735,000	670,000	4,415,000	545,000
2038	235,000	1,960,000	-	-	2,345,000	755,000	735,000	4,635,000	570,000
2039	240,000	2,075,000	-	-	2,415,000	775,000	805,000	-	600,000
2040	-	-	2,140,000	-	2,495,000	-	880,000	-	630,000
2041	-	-	2,300,000	-	2,575,000	-	960,000	-	660,000
2042	-	-	1,700,000	-	2,665,000	-	1,045,000	-	690,000
2043	-	-	-	-	2,750,000	-	1,140,000	-	725,000
2044	-	-	-	-	-	-	1,235,000	-	765,000
2045	-	-	-	-	-	-	1,340,000	-	800,000
2046	-	-	-	-	-	-	-	-	840,000
2047	-	-	-	-	-	-	-	-	885,000
2048	-	-	-	-	-	-	-	-	930,000
2049	-	-	-	-	-	-	-	-	975,000
	<u>\$ 2,935,000</u>	<u>\$ 21,795,000</u>	<u>\$ 6,140,000</u>	<u>\$ 33,160,000</u>	<u>\$ 41,065,000</u>	<u>\$ 9,760,000</u>	<u>\$ 29,185,000</u>	<u>\$ 48,175,000</u>	<u>\$ 14,400,000</u>

**FUTURE INTEREST REQUIREMENTS**

Fiscal year	General Obligation Bonds			Full Faith & Credit					
	Lake Grove/ Parks Refunding	Parks Series 2019	Parks Series 2023	Sewer Refunding	LORA, Water, and Stormwater Series 2018 Refunding	Streets Series 2019	Wastewater 2010 Refunding & LORA	Water Series 2023	Sewer Series 2024
	2/26/15	11/6/19	6/1/23	12/21/17	5/2/18	11/6/19	5/12/20	6/1/23	5/21/24
2025	\$ 89,934	\$ 649,900	\$ 245,600	\$ 1,226,750	\$ 1,372,688	\$ 291,200	\$ 1,459,250	\$ 2,408,750	\$ 740,000
2026	85,134	604,650	245,600	1,139,525	1,282,063	265,950	1,395,500	2,285,750	705,750
2027	81,009	554,400	245,600	1,011,025	1,186,688	239,450	1,327,250	2,156,750	690,000
2028	76,059	498,650	245,600	876,150	1,086,438	211,450	1,254,500	2,021,250	673,250
2029	70,959	437,150	245,600	749,150	1,008,288	182,200	1,176,750	1,878,750	655,750
2030	65,709	410,050	245,600	630,850	953,913	169,900	1,093,750	1,729,250	637,500
2031	60,309	385,550	245,600	507,750	897,888	157,300	1,005,500	1,572,250	618,250
2032	54,609	357,925	245,600	379,750	840,138	143,700	911,500	1,407,750	598,000
2033	48,759	326,988	245,600	263,700	780,588	128,963	811,000	1,235,000	576,750
2034	42,759	290,488	245,600	160,425	719,238	113,050	704,500	1,053,500	554,500
2035	36,353	250,963	245,600	54,000	656,013	95,925	591,250	862,750	531,000
2036	29,790	208,193	245,600	-	590,838	78,425	470,750	662,750	506,500
2037	22,750	161,950	245,600	-	523,638	60,425	440,500	452,500	480,750
2038	15,438	112,000	245,600	-	452,872	41,131	407,000	231,750	453,500
2039	7,800	58,100	245,600	-	378,497	21,313	370,250	-	425,000
2040	-	-	245,600	-	300,219	-	330,000	-	395,000
2041	-	-	160,000	-	217,831	-	286,000	-	363,500
2042	-	-	68,000	-	132,681	-	238,000	-	330,500
2043	-	-	-	-	44,679	-	185,750	-	296,000
2044	-	-	-	-	-	-	128,750	-	259,750
2045	-	-	-	-	-	-	67,000	-	221,500
2046	-	-	-	-	-	-	-	-	181,500
2047	-	-	-	-	-	-	-	-	139,500
2048	-	-	-	-	-	-	-	-	95,250
2049	-	-	-	-	-	-	-	-	48,750
	<u>\$ 787,371</u>	<u>\$ 5,306,957</u>	<u>\$ 4,157,600</u>	<u>\$ 6,999,075</u>	<u>\$ 13,425,198</u>	<u>\$ 2,200,382</u>	<u>\$ 14,654,750</u>	<u>\$ 19,958,750</u>	<u>\$ 11,177,750</u>

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<b>Total</b>	
\$	9,815,000
	10,325,000
	10,930,000
	11,555,000
	11,845,000
	12,180,000
	12,740,000
	13,330,000
	13,940,000
	14,560,000
	15,195,000
	10,215,000
	10,715,000
	11,235,000
	6,910,000
	6,145,000
	6,495,000
	6,100,000
	4,615,000
	2,000,000
	2,140,000
	840,000
	885,000
	930,000
	975,000
\$	<u>206,615,000</u>

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<b>Total</b>	
\$	8,484,072
	8,009,922
	7,492,172
	6,943,347
	6,404,597
	5,936,522
	5,450,397
	4,938,972
	4,417,348
	3,884,060
	3,323,854
	2,792,846
	2,388,113
	1,959,291
	1,506,560
	1,270,819
	1,027,331
	769,181
	526,429
	388,500
	288,500
	181,500
	139,500
	95,250
	48,750
\$	<u>78,202,833</u>

**CITY OF LAKE OSWEGO, OREGON**

**Schedule of Accountability of Independently Elected Officials**

*for the fiscal year ended June 30, 2024*

Oregon Revised Statutes (ORS) section 297 requires a schedule of accountability for each independently elected official collecting or receiving money in the municipal corporation. In compliance with ORS 297, there are no independently elected officials that collect or receive money on behalf of the City of Lake Oswego.

**CITY OF LAKE OSWEGO, OREGON  
ANNUAL COMPREHENSIVE FINANCIAL REPORT**

SECTION III

**STATISTICAL SECTION**

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# STATISTICAL SECTION

This section provides further details as a context for a better understanding of the financial statements.

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Financial Trends These schedules contain trend information to help the reader understand how financial performance has changed over time.	153
Revenue Capacity These schedules contain information to help the reader assess the City's most significant local revenue source, property taxes.	159
Debt Capacity These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.	164
Demographic and Economic Information These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.	170
Operating Information These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs.	172

Sources: The information in these schedules is derived from the annual comprehensive financial reports for the relevant year, unless otherwise noted.



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**CITY OF LAKE OSWEGO, OREGON**

**Net Position by Component**

*for the last ten fiscal years  
(accrual basis of accounting)  
(in thousands)*

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>
Governmental activities										
Invested in capital assets	\$ 98,290	\$ 99,579	\$ 104,033	\$ 117,663	\$ 133,055	\$ 128,260	\$ 146,418	\$ 164,357	\$ 162,569	\$ 182,518
Restricted	24,497	24,835	29,343	78,265	75,380	90,106	69,180	57,452	68,897	64,299
Unrestricted	23,146	13,012	11,929	(38,985)	(37,587)	(37,334)	(25,309)	(6,972)	6,630	17,878
Total net position governmental activities	<u>145,933</u>	<u>137,426</u>	<u>145,305</u>	<u>156,943</u>	<u>170,848</u>	<u>181,032</u>	<u>190,289</u>	<u>214,837</u>	<u>238,096</u>	<u>264,695</u>
Business-type activities										
Invested in capital assets	74,091	88,946	108,735	147,788	152,183	159,055	162,960	168,201	178,847	197,851
Restricted	-	-	-	-	61	100	104	193	165	169
Unrestricted	43,074	40,238	31,298	29,609	32,777	29,939	32,323	34,042	44,591	42,094
Total net position business-type activities	<u>117,165</u>	<u>129,184</u>	<u>140,033</u>	<u>177,397</u>	<u>185,021</u>	<u>189,094</u>	<u>195,387</u>	<u>202,436</u>	<u>223,603</u>	<u>240,114</u>
Primary government										
Net investment in capital assets	188,525	188,525	212,768	265,451	285,238	287,315	309,379	332,558	341,417	380,370
Restricted	24,835	24,835	29,343	78,265	75,441	90,206	69,285	57,644	69,062	64,468
Unrestricted	53,250	53,250	43,227	(9,375)	(4,810)	(7,395)	7,014	27,070	51,220	59,972
Total net position primary government	<u>\$ 266,610</u>	<u>\$ 266,610</u>	<u>\$ 285,338</u>	<u>\$ 334,341</u>	<u>\$ 355,869</u>	<u>\$ 370,126</u>	<u>\$ 385,678</u>	<u>\$ 417,272</u>	<u>\$ 461,699</u>	<u>\$ 504,810</u>

**CITY OF LAKE OSWEGO, OREGON**

**Changes in Net Position  
for the last ten fiscal years  
(accrual basis of accounting)  
(in thousands)**

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>
<b>Expenses</b>										
Governmental activities:										
General government	\$ 5,193	\$ 18,034	\$ 10,292	\$ 10,976	\$ 8,611	\$ 9,781	\$ 9,135	\$ 7,274	\$ 8,939	\$ 10,312
Public safety	16,764	32,202	26,260	27,234	30,372	33,232	33,717	31,503	33,819	36,781
Culture and recreation	12,173	15,776	15,737	14,145	15,602	16,345	17,349	17,158	17,128	19,883
Highways and streets	4,679	6,058	5,741	6,512	6,320	7,449	7,266	6,979	8,514	8,411
Interest on long-term debt	915	750	728	1,578	1,465	2,533	3,458	3,225	2,522	3,028
Total governmental activities expenses	<u>39,724</u>	<u>72,820</u>	<u>58,758</u>	<u>60,445</u>	<u>62,370</u>	<u>69,340</u>	<u>70,925</u>	<u>66,139</u>	<u>70,922</u>	<u>78,415</u>
Business-type activities:										
Water	5,055	8,781	10,817	14,324	14,256	15,264	15,519	14,571	15,448	14,152
Sewer	10,338	11,341	11,436	14,096	10,789	13,443	12,362	12,424	12,163	13,198
Stormwater	2,241	2,904	2,582	2,807	2,887	2,908	3,070	2,866	3,045	3,363
Golf course	822	1,126	946	834	974	-	-	-	-	-
Tennis facility	361	480	406	408	481	524	364	252	610	704
Public works support services	28	74	49	21	39	32	13	8	55	76
Engineering	532	219	393	329	518	291	278	264	422	520
Total business-type activities expenses	<u>19,377</u>	<u>24,925</u>	<u>26,629</u>	<u>32,819</u>	<u>29,944</u>	<u>32,462</u>	<u>31,606</u>	<u>30,385</u>	<u>31,743</u>	<u>32,013</u>
Total primary government expenses	<u>\$ 59,101</u>	<u>\$ 97,745</u>	<u>\$ 85,387</u>	<u>\$ 93,264</u>	<u>\$ 92,314</u>	<u>\$ 101,802</u>	<u>\$ 102,531</u>	<u>\$ 96,524</u>	<u>\$ 102,665</u>	<u>\$ 110,428</u>
<b>Program Revenues</b>										
Governmental activities:										
Charges for services:										
General government	\$ 5,439	\$ 8,055	\$ 7,698	\$ 7,868	\$ 7,031	\$ 7,310	\$ 4,989	\$ 8,788	\$ 8,253	\$ 6,222
Public safety	3,266	3,083	3,286	3,744	3,836	3,942	3,674	4,102	4,055	4,509
Culture and recreation	1,120	1,234	1,284	1,388	1,437	1,759	2,805	2,637	1,601	1,837
Highways and streets	2,490	2,526	2,601	2,710	2,840	2,935	3,021	3,110	3,308	4,930
Operating grants and contributions	6,675	6,903	8,317	7,794	9,029	9,231	10,653	14,717	17,141	19,737
Capital grants and contributions	481	922	830	202	598	1,788	758	4,213	673	456
Total governmental activities program revenues	<u>19,471</u>	<u>22,723</u>	<u>24,016</u>	<u>23,706</u>	<u>24,771</u>	<u>26,965</u>	<u>25,900</u>	<u>37,567</u>	<u>35,031</u>	<u>37,691</u>
Business-type activities:										
Charges for services:										
Water	13,200	14,104	15,698	15,913	14,717	16,554	16,552	16,357	17,416	16,989
Sewer	13,211	13,589	14,096	14,679	15,203	15,634	15,634	16,434	23,048	21,274
Stormwater	2,851	3,098	3,327	3,554	3,827	3,070	4,119	4,420	4,729	5,066
Golf course	663	558	584	617	-	-	-	-	-	-
Tennis facility	381	406	474	456	366	364	259	106	432	715
Public works support services	13	13	16	18	16	12	12	23	31	28
Engineering	261	397	329	447	246	259	229	283	376	397
Operating grants and contributions	-	-	-	-	-	8	8	-	-	-
Capital grants and contributions	3,558	1,674	674	419	1,451	618	618	226	3,011	1,559
Total business-type activities program revenues	<u>34,138</u>	<u>33,839</u>	<u>35,198</u>	<u>36,103</u>	<u>35,826</u>	<u>36,519</u>	<u>37,431</u>	<u>37,849</u>	<u>49,043</u>	<u>46,028</u>
Total primary government program revenues	<u>\$ 53,609</u>	<u>\$ 56,562</u>	<u>\$ 59,214</u>	<u>\$ 59,809</u>	<u>\$ 60,597</u>	<u>\$ 63,484</u>	<u>\$ 63,331</u>	<u>\$ 75,416</u>	<u>\$ 84,074</u>	<u>\$ 83,719</u>

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	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>
<b>Net (Expense) Revenue</b>										
Governmental activities	\$ (20,254)	\$ (50,097)	\$ (34,742)	\$ (36,739)	\$ (37,599)	\$ (42,375)	\$ (45,025)	\$ (28,572)	\$ (35,891)	\$ (40,724)
Business-type activities	14,761	8,914	8,569	3,284	5,882	4,057	5,825	7,464	17,300	14,015
Total expenses	<u>\$ (5,493)</u>	<u>\$ (41,183)</u>	<u>\$ (26,173)</u>	<u>\$ (33,455)</u>	<u>\$ (31,717)</u>	<u>\$ (38,318)</u>	<u>\$ (39,200)</u>	<u>\$ (21,108)</u>	<u>\$ (18,591)</u>	<u>\$ (26,709)</u>
<b>General Revenues and Other Changes in Net position</b>										
Governmental activities:										
Taxes										
Property taxes, levied for general purposes	\$ 28,956	\$ 30,204	\$ 31,594	\$ 32,963	\$ 33,948	\$ 35,478	\$ 36,648	\$ 39,973	\$ 41,697	\$ 42,823
Property taxes, levied for debt service	7,028	6,667	6,465	6,804	8,793	7,011	8,794	9,687	11,168	11,498
Franchise taxes	2,519	2,593	2,580	2,744	2,637	2,812	2,761	3,213	3,504	3,623
Hotel and motel taxes	1,011	1,146	1,273	1,249	1,304	1,307	954	1,015	1,181	1,287
Interest and investment earnings	966	137	264	1,054	1,331	3,604	2,792	(1,616)	2,712	6,687
Other revenues	319	656	967	761	1,281	1,401	871	813	1,376	1,406
Gain (loss) on sale of capital assets	1,492	3	767	(11)	341	120	(553)	35	82	-
Transfers	(242)	(5,070)	(2,320)	(2,944)	(259)	(228)	290	-	(2,570)	-
Total governmental activities	<u>42,049</u>	<u>36,335</u>	<u>41,590</u>	<u>42,620</u>	<u>49,376</u>	<u>51,505</u>	<u>52,557</u>	<u>53,120</u>	<u>59,150</u>	<u>67,324</u>
Business-type activities:										
Interest and investment earnings	159	45	287	221	324	1,138	812	(567)	1,012	2,348
Other revenues	19	38	199	475	241	98	188	150	285	148
Gain (Loss) on sale of capital assets	61	-	-	-	33,951	-	-	-	-	-
Transfers	242	5,070	2,320	2,944	259	228	(290)	-	2,570	-
Total business-type activities	<u>481</u>	<u>5,153</u>	<u>2,806</u>	<u>3,640</u>	<u>34,775</u>	<u>1,464</u>	<u>710</u>	<u>(417)</u>	<u>3,867</u>	<u>2,496</u>
Total	<u>\$ 42,530</u>	<u>\$ 41,488</u>	<u>\$ 44,396</u>	<u>\$ 46,260</u>	<u>\$ 84,151</u>	<u>\$ 52,969</u>	<u>\$ 53,267</u>	<u>\$ 52,703</u>	<u>\$ 63,017</u>	<u>\$ 69,820</u>
<b>Change in Net Position</b>										
Governmental activities	\$ 21,795	\$ (13,762)	\$ 6,848	\$ 5,881	\$ 11,777	\$ 9,130	\$ 7,532	\$ 24,548	\$ 23,259	\$ 26,600
Business-type activities	15,242	14,067	11,375	6,924	40,657	5,521	6,535	7,047	21,167	16,510
Total	<u>\$ 37,037</u>	<u>\$ 305</u>	<u>\$ 18,223</u>	<u>\$ 12,805</u>	<u>\$ 52,434</u>	<u>\$ 14,651</u>	<u>\$ 14,067</u>	<u>\$ 31,595</u>	<u>\$ 44,426</u>	<u>\$ 43,110</u>

**CITY OF LAKE OSWEGO, OREGON**

**Governmental Activities Tax Revenues by Source**

*for the last ten fiscal years*

(modified accrual basis of accounting)

<b>Fiscal year</b>	<b>Property tax</b>	<b>Franchise tax</b>	<b>Motor fuel tax<sup>1</sup></b>	<b>Hotel/motel tax</b>	<b>Alcoholic beverage tax<sup>1</sup></b>	<b>Total</b>
2015	\$ 36,822,433	\$ 2,592,535	\$ 2,140,399	\$ 1,145,638	\$ 534,012	\$ 43,235,017
2016	37,915,362	2,580,077	2,202,295	1,272,730	534,961	44,505,425
2017	39,695,710	2,743,582	2,236,576	1,249,188	572,924	46,497,980
2018	41,103,674	2,637,407	2,416,413	1,304,207	597,362	48,059,063
2019	43,828,058	2,811,460	2,775,468	1,307,262	631,822	51,354,070
2020	45,365,343	2,760,446	2,651,084	954,350	631,798	52,363,021
2021	47,701,986	2,933,008	2,922,443	595,528	825,731	54,978,696
2022	49,292,667	3,213,252	3,228,013	1,015,256	754,945	57,504,133
2023	52,750,666	3,504,105	3,223,024	1,181,144	805,368	61,464,307
2024	54,492,807	3,622,736	2,937,437	1,236,099	775,798	63,064,877

<sup>1</sup> Motor fuel and alcoholic beverage taxes are not directly assessed by the City of Lake Oswego, but rather by the State of Oregon, and then a portion is allocated to the City based upon population.

**CITY OF LAKE OSWEGO, OREGON**

**Fund Balances of Governmental Funds**

*for the last ten fiscal years  
(modified accrual basis of accounting)  
(in thousands)*

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>
General fund										
Non-spendable	\$ -	\$ -	\$ -	\$ -	\$ 204	\$ 245	\$ 3	\$ 283	\$ 539	\$ 244
Restricted	-	-	-	-	-	-	-	-	-	-
Committed	26	69	41	81	175	211	257	296	296	296
Assigned	986	947	1,942	1,008	2,083	5,244	3,689	2,468	2,399	2,526
Unassigned	21,422	25,449	25,227	27,487	30,698	32,094	32,402	31,589	38,528	39,351
Total general fund	<u>\$ 22,434</u>	<u>\$ 26,465</u>	<u>\$ 27,210</u>	<u>\$ 28,576</u>	<u>\$ 33,160</u>	<u>\$ 37,794</u>	<u>\$ 36,351</u>	<u>\$ 34,636</u>	<u>\$ 41,762</u>	<u>\$ 42,417</u>
All other governmental funds										
Non-spendable	\$ -	\$ -	\$ -	\$ -	\$ 13	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted	25,296	25,931	30,620	79,693	76,049	90,535	69,562	57,509	68,229	66,820
Assigned	6,599	7,942	9,517	8,567	2,110	10,914	7,668	13,361	13,004	14,889
Total all other governmental funds	<u>\$ 31,895</u>	<u>\$ 33,873</u>	<u>\$ 40,137</u>	<u>\$ 88,260</u>	<u>\$ 78,172</u>	<u>\$ 101,449</u>	<u>\$ 77,230</u>	<u>\$ 70,870</u>	<u>\$ 81,233</u>	<u>\$ 81,709</u>

**CITY OF LAKE OSWEGO, OREGON**

**Changes in Fund Balances of Governmental Funds  
for the last ten fiscal years  
(modified accrual basis of accounting)  
(in thousands)**

	Fiscal year									
	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
<b>Revenues:</b>										
Property taxes	\$ 36,822	\$ 37,915	\$ 39,696	\$ 41,104	\$ 43,828	\$ 45,365	\$ 47,702	\$ 49,293	\$ 52,751	\$ 54,493
Franchise fees	2,593	2,580	2,744	2,637	2,811	2,760	2,933	3,213	3,504	3,623
Intergovernmental	6,675	6,903	8,317	7,794	9,029	10,071	10,653	14,718	17,141	19,737
Licenses and fees	8,310	11,048	10,715	10,958	10,274	10,592	8,513	12,986	12,750	12,194
Fines and forfeitures	942	960	1,048	1,091	1,242	1,002	842	867	956	887
Sales and services	4,239	4,173	4,337	4,837	4,704	5,282	5,677	5,864	5,220	5,701
Charges for services	7,339	7,160	7,677	8,061	8,242	8,489	8,820	9,371	9,796	10,753
Special assessment - principal	11	9	6	8	13	6	10	11	10	8
Miscellaneous	786	1,231	1,815	2,614	5,010	3,664	4,180	(814)	3,954	8,088
Total revenues	<u>67,717</u>	<u>71,979</u>	<u>76,353</u>	<u>79,104</u>	<u>85,153</u>	<u>87,233</u>	<u>89,329</u>	<u>95,508</u>	<u>106,082</u>	<u>115,483</u>
<b>Expenditures:</b>										
Current:										
General government	14,540	17,789	16,207	16,903	15,218	14,686	16,535	15,791	16,913	18,058
Public safety	21,815	23,209	23,545	25,089	28,438	29,495	30,356	32,378	33,239	34,745
Culture and recreation	12,080	12,026	13,824	12,955	13,756	14,958	14,245	16,354	16,297	18,139
Highways and streets	2,827	2,642	3,147	3,276	3,679	3,937	3,857	3,666	3,804	4,407
Debt service:										
Principal	9,585	19,315	2,381	8,143	3,175	3,142	3,171	9,545	2,745	2,955
Interest	980	851	793	767	2,395	2,788	3,864	3,560	3,276	3,386
Capital outlay	6,088	10,995	6,551	11,485	25,103	44,923	42,982	22,335	18,595	32,682
Total expenditures	<u>67,915</u>	<u>86,828</u>	<u>66,447</u>	<u>78,618</u>	<u>91,764</u>	<u>113,930</u>	<u>115,010</u>	<u>103,630</u>	<u>94,869</u>	<u>114,372</u>
Deficiency of revenues over (under) expenditures	<u>(197)</u>	<u>(14,849)</u>	<u>9,906</u>	<u>486</u>	<u>(6,611)</u>	<u>(26,696)</u>	<u>(25,681)</u>	<u>(8,122)</u>	<u>11,213</u>	<u>1,111</u>
<b>Other financing sources (uses):</b>										
Transfers in	5,893	12,703	7,848	62,243	8,454	28,950	15,768	23,217	14,021	13,828
Transfers out	(10,963)	(15,023)	(10,791)	(62,502)	(8,683)	(28,950)	(15,768)	(23,217)	(16,591)	(13,828)
Proceeds from sale of capital assets	3	19,482	47	463	1,336	59	18	45	2,495	19
Proceeds from debt issued	-	-	-	48,799	-	54,547	-	-	-	-
Proceeds line-of-credit issued	-	3,500	-	-	-	-	-	-	-	-
Proceeds from leases	-	196	-	-	-	-	-	-	-	-
Proceeds from refunding bonds issued	10,774	-	-	-	-	-	-	-	6,352	-
Total other financing sources (uses)	<u>5,707</u>	<u>20,857</u>	<u>(743)</u>	<u>1,250</u>	<u>1,107</u>	<u>54,607</u>	<u>18</u>	<u>45</u>	<u>6,277</u>	<u>19</u>
Net change in fund balances	<u>\$ 5,510</u>	<u>\$ 6,009</u>	<u>\$ 9,163</u>	<u>\$ 1,736</u>	<u>\$ (5,504)</u>	<u>\$ 27,910</u>	<u>\$ (25,663)</u>	<u>\$ (8,077)</u>	<u>\$ 17,490</u>	<u>\$ 1,130</u>
Debt service as a percentage of noncapital expenditures	17.1%	26.6%	5.3%	13.3%	8.4%	8.6%	9.8%	16.1%	7.9%	7.8%

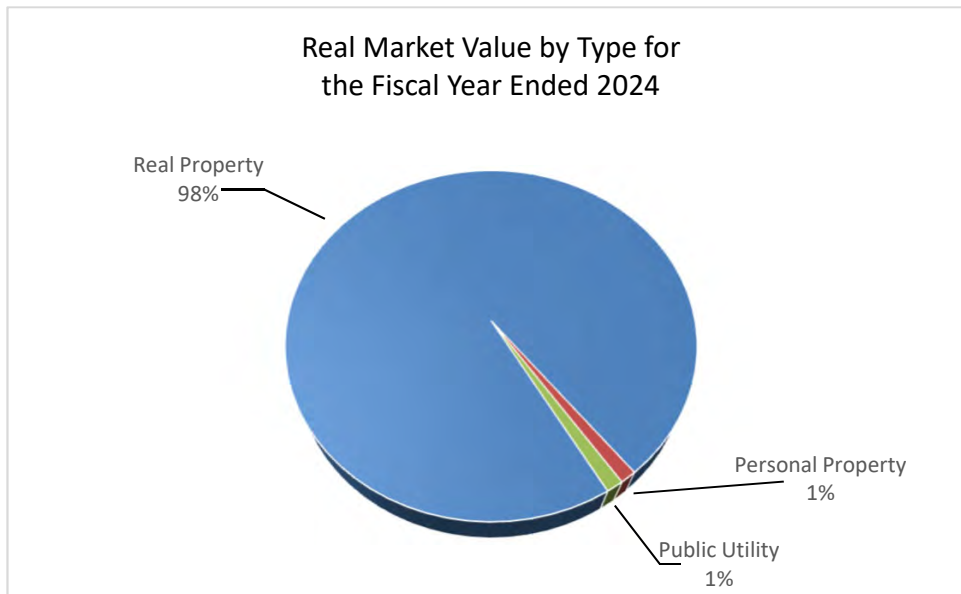
**CITY OF LAKE OSWEGO, OREGON**

**Assessed Value and Estimated Real Market Value of Taxable Property  
for the last ten fiscal years**

Fiscal year	Assessed value				Total direct tax rate	Estimated real market value (RMV)	Assessed value as a percentage of RMV
	Real property	Personal property	Public utility	Total			
2015	\$ 6,287,667,883	\$ 86,783,026	\$ 134,721,800	\$ 6,509,172,709	5.8495	\$ 8,479,490,953	76.8
2016	6,581,148,675	90,447,679	143,009,800	6,814,606,154	5.7682	9,296,069,769	73.3
2017	6,904,479,121	91,647,005	132,190,800	7,128,316,926	5.7700	10,493,912,727	67.9
2018	7,195,159,525	96,916,706	138,708,143	7,430,784,374	5.7544	11,292,060,536	65.8
2019	7,500,704,135	93,723,328	103,569,600	7,697,997,063	5.7603	12,160,602,915	63.3
2020	7,873,778,356	96,961,187	103,804,500	8,074,544,043	5.8315	12,822,965,471	63.0
2021	8,236,863,633	97,633,395	112,442,400	8,446,939,428	5.8574	13,368,564,423	63.2
2022	8,578,212,851	105,277,413	111,192,500	8,794,682,764	5.8579	14,508,504,919	60.6
2023	8,975,409,252	16,519,809	117,684,400	9,109,613,461	5.9157	16,981,646,841	53.6
2024	9,349,715,649	111,138,502	117,231,785	9,578,085,936	5.9339	18,393,458,638	52.1

Sources: Clackamas, Multnomah, and Washington County Assessors' Offices

Note: Property in Oregon is assessed annually within the 3 percent limits of Measure 50. Counties assess new property at approximately 78 percent of estimated real market value for all types of real and personal property. Tax rates are per \$1,000 of assessed value.





**CITY OF LAKE OSWEGO, OREGON**

**Property Tax Rates - Direct and Overlapping Governments**

*for the last ten fiscal years*

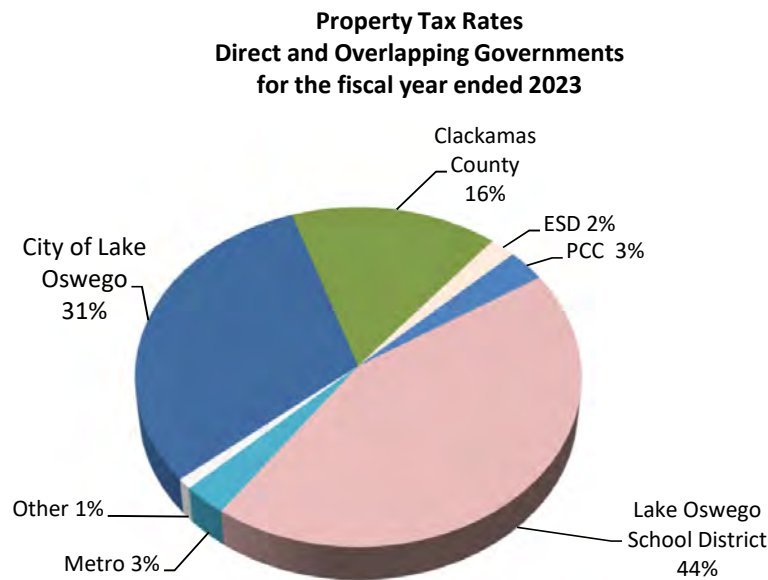
*(rate per \$1,000 of assessed value)*

Fiscal year	City direct rates				Overlapping rates						Total direct and overlapping
	Basic rate <sup>1</sup>	General obligation debt service	Urban renewal <sup>1</sup>	Total direct	Clackamas county	Education service district	Portland community college	Lake Oswego school district	Metro	Other <sup>2</sup>	
2015	\$ 4.7683	\$ 0.4086	\$ 0.6726	\$ 5.8495	\$ 3.03	\$ 0.35	\$ 0.70	\$ 6.54	\$ 0.44	\$ 0.14	\$ 17.05
2016	4.7548	0.3634	0.6500	5.7682	3.02	0.35	0.56	6.55	0.38	0.14	16.77
2017	4.7333	0.3221	0.7146	5.7700	3.00	0.35	0.65	6.55	0.39	0.14	16.85
2018	4.7286	0.2656	0.7602	5.7544	3.11	0.35	0.58	7.64	0.40	0.14	17.97
2019	4.7235	0.2563	0.7805	5.7603	3.10	0.35	0.66	7.61	0.46	0.14	18.08
2020	4.6827	0.2322	0.9166	5.8315	3.07	0.35	0.65	7.78	0.64	0.14	18.46
2021	4.6637	0.2292	0.9645	5.8574	3.06	0.34	0.65	7.76	0.57	0.10	18.33
2022	4.6566	0.2175	0.9838	5.8579	3.05	0.34	0.63	7.72	0.55	0.22	18.38
2023	4.6240	0.1801	1.1116	5.9157	3.15	0.34	0.63	8.51	0.54	0.14	19.24
2024	4.6273	0.2051	1.1015	5.9339	3.15	0.34	0.61	8.52	0.55	0.15	19.25

Source: Clackamas County Assessor's Office

<sup>1</sup>The City's basic rates are applied against Assessed Value.

<sup>2</sup> Includes Port of Portland, Tri-Met, Lake Grove Park, County Urban Renewal, and Vector Control taxing districts.



**CITY OF LAKE OSWEGO, OREGON**

**Principal Property Taxpayers**

*current year and nine years ago*

Name	2024			2015		
	Assessed value	Rank	Percent of total value	Assessed value	Rank	Percent of total value
Shorenstein Properties LLC	\$ 224,845,875	1	2.47%	\$ 262,188,654	1	4.22%
Meadows Road LLC	81,088,011	2	0.89			
HS Mercantile Village Venture LLC	68,090,040	3	0.75			
130 A Ave Owner LLC	66,512,584	4	0.73			
Society Sisters Holy Names	59,350,315	5	0.65			
Prime Foothills LLC	55,585,713	6	0.61			
Property Reserve Inc.	47,484,931	7	0.52	35,995,972	4	0.58
Phoenix Commercial Investments	44,498,675	8	0.49	28,478,523	7	
Micro Systems Engineering Inc.	40,309,988	9	0.44	29,001,133	5	0.47
Spring V At Lake Oswego LLC	37,695,124	10	0.41			
Oswego Lender				42,366,369	2	0.68
Comcast Corporation				41,790,100	3	0.67
Gramor Development				28,769,350	6	0.46
Portland General Electric Co.						
Friedkin Realty Group				23,049,463	8	0.34
Ventas Inc.				22,051,630	9	0.35
5 CP LLC				20,601,722	10	0.33
<b>Total</b>	<b>\$ 725,461,256</b>		<b>7.96%</b>	<b>\$ 534,292,916</b>		<b>8.60%</b>

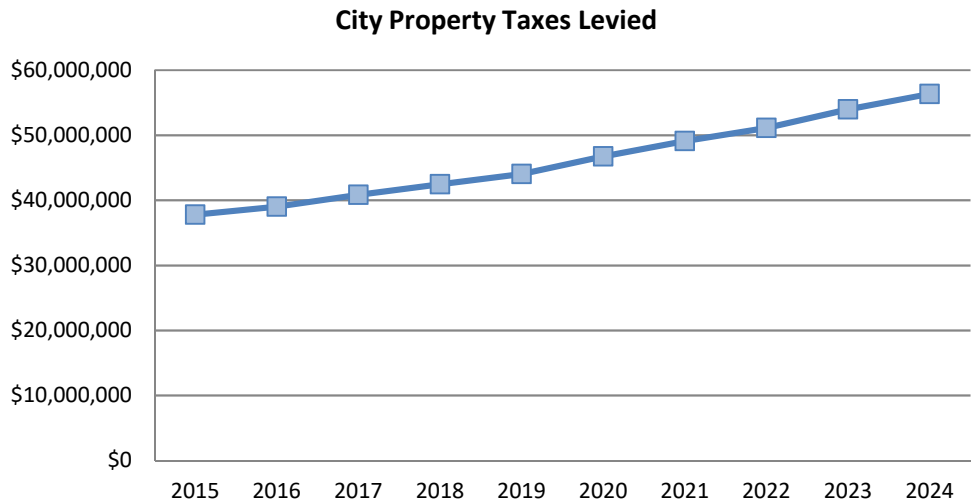
Source: Clackamas County Assessor's Office

# CITY OF LAKE OSWEGO, OREGON

## Property Tax Levies and Collections for the last ten fiscal years

Fiscal year	Taxes levied for the fiscal year	Collected within the fiscal year of the levy		Collections in subsequent years	Total collections to date	
		Amount	Percentage of levy		Amount	Percentage of levy
2015	\$ 37,798,336	35,900,595	95%	\$ 746,195	\$ 36,646,790	97%
2016	39,030,062	37,116,892	95	667,008	37,783,900	97
2017	40,837,465	38,920,314	95	588,675	39,508,989	97
2018	42,480,850	40,453,879	95	640,612	41,094,491	97
2019	44,070,251	42,151,537	96	524,613	42,676,150	97
2020	46,730,917	44,662,189	96	621,441	45,283,630	97
2021	49,096,525	46,993,054	96	574,353	47,567,407	97
2022	51,123,496	48,635,948	95	1,054,622	49,690,570	97
2023	53,986,047	51,687,847	96	489,485	52,177,332	97
2024	56,353,528	53,678,394	95	-	53,678,394	95

Sources: Annual financial statements and internal accounting reports of the City of Lake Oswego



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# CITY OF LAKE OSWEGO, OREGON

## Ratios of Outstanding Debt by Type for the last ten fiscal years

Fiscal year	Governmental activities					
	General obligation bonds <sup>1</sup>	Line of Credit <sup>2</sup>	Full Faith & Credit obligations <sup>1</sup>	Redevelopment agency urban renewal bonds	Leases <sup>3</sup>	Subscription Based IT Arrangements (SBITA) <sup>4</sup>
2015	\$ 13,689,541	\$ 19,256,913	\$ 10,307,088	\$ -	\$ -	\$ -
2016	11,590,021	6,000,000	9,793,520	-	182,323	-
2017	9,695,505	6,000,000	9,274,952	-	146,219	-
2018	8,055,985	-	57,540,532	-	108,482	-
2019	6,361,465	-	55,949,257	-	68,390	-
2020	30,304,147	-	83,052,150	-	26,489	-
2021	29,239,981	-	80,583,012	-	-	-
2022	28,080,815	-	66,345,000	-	69,002	-
2023	33,473,488	-	69,366,192	-	54,007	235,210
2024	32,408,173	-	67,110,622	-	226,430	35,209

Note: Details regarding the City's outstanding debt can be found in the notes to the basic financial statements.

<sup>1</sup> General Obligation and Full Faith & Credit bonds include premiums.

<sup>2</sup> Line of Credit includes the West End Building (WEB) loan that was paid off in FY16 with the sale of the building; the non-revolving Line of Credit for the Lake Oswego Redevelopment Agency (LORA) that began in FY12; and the water fund non-revolving Line of Credit.

<sup>3</sup> In fiscal years 2016 through 2020, leases were for city vehicles. Beginning in 2022, with the implementation of GASB 87, leases are for two buildings used by the City.

<sup>4</sup> In Beginning in 2023, with the implementation of of GASB 96, a liability is recorded for SBITAs.

Continued on next page

**Business-type activities**

<b>Revenue bonds</b>	<b>Full Faith &amp; Credit obligations<sup>1</sup></b>	<b>Line of Credit<sup>2</sup></b>	<b>Total</b>	<b>Percentage of personal income</b>	<b>Per capita</b>
\$ 7,615,000	\$ 165,981,337	\$ -	\$ 216,849,879	177.12	\$ 5,814
6,730,000	162,693,391	-	196,989,255	149.39	5,263
5,795,000	157,205,445	-	188,117,121	133.16	5,018
-	157,477,444	-	223,182,443	149.44	5,840
-	150,574,364	-	212,953,476	135.51	5,444
-	143,991,008	-	257,373,794	149.87	6,519
-	137,500,395	-	247,323,388	141.94	6,062
-	130,739,782	-	225,234,599	N/A	5,474
-	121,565,239	-	224,694,136	N/A	N/A
-	130,300,440	-	230,080,874	N/A	N/A

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**CITY OF LAKE OSWEGO, OREGON**

**Ratios of General Bonded Debt Outstanding**  
*for the last ten fiscal years*

<b>Fiscal year</b>	<b>General obligation bonds</b>	<b>Less: Amounts available in debt service fund</b>	<b>Total</b>	<b>Percentage of estimated actual taxable value of property<sup>1</sup></b>	<b>Per capita<sup>2</sup></b>
2015	13,689,541	806,841	12,882,700	0.20	345
2016	11,590,021	773,800	10,816,221	0.16	289
2017	9,695,505	837,464	8,858,041	0.12	236
2018	8,055,985	882,310	7,173,675	0.10	188
2019	6,361,465	991,828	5,369,637	0.07	137
2020	30,304,147	1,056,231	29,247,916	0.36	741
2021	29,239,981	1,069,029	28,170,952	0.33	690
2022	28,080,815	965,772	27,115,043	0.31	659
2023	33,473,488	947,766	32,525,722	0.36	790
2024	32,408,173	801,427	31,606,746	0.33	764

Note: Details regarding the City's outstanding debt can be found in the notes to the financial statements.

<sup>1</sup> Property value data can be found on the assessed value and estimated real market value of taxable property on page 158.

<sup>2</sup> Population data can be found in the demographic statistic on page 169.

**CITY OF LAKE OSWEGO, OREGON**

**Direct and Overlapping Governmental Activities Debt**  
*for the fiscal year ended June 30, 2024*

<u>Governmental unit</u>	<u>Debt outstanding</u>	<u>Estimated percentage applicable</u>	<u>Amount applicable to City of Lake Oswego</u>
Debt repaid with property taxes:			
Lake Oswego SD #7J	\$ 365,400,000	87.34%	\$ 319,139,995
Metro	765,485,443	4.21	32,220,048
Portland Community College	617,155,000	5.25	32,381,506
Multnomah County SD #1J	1,858,703,000	0.50	9,265,634
Other districts:			
Clackamas County	100,575,000	14.94	15,025,804
Clackamas Community College	117,601,792	0.20	231,676
Clackamas County ESD	26,603,764	15.58	4,145,798
Clackamas Soil & Water Conservation	5,035,000	14.94	752,224
Multnomah County	509,757,429	0.39	1,976,839
Washington County	134,636,465	0.02	22,350
Rivergrove Water District 14J	3,210,764	38.23	1,227,530
Multnomah ESD	59,432,417	0.37	217,285
Other Debt:			
Metro	8,705,000	4.21	366,402
Port of Portland	32,210,000	3.83	1,232,999
Portland Community College	35,655,000	5.25	1,870,782
Other districts:			
Clackamas Community College	13,695,000	0.20	26,979
Multnomah ESD	16,245,000	0.37	59,392
Subtotal, overlapping debt	<u>4,670,106,074</u>		<u>420,163,243</u>
Direct debt outstanding:			
City of Lake Oswego, Oregon	<u>102,893,687</u>	100.00%	<u>102,893,687</u>
Total direct and overlapping debt outstanding	<u>\$ 4,772,999,761</u>		<u>\$ 523,056,930</u>

Source: Oregon State Treasury Department, Debt Management Division

Note: Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the City. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of the City. This process recognizes that, when considering the City's ability to issue and repay long-term debt, the entire debt burden borne by the residents and businesses should be taken into account. However, this does not imply that every taxpayer is a resident, and therefore responsible for repaying the debt, of each overlapping government.



**CITY OF LAKE OSWEGO, OREGON**  
**Legal Debt Margin Information**  
*for the last ten fiscal years*

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Debt limit	\$ 254,384,729	\$ 278,882,093	\$ 314,817,382	\$ 338,761,816
Debt applicable to limit	13,689,541	11,590,021	9,695,505	8,055,985
Less premium received on Refunding Bonds Series 2010, GO Bond Series 2015A and GO Bond Series 2023	(574,545)	(540,021)	(505,505)	(470,985)
Total net debt applicable to limit	<u>13,114,996</u>	<u>11,050,000</u>	<u>9,190,000</u>	<u>7,585,000</u>
Legal debt margin	<u>\$ 241,269,733</u>	<u>\$ 267,832,093</u>	<u>\$ 305,627,382</u>	<u>\$ 331,176,816</u>
Total net debt applicable to the limit as a percentage of debt limit	5.16%	3.96%	2.92%	2.24%

Continued on next page

	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>	<b>2024</b>
\$	364,818,087	\$ 384,688,964	\$ 401,056,933	\$ 435,255,148	\$ 509,449,405	\$ 551,803,759
	6,361,465	30,304,147	29,239,981	28,080,815	33,473,488	32,408,173
	(436,465)	(1,694,147)	(1,604,981)	(1,515,815)	(1,638,488)	(1,538,173)
	<u>5,925,000</u>	<u>28,610,000</u>	<u>27,635,000</u>	<u>26,565,000</u>	<u>31,835,000</u>	<u>30,870,000</u>
\$	<u>358,893,087</u>	<u>\$ 356,078,964</u>	<u>\$ 373,421,933</u>	<u>\$ 408,690,148</u>	<u>\$ 477,614,405</u>	<u>\$ 520,933,759</u>
	1.62%	7.44%	6.89%	6.10%	6.25%	5.59%

**Legal debt margin calculation for fiscal year ended 2019-20**

Total property real market value <sup>1</sup>	\$ 18,393,458,638
	3%
Debt limit (3% of total property real market value)	<u>551,803,759</u>
Amount of debt applicable to debt limit:	
Total bonded debt	206,615,000
Less debt excluded from debt limit:	
Street Full Faith & Credit bonds 2019	(9,760,000)
Full Faith & Credit Refunding bonds, Series 2020	(29,185,000)
Water Full Faith & Credit bonds '23	(48,175,000)
Sewer Full Faith & Credit Refunding bonds, Series 2017	(33,160,000)
Full Faith & Credit Refunding bonds, Series 2018	(41,065,000)
Sewer Full Faith & Credit bonds, Series 2024	(14,400,000)
Net amount of debt applicable to limit	<u>30,870,000</u>
Legal debt margin - amount available for future indebtedness	<u>\$ 520,933,759</u>

Note: Pursuant to Oregon Revised Statutes 287A.050, outstanding general obligation debt is limited to 3 percent of real market value

<sup>1</sup>Source: Clackamas, Multnomah, and Washington County Department of Assessment and Taxation

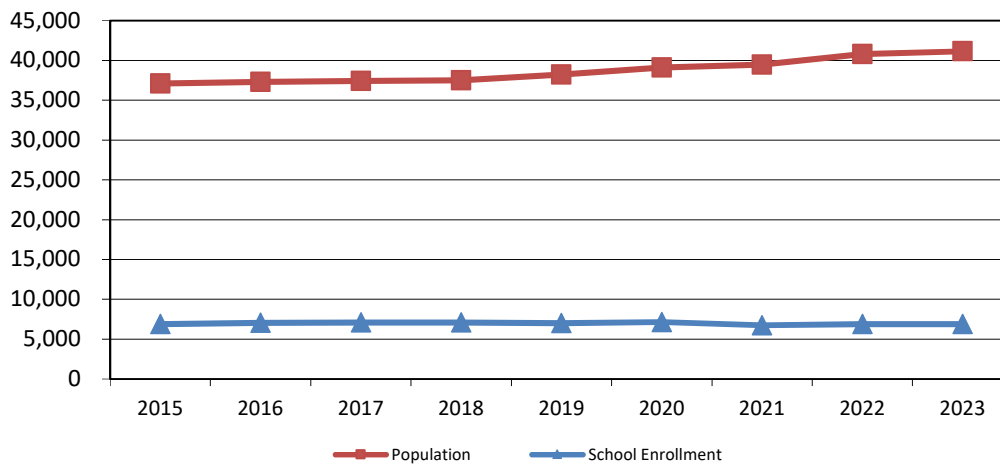
**CITY OF LAKE OSWEGO, OREGON**  
**Demographic and Economic Statistics**  
*for the last ten fiscal years*

<u>Fiscal year</u>	<u>Population</u>	<u>Personal income (in thousands)<sup>1</sup></u>	<u>Per capita personal income<sup>1</sup></u>	<u>School enrollment</u>	<u>Unemployment rate</u>
2015	37,105	\$ 115,691	\$ 48,422	6,868	5.4
2016	37,300	122,434	50,489	7,023	4.8
2017	37,430	131,861	53,751	7,071	4.0
2018	37,492	141,269	56,991	7,086	3.7
2019	38,215	149,347	59,921	6,996	3.8
2020	39,115	157,150	62,603	7,142	10.3
2021	39,480	171,729	68,374	6,739	5.6
2022	40,801	174,245	69,435	6,896	3.7
2023	41,148	188,084	74,992	6,899	3.5
2024	41,396	*	*	6,855	4.1

\* Information unavailable at this time

Sources: Center for Population Research and Census, Portland State University  
 Bureau of Economic Analysis  
<sup>1</sup>The statistical area used is metropolitan Portland-Vancouver-Hillsboro, OR-WA.  
 Lake Oswego School District  
 State of Oregon Employment Division (Portland PMSA)

**Population and School Enrollment Trends**



**CITY OF LAKE OSWEGO, OREGON**

**Principal Employers**

*current year and nine years ago*

<b>Employer</b>	<b>2024</b>			<b>2015</b>		
	<b>Employees</b>	<b>Rank</b>	<b>Percentage of total City employment</b>	<b>Employees</b>	<b>Rank</b>	<b>Percentage of total City employment</b>
Lake Oswego School District	838	1	2.15%	625	1	1.80%
Logical Position	724	2	1.86%			
Micro Systems Engineering, Inc.	436	3	1.12%	246	5	0.71%
Mary's Woods at Marylhurst	436	3	1.12%	282	4	0.81%
City of Lake Oswego	389	5	1.00%	347	2	1.00%
Greenbriar Companies, Inc	283	6	0.73%	164	9	0.47%
Navex Global, Inc.	200	7	0.51%	191	6	0.55%
Power Engineers, Inc	189	8	0.49%			
Umpqua Bank	170	9	0.44%			
The Springs at Lake Oswego	155	10	0.40%			
New Seasons Market, Inc.	275	11	0.01	173	8	0.50%
Waggener Edstrom, Inc.				312	3	0.90%
Autodesk, Inc.				180	7	0.52%
Marylhurst University				130	10	0.37%
	<u>4,095</u>		<u>10.53%</u>	<u>2,650</u>		<u>7.64%</u>

Source: City of Lake Oswego's Finance department and Lake Oswego School District budget document

**CITY OF LAKE OSWEGO, OREGON**

**Full-time Equivalent City Government Employees by Function**  
*for the last ten fiscal years*

<b>Function/Program</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>	<b>2024</b>
General government	60.0	56.7	57.1	57.4	58.4	59.5	59.5	61.5	61.5	64.2
Public safety	128.8	129.8	129.4	129.6	129.6	129.6	129.6	135.1	135.1	136.2
Culture and recreation	89.5	88.5	88.5	87.8	87.8	87.8	87.8	89.8	89.8	112.4
Highways and streets	5.1	5.0	5.0	4.0	4.0	4.0	4.0	4.5	4.5	4.0
Water	24.2	23.7	21.9	20.1	19.9	19.9	19.9	21.2	21.2	19.3
Sewer	6.0	6.0	6.2	7.2	7.2	7.2	7.2	7.8	7.8	7.8
Stormwater	3.8	3.8	3.9	3.9	3.9	3.9	3.9	3.6	3.6	3.5
Public Works Support Services	9.9	11.0	10.0	10.0	10.0	9.5	9.5	9.6	9.6	10.5
Engineering	22.8	22.8	22.8	24.3	24.5	25.3	25.3	25.8	25.8	24.8
<b>Total</b>	<b>350.1</b>	<b>347.3</b>	<b>344.8</b>	<b>344.3</b>	<b>345.3</b>	<b>346.7</b>	<b>346.7</b>	<b>358.9</b>	<b>358.9</b>	<b>382.7</b>

Source: City of Lake Oswego's Finance department

**CITY OF LAKE OSWEGO, OREGON**  
**Operating Indicators by Function**  
*for the last ten fiscal years*

<b>Function/Program</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>	<b>2024</b>
Governmental activities:										
Public safety										
Physical arrests	696	714	623	599	577	470	418	443	486	445
Traffic violations	4,696	4,361	4,982	5,170	5,265	4,252	3,737	4,527	5,859	6,705
Emergency fire and medical responses	3,784	4,003	4,000	4,151	4,704	4,392	4,613	4,649	5,043	5,188
Calls for service (Police) <sup>1</sup>	13,537	12,033	13,600	13,115	12,075	11,890	11,883	11,911	12,550	11,721
Culture and recreation										
Library volunteer hours <sup>2</sup>	12,454	12,615	11,045	10,648	9,823	5,697	6,106	9,016	11,134	14,840
Library - average items circulated per capita <sup>2</sup>	30	27	27	25	22	17	13	18	16	17
Community development										
Residential building permits issued	385	375	387	364	350	396	421	417	307	344
Business-type activities:										
Water										
Service connections	12,491	12,534	12,541	12,545	12,528	12,541	12,566	12,563	12,572	12,564
Average daily consumption (in thousands of gallons)	5,073	5,199	5,116	5,106	5,259	4,310	5,114	5,150	4,945	4,198
Sewer										
Service connections	12,693	12,734	12,840	12,874	12,931	12,982	13,046	13,048	13,050	13,073
Average daily sewage treatment (in thousands of gallons)	3,803	4,795	5,679	4,436	4,098	3,619	3,814	4,358	3,963	4,146

<sup>1</sup> The calls being tracked are calls for service where officers respond to citizens.

<sup>2</sup> The library was closed for three and one-half months of the year in 2020, due to the COVID-19 pandemic.

Source: City of Lake Oswego's Finance department Utility Bill Calcs PDF in S:\UTILITY\Billing\BILL CALCS\20XX

**CITY OF LAKE OSWEGO, OREGON**

**Capital Assets Statistics by Function**  
*for the last ten fiscal years*

<b>Function/Program</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>	<b>2024</b>
Governmental activities:										
Culture and recreation										
Park and open space acreage	620	620	620	620	620	625	625	628	628	628
Community development										
Value of new building construction (in thousands)	56,430	113,601	67,153	81,301	29,148	88,644	35,569	148,943	218,996	126,093
Highways and streets										
Miles of streets	169	169	169	170	172	178	178	178	178	178

Source: City of Lake Oswego's Finance department

**CITY OF LAKE OSWEGO, OREGON  
ANNUAL COMPREHENSIVE FINANCIAL REPORT**

**SECTION IV**

**COMPLIANCE**



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**INDEPENDENT AUDITOR’S REPORT ON INTERNAL CONTROL OVER  
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED  
ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE  
WITH *GOVERNMENT AUDITING STANDARDS***

The Honorable Mayor, City Council, and Audit Committee  
City of Lake Oswego, Oregon

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of City of Lake Oswego, Oregon as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise City of Lake Oswego, Oregon’s basic financial statements, and have issued our report thereon dated December 23, 2024.

**Report on Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered City of Lake Oswego, Oregon’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 City of Lake Oswego, Oregon’s internal control. Accordingly, we do not express an opinion on the effectiveness of City of Lake Oswego, Oregon’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 entity’s financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

**Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether City of Lake Oswego, Oregon’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 entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



For Merina+Co  
Tualatin, Oregon  
December 23, 2024

**INDEPENDENT AUDITOR'S REPORT  
ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL  
REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED  
IN ACCORDANCE WITH *OREGON STATE REGULATION***

The Honorable Mayor, City Council, and Audit Committee  
City of Lake Oswego, Oregon

We have audited the basic financial statements of City of Lake Oswego, Oregon, as of and for the year ended June 30, 2024 and have issued our report thereon dated December 23, 2024. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the provisions of the *Minimum Standards of Audits of Oregon Municipal Corporations*, prescribed by the Secretary of State and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

**Compliance**

As part of obtaining reasonable assurance about whether City of Lake Oswego, Oregon's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, including the provisions of Oregon Revised Statutes (ORS) as specified in the Oregon Administrative Rules 162-010-0000 through 162-010-0330 of the *Minimum Standards for Audits of Oregon Municipal Corporations*, as set forth below, 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.

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

- Deposits of public funds with financial institutions (ORS Chapter 295).
- Indebtedness limitations, restrictions, and repayments.
- Budgets legally required (ORS Chapter 294).
- Insurance and fidelity bonds in force or required by law.
- Programs funded from outside sources.
- Highway revenues used for public highways, roads, and streets.
- Authorized investment of surplus funds. (ORS Chapter 294).
- Public contracts and purchasing (ORS Chapters 279A, 279B, and 279C).
- Accountability for collecting or receiving money by elected officials. The City does not have any elected officials collecting or receiving money.

In connection with our testing, nothing came to our attention that caused us to believe the City was not in substantial compliance with certain provisions of laws, regulations, contracts, and grant agreements, including the provisions of Oregon Revised Statutes as specified in the Oregon Administrative Rules 162-010-0000 through 162-010-0330 of the *Minimum Standards for Audits of Oregon Municipal Corporations*.

## **Report On Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered City of Lake Oswego, Oregon'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 City of Lake Oswego, Oregon's internal control. Accordingly, we do not express an opinion on the effectiveness of City of Lake Oswego, Oregon'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 entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

### **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 entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Minimum Standards of Audits of Oregon Municipal Corporations*, prescribed by the Secretary of State, in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



For Merina+Co  
Tualatin, Oregon  
December 23, 2024



## City of Lake Oswego

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[www.lakeoswego.city/finance](http://www.lakeoswego.city/finance)

