



## BOARD OF EDUCATION

### Portland Public Schools Audit Committee Meeting December 2, 2020

## VIRTUAL MEETING

*In light of current public health concerns related to COVID-19, this meeting will take place virtually.\**

Under the provision of ORS 192.670, the meeting will be streamed live:  
<https://www.youtube.com/user/ppscoms/live>

To request to sign-up for public comment please send an email with your first and last name, and topic to [PublicComment@pps.net](mailto:PublicComment@pps.net), or call Kara Bradshaw at 503-916-3906. Requests for Public Comment will be processed in the order that they are received, and should be received by 12:00 pm on the day of the meeting. Once your spot is confirmed, instructions for addressing the board will be sent to you via email.

Public comment related to an action item on the agenda will be heard immediately following staff presentation on that issue. Public comment on all other matters will be heard during the "Public Comment" time. This meeting may be taped and televised by the media.

### AGENDA

- I. 5:00 pm - Comprehensive Annual Financial Report /Federal Grant Expenditure audit results presentation - 25 min
- II. 5:25 pm - Status of Secretary of State recommendation implementation - 20 min
- III. 5:45 pm - Discuss/approve additional audit options to add to the 2020-21 Audit Plan - 20 min
- IV. 6:05 pm - Office of Internal Performance Audit Performance Measures - 10 min
- V. 6:15 pm - Open community member seat on Audit Committee - 5 min
- VI. 6:20 pm - Public Comment  
*To sign-up for public comment email [PublicComment@pps.net](mailto:PublicComment@pps.net) or call Kara Bradshaw at 503-916-3906.*
- VII. 6:30 pm - Adjourn

#### **Portland Public Schools Nondiscrimination Statement**

*Portland Public Schools recognizes the diversity and worth of all individuals and groups and their roles in society. The District is committed to equal opportunity and nondiscrimination based on race; national or ethnic origin; color; sex; religion; age; sexual orientation; gender expression or identity; pregnancy; marital status; familial status; economic status or source of income; mental or physical disability or perceived disability; or military service.*

School District No. 1J, Multnomah County, Oregon

# PORTLAND PUBLIC SCHOOLS



## COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the year ended June 30, 2020



DRAFT 11.13.2020

Portland Public Schools

**Comprehensive Annual Financial Report**

**For the year ended June 30, 2020**

School District No. 1J, Multnomah County, Oregon

Portland, Oregon

Prepared by the Finance Department

**SCHOOL DISTRICT NO.1J, MULTNOMAH COUNTY, OREGON**

Comprehensive Annual Financial Report

For the Year Ended June 30, 2020

---

**Table of Contents**

**SECTION I - INTRODUCTORY SECTION**

Letter of Transmittal	1
Principal Officials	10
Organizational Chart	11
ASBO Certificate of Excellence in Financial Reporting	12
GFOA Certificate of Achievement for Excellence in Financial Reporting	13

**SECTION II - FINANCIAL SECTION**

<b>Independent Auditor's Report</b>	15
<b>Management's Discussion and Analysis</b>	19
<b>Basic Financial Statements</b>	
<b>Government-wide Financial Statements</b>	
Statement of Net Position	33
Statement of Activities	35
<b>Fund Financial Statements</b>	
Balance Sheet	37
Reconciliation of the Balance Sheet to the Statement of Net Position	39
Statement of Revenues, Expenditures, and Changes in Fund Balances	41
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances to the Statement of Activities	43
<b>Proprietary Financial Statements</b>	
Statement of Net Position	45
Statement of Revenues, Expenses, and Changes in Net Position	46
Statement of Cash Flows	47
<b>Notes to the Basic Financial Statements</b>	49
<b>Required Supplementary Information</b>	
Schedule of Changes in the District's Total OPEB Liability and Related Ratios-RHIS	91
Schedule of the District's Proportionate Share of Net OPEB Liability (Asset) and District Contributions-RHIA	92
Schedule of the District's Proportionate Share of Net Pension Liability (Asset) and District Contributions	93
Schedule of Changes in the District's Total Pension Liability and Related Ratios-Stipend	94
Schedules of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual	
General Fund	95
Special Revenue Fund	97
<b>Supplementary Information</b>	
Schedules of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual	
Debt Service Fund	100
Capital Projects Fund	101
Self Insurance Fund	102

**SCHOOL DISTRICT NO.1J, MULTNOMAH COUNTY, OREGON**

Comprehensive Annual Financial Report

For the Year Ended June 30, 2020

---

**Table of Contents (continued)**

**SECTION III - STATISTICAL SECTION**

**Financial Trends Information**

Condensed Statement of Net Position	105
Changes in Net Position	107
Fund Balances of Governmental Funds	109
Changes in Fund Balances of Governmental Funds	111

**Revenue Capacity Information**

Assessed Values of Taxable Property within School District No.1J Boundaries	113
Direct and Overlapping Property Tax Rates	115
Principal Property Tax Payers for Multnomah County, Taxing District 311 - Portland Public School District	116
Principal Property Tax Payers for Multnomah County, Taxing District 170 - Multnomah County	117
Property Tax Levies and Collections	118

**Debt Capacity Information**

Ratios of Outstanding Debt by Type	119
Direct and Overlapping Governmental Activities Debt	121
Legal Debt Margin Information	122

**Demographic and Economic Information**

Demographic and Economic Statistics	123
Principal Employers for the Portland Metro Area	124

**Operating Information**

Full Time Equivalent District Employees by Assignment/Function	125
Meal and Transportation Services Provided	127
School Building and Student Enrollment Information	129

**SECTION IV - AUDIT COMMENTS AND DISCLOSURES SECTION**

Independent Auditor's Report Required by Oregon State Regulations	131
---	-----

# Introductory



Bridlemile Elementary



Vestal Learning Garden

# Introductory

DRAFT 11.13.2020



Claire Hertz  
Deputy Superintendent  
Business & Operations

PORTLAND PUBLIC SCHOOLS  
501 N. Dixon, Portland, OR 97227  
Phone: (503) 916-3380 • Fax: (503) 916-2125

December XX, 2020

To the Community of School District No. 1J, Multnomah County, Oregon, and to the Members of the Board of Education:

We are pleased to submit the Comprehensive Annual Financial Report (CAFR) of School District No.1J, Multnomah County, Oregon (Portland Public Schools or the District or PPS) for the fiscal year ended June 30, 2020, together with the audit opinions of our auditors as required by Oregon Revised Statutes. Responsibility for both the accuracy of the presented data and the completeness and fairness of the presentation, including all disclosures, rests with District management. We believe the financial statements and related information reflecting the financial position and results of the operations of the District are stated fairly in all material aspects. All disclosures necessary to enable the reader to gain understanding of the District's financial affairs have been included.

To provide a reasonable basis for making these representations, District management has established and maintains an internal control structure designed to ensure that the assets of the District are protected from loss, theft or misuse and to ensure that adequate accounting data are compiled to allow for the preparation of financial statements in conformity with accounting principles generally accepted in the United States of America (GAAP). Our internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the valuation of costs and benefits requires estimates and judgments by management. The internal control structure is subject to periodic evaluation by management. We believe our internal control structure adequately safeguards the assets and provides reasonable assurance of proper recording of all financial transactions. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

### Financial Report Presentation

The financial statements of the District are 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 governing body and establishes governmental accounting and financial reporting principles. The more significant of the District's accounting policies are discussed in Note 1 of these financial statements.

Designed to meet the needs of a broad spectrum of financial statement readers, this Comprehensive Annual Financial Report (CAFR) is divided into four major sections:

The **Introductory Section** includes the table of contents, this transmittal letter, the District's organizational chart, and copies of certificates awarded for Portland Public Schools' 2019 CAFR.

The **Financial Section** includes the Independent Auditor's Report, Management's Discussion and Analysis (MD&A), the basic financial statements including notes to the basic financial statements, required supplementary information (RSI), and supplementary information including the combining and individual fund financial statements.

The **Statistical Section** includes selected financial and demographic information, generally presented on a multi-year basis. These schedules are designed to improve the understandability and usefulness of the information presented in the financial section.

The **Audit Comments and Disclosures Section** includes disclosures required by the Minimum Standards for Audits of Oregon Municipal Corporations.

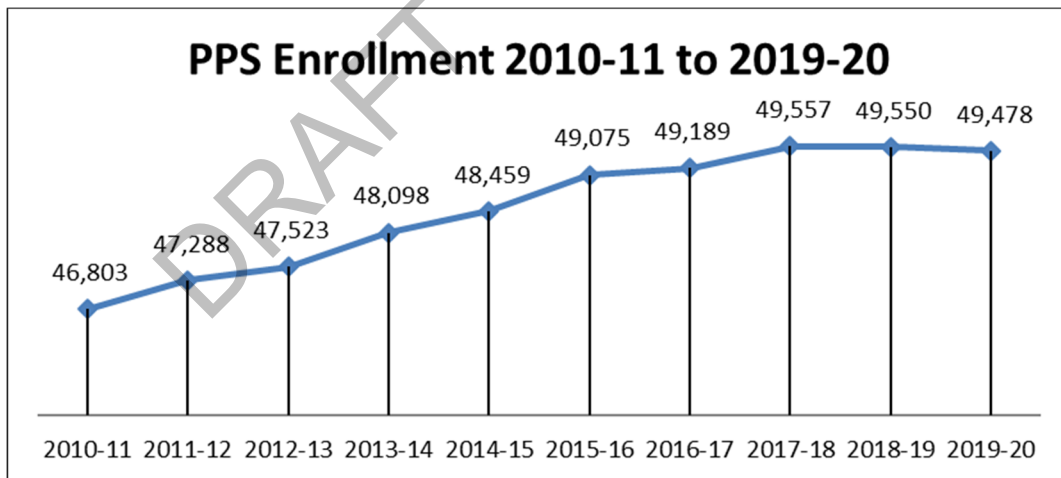
GAAP requires that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management’s Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The District’s MD&A can be found immediately following the Independent Auditor’s Report.

**Profile of the District**

Portland Public Schools, founded in 1851, is a PK-12 urban school district in Portland, Oregon. With more than 49,000 students in 121 schools and other programs, it is one of the largest school districts in the Pacific Northwest, and the largest and oldest school district in Oregon. With highly trained teachers and staff, an engaged parent community, strong partnerships, and a focus on closing the racial educational achievement gap, the PPS graduation rate has consistently improved since 2009-10. Thanks to the state Legislature, school funding is improving and thanks to Portland voters, a PPS School Building Improvement Bond is now fueling the modernization of our aging school buildings for 21st century learning.

The District covers an area over 152 square miles, including portions of the cities of Portland (total population 654,741), Lake Oswego (total population 39,822), and Milwaukie (total population 20,990), based on 2019 estimates by the [U.S. Census Bureau, Population Estimates Program \(PEP\)](#). The District maintains over 100 campuses with more than 300 buildings and a total floor area of more than 9 million square feet. Please see Schedule 17 of the Statistical Section for details of each building’s size, age and enrollment.

Student enrollment as of October 2019 was 49,478. Enrollment counts are compiled annually on or about the first of October as required by the State of Oregon. An enrolled student is defined as a student who attends one or more schools or programs within the District. Regardless of the number of schools or programs attended, each student is counted only once; the counts are not duplicated.



Source: Enrollment by Program Type, Grade, and Race/Ethnicity Reports - <https://www.pps.net/Page/942>

<b>October 2019 Portland Public Schools Student Enrollment (by Program Type)</b>				
<b>Program Type</b>	<b>Number of Schools/Programs</b>	<b>Enrollment</b>	<b>Distribution</b>	
<b>Regular Schools and Programs</b>				
Elementary Schools	60	24,988	50.50%	
Middle Schools	13	7,579	15.32%	
High Schools	10	12,425	25.11%	
<b>Total Regular Schools &amp; Programs</b>	<b>83</b>	<b>44,992</b>	<b>90.93%</b>	
<b>Alternative/Focus Programs</b>				
	6	1,632	3.30%	
<b>Total Regular &amp; Alternative Programs</b>	<b>89</b>	<b>46,624</b>	<b>94.23%</b>	
<b>Community-Based Programs</b>				
Community-Based Programs	9	973	1.97%	
Special Services Programs	17	496	1.00%	
Public Charter Programs	6	1,385	2.80%	
<b>Total Programs and Enrollment</b>	<b>121</b>	<b>49,478</b>	<b>100.00%</b>	

Source: Enrollment by Program Type, Grade, and Race/Ethnicity Reports - <https://www.pps.net/Page/942>

Beginning in 2009, the District experienced increases in enrollment every year until 2018-19. Enrollment counts from October 2019 show that total enrollment decreased by 72 students from the previous year. Demographic studies conducted by Portland State University project enrollment levels fluctuating over the next 12 years, increasing by over 600 students and reaching a high in 2021-22 and then declining by nearly 3,000 students over the following eight years in the PSU “Middle Series Forecast” scenario. Overall enrollment impacts due to the COVID-19 pandemic are only just beginning to be seen and the long-term implications are yet to be fully understood. Additional detail regarding that enrollment projection may be found at: [https://www.pps.net/cms/lib/OR01913224/Centricity/Domain/207/PSU-PPS\\_Report\\_1920.pdf](https://www.pps.net/cms/lib/OR01913224/Centricity/Domain/207/PSU-PPS_Report_1920.pdf).

### **The Board of Education**

An elected seven-member board establishes and oversees the District’s policies. The Board of Education is the chief governing body and is exclusively responsible for its public decisions. A list of board members can be found on page 10 of this report. The chief administrative officer of the District is the Superintendent, who is appointed by the Board. The Board of Education is accountable for all fiscal matters that significantly affect operations. Guadalupe Guerrero is the Superintendent of Portland Public Schools. Mr. Guerrero served as the chief administrative officer of the district for all of 2019-20.

### **Budgetary Controls**

Under Oregon Revised Statutes (33.710), school districts are municipal corporations empowered to provide elementary and secondary educational services for the children residing within their boundaries. Portland Public Schools fulfills this responsibility by building, operating, and maintaining school facilities, developing and maintaining approved educational programs and courses of study (including career/technical educational programs and programs for English language learners and special-needs students), and providing for transportation and feeding of students in accordance with District, State and Federal program guidelines. This report includes all funds of the District.

The District is required by the State of Oregon to adopt an annual budget for all funds subject to the requirements of Municipal Audit Law as outlined in the 2017 Oregon Revised Statutes 297.405 to 297.555 and 297.990. The budget for each individual fund is a plan for the financial operations to be conducted during the coming fiscal year and is adopted annually, prior to July 1, by the Board of Education after certification by the Multnomah County Tax Supervising and Conservation Commission. The appropriation categories within each fund, making up the District's budget are: Instruction, Support Services, Enterprise & Community Services, Facilities Acquisition & Construction, Debt Service, Transfers Out, Contingency and Ending Fund Balance. After adoption, the budget may be amended through procedures specified in State statute and Board policy.

### **District Budget Principles**

The District's governing body adopted budget principles, by way of resolution number 5229 at its March 8, 2016 meeting. These principles remain in effect today. Exhibit A to that resolution provides detail for each of the principles, but for the sake of brevity, only the principles are presented below. These principles, along with the District's Vision, System shifts and the Board adopted goals, shape the financial planning and analysis activities for the district.

- Providing Students with an Exceptional Educational Experience and Ensuring their Academic Success Should Drive the Budget Process
- Decisions Should Be Driven by Data
- Base Resourcing Decisions on Cost-Effectiveness
- Prioritize the Core Program in All Schools
- Critically Re-Examine Patterns of Spending
- Provide Every Student with Equitable Access
- Take a Long-Term Perspective
- Be Transparent

### **Service Efforts and Accomplishments**

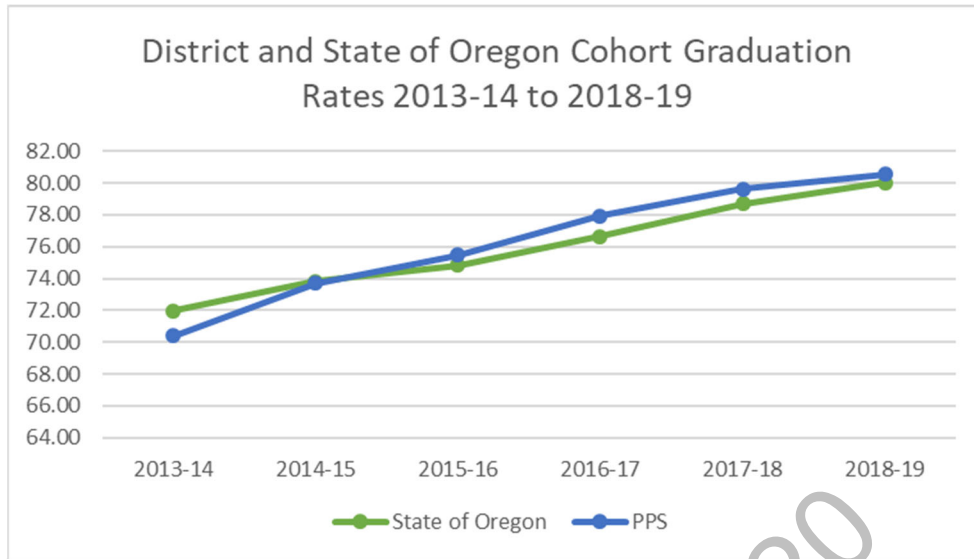
Portland Public Schools' vision is this: Every student, every teacher, and every school succeeding. The school district's mission is that every student by name is prepared for college, career and participation as an active community member, regardless of race, income or zip code.

On June 25, 2019, the Board of Education passed Resolution 5909, Portland Public Schools reimagined: Preparing Our Students to Lead Change and Improve the World as the District's Vision. This Vision focuses on what we want to be true for our graduates and includes four main areas: a Graduate Portrait, Educator Essentials, System Shifts and Core Values.

On October 15, 2019, the Board adopted by Resolution 5984, Portland Public Schools Board Goals for 2019-22. These include the following academic goals for our students that align with the community and District vision of the Graduate Portrait:

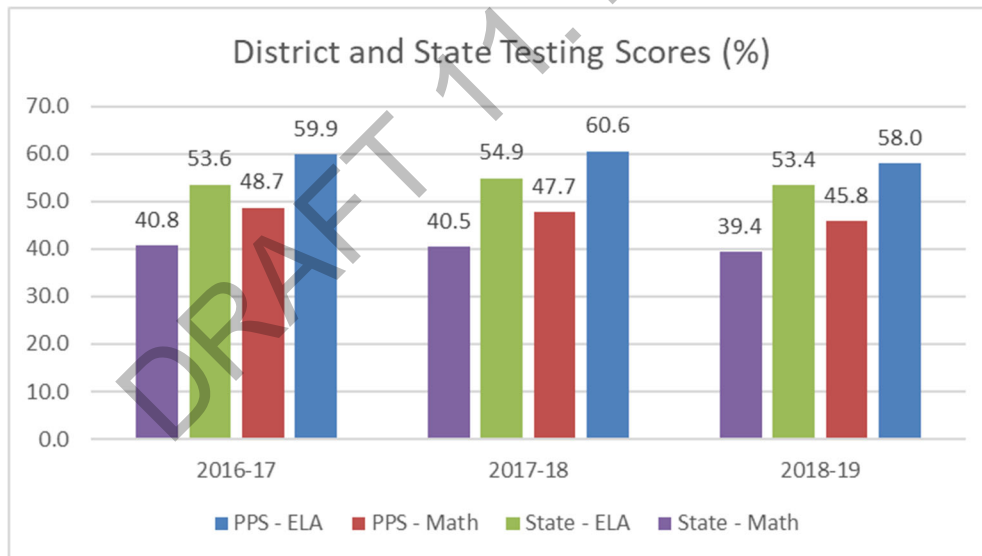
- Third Grade Reading
- Fifth Grade Mathematics
- Eighth Grade Graduate Portrait
- Post-Secondary Readiness/Ready for College & Career

The Vision, accountability metrics and the theory of action will continue to shape and define the financial planning and decision making as well as serve as the District's roadmap.



Source: ODE Cohort Graduation Rates - <https://www.oregon.gov/ode/reports-and-data/students/Pages/Cohort-Graduation-Rate.aspx>

The PPS four-year graduation rate has improved from 70.4 percent for the Class of 2014 to 80.5 percent for the Class of 2019 (most recent year available from Oregon Department of Education). This rate exceeds the average graduation rate for the State of Oregon.



Source: ODE Statewide Assessments - <https://www.oregon.gov/ode/educator-resources/assessment/Pages/Assessment-Group-Reports.aspx>

Assessment scores for English Language Arts and Math are additional metrics included in Department of Education scorecards. For each of the last three years, PPS has outperformed the statewide averages.

While the district still has significant work to do in improving student outcomes, trends of these key metrics indicate that efforts are moving the District in the right direction, as is evidence by our [Mid-year Progress](#) report to the board in early March 2020.

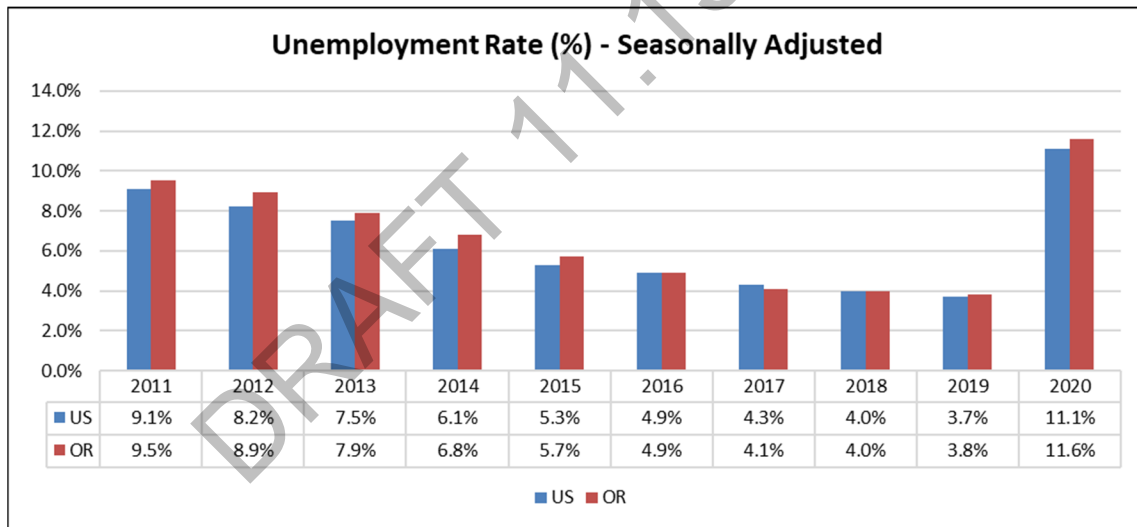
**Factors Affecting Financial Condition**

The information presented in the financial statements is perhaps best understood when it is considered in the broader perspective of the specific environment within which the District operates.

PPS derives about 80 percent of its General Fund revenues from the State School Fund and the associated funding distribution formula. Roughly half of the State School Fund money comes via the appropriation made by the state legislature, while the other half is the aggregate of the local permanent rate property taxes from school districts across the state. The state budget and the legislative appropriation are highly dependent upon state revenues through income taxes. The outlook for the state economy is a leading indicator for the health of this revenue stream and is, therefore, of great importance for PPS.

The second largest revenue item for PPS - at almost 15 percent of General Fund revenues - is its local option levy which is a property tax based upon assessed values of property in the PPS taxing district, and which is also significantly influenced by real market values of homes within the PPS taxing district.

**Oregon State Economy** – In June of 2020, Oregon’s unemployment rate jumped to 11.6 percent from January’s low of 3.3 percent. It is the highest unemployment rate since 2010, and the economic realities of the COVID-19 quarantine and restrictions that went into place in early spring are beginning to be seen. While current forecasts are indicating that the impacts will not be as bad as initially projected, there is limited agreement on the long-term forecast for both the state and national economy.



Source: Bureau of Labor Statistics, Unemployment Data

Approximately 169 thousand jobs were lost over the past year, contributing to a total workforce decrease of 8.7 percent from June 2019 to June 2020. The Leisure & Hospitality sector was the hardest hit, with 67 thousand jobs lost, representing 40 percent of the total year-over-year job losses.

Oregon Employment by Industry (number of jobs, in thousands)				
Industry	June 2019	June 2020	Year-over-Year Change (#)	Year-over-Year Change (%)
Government	299.1	276.5	(22.6)	-7.6%
Other Services	64.2	60.3	(3.9)	-6.1%
Leisure & Hospitality	213.8	146.9	(66.9)	-31.3%
Education & Health Services	302.9	286.2	(16.7)	-5.5%
Professional & Business Services	253.4	237.1	(16.3)	-6.4%
Financial Activities	102.5	98.5	(4.0)	-3.9%
Information	33.7	32.2	(1.5)	-4.5%
Trade, Transportation, and Utilities	353.7	342.0	(11.7)	-3.3%
Manufacturing	201.2	181.8	(19.4)	-9.6%
Construction	110.2	105.4	(4.8)	-4.4%
Mining and Logging	7.3	6.0	(1.3)	-17.8%
<b>Total Nonfarm</b>	<b>1,942.0</b>	<b>1,772.9</b>	<b>(169.1)</b>	<b>-8.71%</b>

Source: Oregon Economy at a Glance - <https://www.bls.gov/regions/west/oregon.htm#eag>

**Local Economy** – Portland and the surrounding metropolitan area has a widely diversified economy. Its centralized location and excellent transportation facilities have established the area as a major distribution point on the West Coast for wholesale trade and high-tech exports. During 2019-20, Education, Health Services, and Hospitality accounted for 24.4 percent of the city’s economy while the Trades, Transportation and Utilities made up another 19.3 percent.

**Portland Real Estate Market** – The District’s five-year Local Option Levy property tax was renewed in November 2019 for a new five-year term. We are very grateful for this continued support. The local option levy has resulted in increased revenue for PPS. However, the benefit to PPS of this levy is reduced because of Measure 5 property tax limits, known as “compression”. Market value of residential property, the critical variable in calculation of compression, declined for several years during the recession. This had the effect of reducing the amount that PPS collected through the local option levy. This resulted in lower direct revenue for PPS from the local option. Compression is calculated on a property by property basis, which makes local option revenue notoriously hard to forecast. Market values for residential property increased modestly in 2012 and more significantly from 2013 through 2020, reversing the trend and unwinding some of the compression.

**Long Term Financial Planning and Major Initiatives** - For many years, the District did not have adequate funds for capital improvements. In 2012, PPS updated its long-range facilities plan with the assistance of an advisory committee of more than 30 community members that brought a variety of professional perspectives as well as that of teachers, parents, and other interested participants. This committee held a series of community meetings, reaffirmed the need for a capital bond, and laid the foundation for the Board’s deliberation on a bond proposal and the criteria for definition of projects to be financed.

In November of 2012, the voters of the district authorized Portland Public Schools to issue up to \$482 million of general obligation bonds to improve school buildings, with 67 percent of voters supporting this capital investment program. This was a landmark accomplishment for PPS after many years of work and we are enormously grateful to the voters in this district for their continued support of PPS and for public education in our district.

The major projects at Roosevelt, Franklin and Faubion schools were completed in the fall of 2017. Grant High School was completed in time for the start of the 2019-20 school year.

A second \$790 million capital bond was passed by voters in May 2017. This bond will fund renovations and additions at Benson and Madison High Schools, and full rebuilds of Lincoln High School and Kellogg Middle School. Approximately 30 percent of the budgets for these projects comprehensively address health and safety issues.

The School Board approved the master plan for the new Kellogg Middle School and demolition has been completed. The current project schedule has Kellogg ready for new students at the start of the 2021 school year. The master plan for Madison High School was approved in May 2018 and demolition and construction began in the summer of 2019.

A third \$1.2 Billion capital bond was passed by voters in November 2020. This bond will fund additional health and safety projects across the district, replace textbooks and technology equipment districtwide, modernize Jefferson High School, complete Benson Polytechnic High School, plan additional neighborhood school projects and continue design and planning to modernize Cleveland and Wilson High Schools. PPS remains committed to deliver robust high school and middle school projects as envisioned by the voters, steward bond resources prudently and efficiently, and build and maintain the trust of voters in our community.

### **Charter Schools**

Oregon statute provides state funding for charter schools flow through the District for schools that local school boards of education have granted a charter. The District had six charter schools in operation during the 2019-20 fiscal year, which is one less than the previous year. Trillium Charter School ceased operations at the end of the 2018-19 school year due to revocation of their charter after failing to meet the requirements of a district-issued improvement plan. Because of their size relative to the District, the charter schools do not fall under the component unit reporting requirements set forth by GASB Statement No. 39.

### **Independent Audits**

The provisions of Oregon Revised Statutes require an independent audit of the financial records and fiscal affairs of the District. The auditors selected by the Board of Education, Talbot, Korvola & Warwick, LLP, have completed their audit of the basic financial statements and, accordingly, have included their unmodified Independent Auditor's Report in the financial section of this report.

Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards (Uniform Guidance) require state and local governments that expend \$750,000 or more in federal assistance in a year have a special form of audit conducted for that year. Since 1989, Portland Public Schools has issued a separate report on these requirements. Talbot, Korvola & Warwick, LLP have also provided various required reports. Contained in the separately issued Report on Audit Requirements for Federal Awards is the Schedule of Expenditures of Federal Awards, and the required reports on internal controls and compliance with laws and regulations.

## **Awards and Acknowledgments**

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the District for its Comprehensive Annual Financial Report for the fiscal year ended June 30, 2019. This was the 40<sup>th</sup> consecutive year that the District has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a governmental entity must publish an easily readable and efficiently organized CAFR that satisfies both GAAP and applicable legal requirements. A Certificate of Achievement is valid for a period of one year only. We believe our current report continues to conform to Certificate of Achievement Program requirements, and we are submitting it to GFOA to determine its eligibility for this coveted Certificate.

The Association of School Business Officials International (ASBO) awarded its Certificate of Excellence in Financial Reporting to the District for its Comprehensive Annual Financial Report for the fiscal year ended June 30, 2019. This was the 40<sup>th</sup> consecutive year that the District earned this significant award. Receiving the Award is recognition that the District has met the highest standards of excellence in school financial reporting as adopted by ASBO. The District believes that this 2020 CAFR, which will be submitted to ASBO for review, will also conform to these standards.

We wish to express our appreciation to the staff of the Finance Department and members of other District departments who assisted in the preparation of this Comprehensive Annual Financial Report. We further extend our appreciation to the members of the Board of Education, employees of the District, and all of the Portland community whose continued cooperation, support, and assistance have contributed greatly to the achievements of Portland Public Schools.

Respectfully submitted,

---

Claire Hertz, Deputy Superintendent Business & Operations

DRAFT 11.13.2020



**SCHOOL DISTRICT NO. 1J, MULTNOMAH COUNTY, OREGON**  
**Principal Officials**  
**At June 30, 2020**

**SCHOOL BOARD**

<u>Member</u>	<u>Zone</u>	<u>Term Expiration</u>	<u>Phone</u>
Andrew Scott	1	June 30, 2023	503-916-3741
Michelle DePass	2	June 30, 2023	503-916-3741
Amy Kohnstamm	3	June 30, 2023	503-916-3741
Rita Moore	4	June 30, 2021	503-916-3741
Scott Bailey	5	June 30, 2021	503-916-3741
Julia Brim-Edwards	6	June 30, 2021	503-916-3741
Eilidh Lowery	7	June 30, 2023	503-916-3741

**ADMINISTRATIVE STAFF**

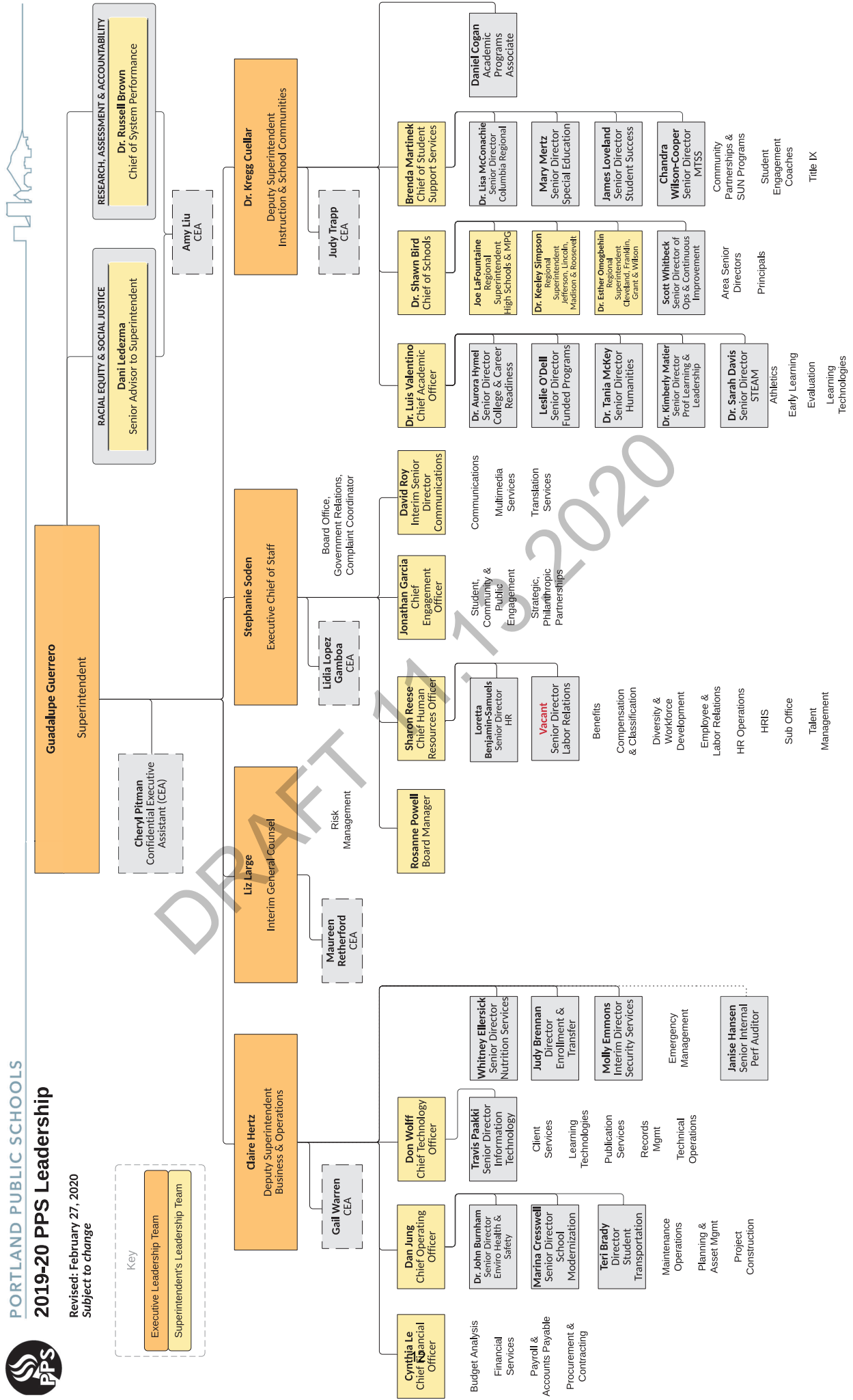
Guadalupe Guerrero	Superintendent of Schools
Kregg Cuellar	Deputy Superintendent Instruction and School Communities
Claire Hertz	Deputy Superintendent Business and Operations
Shawn Bird	Chief of Schools
Brenda Martinek	Chief of Student Support Services
Luis Valentino	Chief Academic Officer
Jonathan Garcia	Chief Engagement Officer
Cynthia Le	Chief Financial Officer
Sharon Reese	Chief Human Resources Officer
Dan Jung	Chief Operations Officer
Stephanie Soden	Chief of Staff
Don Wolff	Chief Technology Officer
Liz Large	Interim General Counsel



PORTLAND PUBLIC SCHOOLS

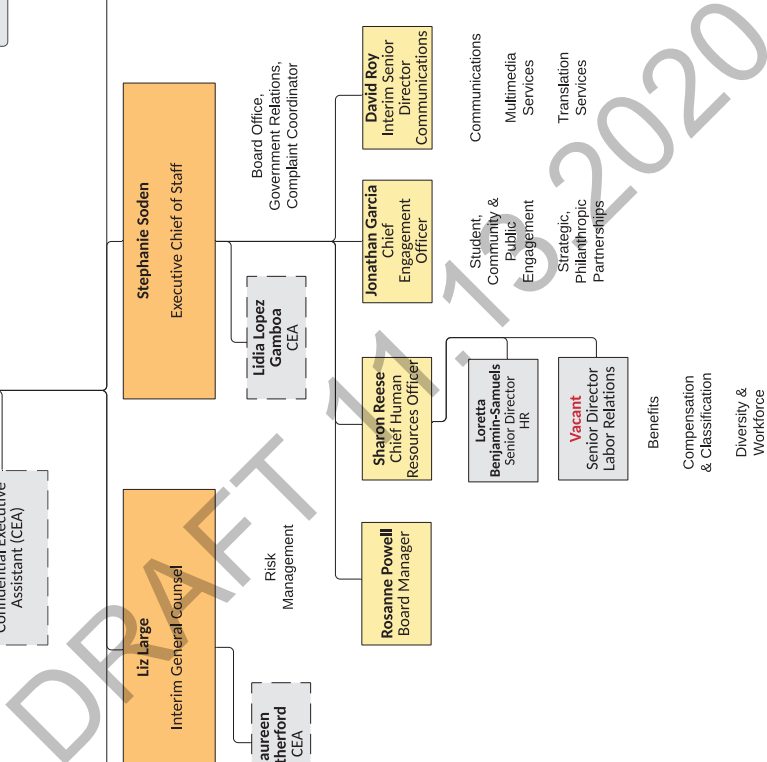
2019-20 PPS Leadership

Revised: February 27, 2020  
Subject to change



**Key**

- Executive Leadership Team
- Superintendent's Leadership Team





ASSOCIATION OF  
SCHOOL BUSINESS OFFICIALS  
INTERNATIONAL

The Certificate of Excellence in Financial Reporting  
is presented to

**School District 1J, Multnomah County,  
Oregon**

**for its Comprehensive Annual Financial Report (CAFR)  
for the Fiscal Year Ended June 30, 2019.**

The CAFR meets the criteria established for  
ASBO International's Certificate of Excellence.



A handwritten signature in black ink, reading 'Claire Hertz'.

Claire Hertz, SFO  
President

A handwritten signature in black ink, reading 'David J. Lewis'.

David J. Lewis  
Executive Director



Government Finance Officers Association

Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting

Presented to

**School District No. 1J  
Multnomah County, Oregon**

For its Comprehensive Annual  
Financial Report  
For the Fiscal Year Ended

June 30, 2019

*Christopher P. Morill*

Executive Director/CEO

# Financial



Laurelhurst Cookbooks for Cause



Rosa Parks Elementary School

Financial

DRAFT 11.13.2020

Audit Report Placeholder

DRAFT 11.13.2020

Audit Report Placeholder

DRAFT 11.13.2020

Audit Report Placeholder

DRAFT 11.13.2020

DRAFT 11.13.2020



**SCHOOL DISTRICT NO. 1J, MULTNOMAH COUNTY, OREGON**  
**Management’s Discussion and Analysis**

As management of School District No.1J, Multnomah County, Oregon (Portland Public Schools or the District or PPS), we offer readers this narrative overview and analysis of the financial activities of Portland Public Schools for the fiscal year ended June 30, 2020. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found on pages 1-9 of this report.

**FINANCIAL AND BUDGETARY HIGHLIGHTS**

**Budget**

On June 25, 2019 the Board of Education (the Board) adopted the fiscal year 2019-20 budget by way of Board Resolution No. 5913. On April 7, 2020, the Board voted to amend the 2019-20 budget, by way of Board Resolution No. 6093. This one and only Amendment to the budget allocated appropriation levels in various funds that more accurately reflected intended expenditures of additional resources to advance the District’s priorities.

- **General Fund:** \$18.2 million was allocated across Instruction and Support Services in support of Social Emotional Support (SES) classrooms, teen parent program, athletics and technology.
- **Special Revenue Fund:** \$2.8 million was allocated across various appropriations to reflect additional grants and E-Rate funding as well as a reduction in the transfer from the PERS Rate Stabilization Fund.

Beginning in 2019-20, budget appropriation was changed to the major fund level. See the budgetary comparison schedules within the required supplementary information and other supplementary information sections of the report for a breakdown of prior year ending fund balance.

With the 2019-20 budget, the District continued its focus on student achievement, closing racial achievement gaps, and improving student health and safety. The main priority for the 2019-20 school year was to transform school and student achievement by providing differentiated levels of supports and resources to our Title I, Comprehensive School Improvement (CSI), and Targeted School Improvement (TSI) designated schools. Additionally, increased investments were made in Special Education staffing to align with the shifts in student populations and catch up with the rising needs of Special Education students in the district.

**Other Highlights**

In November 2012, District voters passed an eight-year, \$482.0 million capital bond measure. With that bond measure, Portland Public Schools began a 30-year effort to modernize every school in the District. The 2012 authorization included modernizations for Franklin, Roosevelt, and Grant High Schools and Faubion PK-8 as well as seismic upgrades, roof replacements and accessibility improvements.

At June 30, 2020, the 2012 authorization had a remaining balance of \$17.9 million, comprised of proceeds and related investment earnings.

**Summary of Bond Resources as of June 30, 2020**  
**(in thousands)**

	Authorization	Issued	Unspent Balance
2012	\$ 482,000	\$ 482,000	\$ 17,874
2017	790,000	790,000	616,193
	\$ 1,272,000	\$ 1,272,000	\$ 634,067

In May 2017, District voters passed an eight-year, \$790.0 million capital bond measure. The 2017 authorization includes the modernization of Madison and Benson High schools, the replacement of Lincoln High school and Kellogg Middle school. The measure also included funding to address District-wide health and safety projects.

The health and safety projects include work to:

- Reduce or eliminate exposure to hazardous materials;
- Upgrade fire alarm and fire sprinkler systems;
- Improve accessibility for people with disabilities;
- Repair or replace leaking or deteriorating school roofs;
- Upgrade school safety and security; and
- Strengthen schools against earthquakes.

Construction is underway at Madison and Kellogg and is scheduled for completion in 2021. Construction has also started at Lincoln and is scheduled to be complete in 2023. Modernization work at Benson will begin in the summer of 2021.

Construction and/or design started or progressed regarding:

- Roof replacement and seismic upgrades at ten schools;
- Fire alarm and sprinkler upgrades at nineteen schools;
- Improved disability access at ten schools;
- Hazardous materials reduction or elimination at 92 schools;
- School safety and security upgrades at 87 schools;
- Water quality improvement at 65 schools;
- Replacement of Kellogg school;
- Replacement of Lincoln High school;
- Madison High School modernization; and
- Benson High school modernization.

At June 30, 2020, the 2017 authorization had a remaining balance of \$616.2 million for design and construction of the projects covered by the measure.

## **OVERVIEW OF THE FINANCIAL STATEMENTS**

This management's discussion and analysis is intended to serve as an introduction to Portland Public Schools' basic financial statements. The basic financial statements are comprised of three components: (1) government-wide financial statements; (2) fund financial statements; and (3) notes to the basic financial statements. In addition to the basic financial statements, this report also contains required and other supplementary information.

**Government-Wide Financial Statements** are designed to provide readers with a broad overview of the District's finances in a manner similar to a private-sector business. The government-wide financial statements can be found on pages 33-35 of this report.

**Fund Financial Statements** are designed to demonstrate compliance with finance-related legal requirements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities and objectives. Portland Public Schools' funds can be divided into two categories: governmental funds and proprietary funds. Reports by fund are shown in the Financial Section of the report beginning on page 37.

**Governmental Funds** are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus more narrowly on near-term inflows and outflows of available resources, as well as on balances of available resources at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the District's near-term financial decisions. The Governmental Fund Balance Sheet and the Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

Portland Public Schools designates four major governmental funds. Information is presented separately in the Governmental Fund Balance Sheet and the Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balances for the General Fund, Special Revenue Fund, Debt Service Fund, and the Capital Projects Fund.

Portland Public Schools adopts an annual appropriated budget for each of its funds. A budgetary comparison statement has been provided for each fund individually in either required or supplementary information to demonstrate compliance with the fund level budgets. The basic governmental fund financial statements can be found on pages 37-43 of this report.

**Proprietary funds** are used to account for a government's business-type activities. The District maintains only one type of proprietary fund, which is an Internal Service Fund. Internal service funds are accounting devices used to accumulate and allocate costs among various internal functions. The District uses an Internal Service Fund to account for its self-insurance activities related to workers compensation. Because Portland Public Schools has no business-type functions, this service benefits governmental functions and has been included within the governmental activities in the government-wide financial statements.

Internal service funds provide the same type of information as the government-wide financial statements. The internal service fund financial statements provide separate information for the Self-Insurance Fund. The basic internal service fund financial statements can be found on pages 45-47 of this report.

**Notes to the Basic Financial Statements** provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. These notes can be found on pages 49-89 of this report.

**Required Supplementary Information (RSI)** is located directly after the notes to the basic financial statements on pages 91-98 and represents the required comparison of the budget and actual results on the District's budgetary basis for the General Fund and Special Revenue Fund. In addition, the RSI discloses the District's proportionate share of liabilities/assets and related employer contributions for pension and other post-employment healthcare benefits obligations.

**Supplementary Information (SI)** presented on pages 100-102 includes budgetary comparison schedules for the Debt Service Fund, Capital Projects Fund and the Proprietary Fund.

## GOVERNMENT-WIDE FINANCIAL ANALYSIS

### Analysis of Deferred Outflows and Inflows of Resources

Deferred outflows and deferred inflows are comprised of pension and other post-employment healthcare related balances. The changes in total deferred outflows and deferred inflows were due to differences between actual and expected earnings, changes in assumptions used by outside actuaries, and other factors impacting these balances.

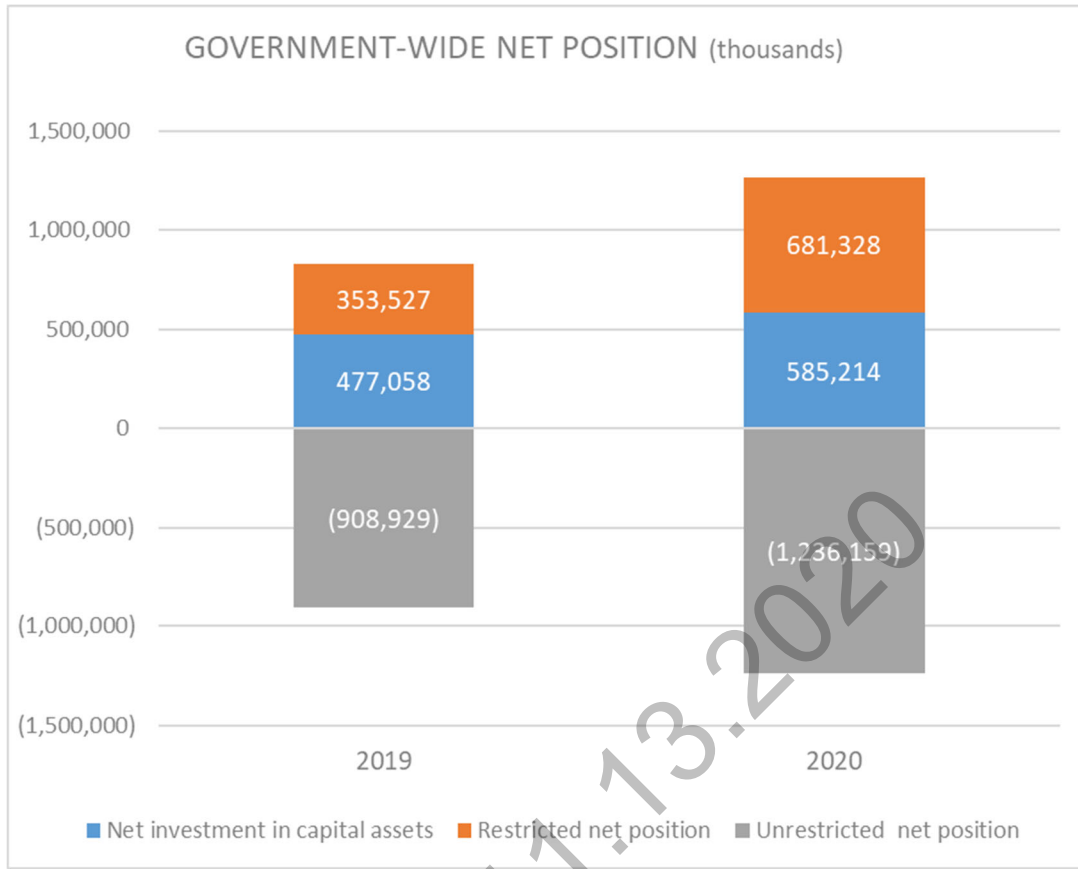
### Analysis of Net Position

The Statement of Net Position presents information on the District's assets, liabilities and deferred outflows and inflows. The difference between assets/deferred outflows and liabilities/deferred inflows is reported as net position. Over time, net position may serve as a useful indicator of the District's financial position. Other indicators that can be useful in reviewing the District's financial health include enrollment trends, debt capacity and the condition of facilities.

### Net Position: 2019 compared to 2020

**Net Position** is a primary indicator of financial position. The District's assets and deferred outflows exceeded liabilities and deferred inflows by \$30.4 million at June 30, 2020. This represents an increase of \$108.7 million in net position from the prior year and is further discussed below.

Net Position	Government-wide (thousands)			
	2019	2020	\$ Change	% change
<b>Assets</b>				
Current or other assets	\$ 593,665	\$ 947,919	\$ 354,254	59.7%
Net capital assets	735,002	917,372	182,370	24.8%
Total Assets	1,328,667	1,865,291	536,624	40.4%
<b>Deferred Outflows of Resources</b>	207,186	158,473	(48,713)	-23.5%
<b>Liabilities</b>				
Long-term liabilities outstanding	1,251,451	1,583,895	332,444	26.6%
Other liabilities	298,417	298,341	(76)	0.0%
Total Liabilities	1,549,868	1,882,236	332,368	21.4%
<b>Deferred Inflows of Resources</b>	64,329	111,145	46,816	72.8%
<b>Net Position</b>				
Net investment in capital assets	477,058	585,214	108,156	22.7%
Restricted	353,527	681,328	327,801	92.7%
Unrestricted	(908,929)	(1,236,159)	(327,230)	-36.0%
Total Net Position	\$ (78,344)	\$ 30,383	\$ 108,727	138.8%



**Net Investment in Capital Assets** has increased to \$585.2 million, a \$108.2 million increase over prior year. The increase is primarily driven by increases in capital assets related to the capital bond work.

**Restricted Net Position** represents the unspent portions of capital project funds, debt service funds, and net assets restricted by grants, donations, post-employment benefits and leases. Restricted Net Position increased by \$327.8 million to \$681.3 million this year, primarily due to the increase in bond principal as resources are set aside for bond-related construction.

**Unrestricted Net Position** consists of all other amounts not included in categories noted above. Unrestricted Net Position at June 30, 2020 is a negative \$1.24 billion, a decrease of \$327.2 million from fiscal year 2018-19.

**Analysis of Activities**

The Statement of Activities presents expenses and related revenues by program, summarizing how the District’s net position changed during the most recent fiscal year. The statement reports revenues earned and expenses incurred under the accrual basis of accounting, where changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will result in cash flows in future fiscal periods (e.g., uncollected taxes, pension amounts, other post-employment benefits (OPEB), incurred but not reported (IBNR) claims, and earned but unused vacation leave).

**Statement of Activities****Government-wide (thousands)**

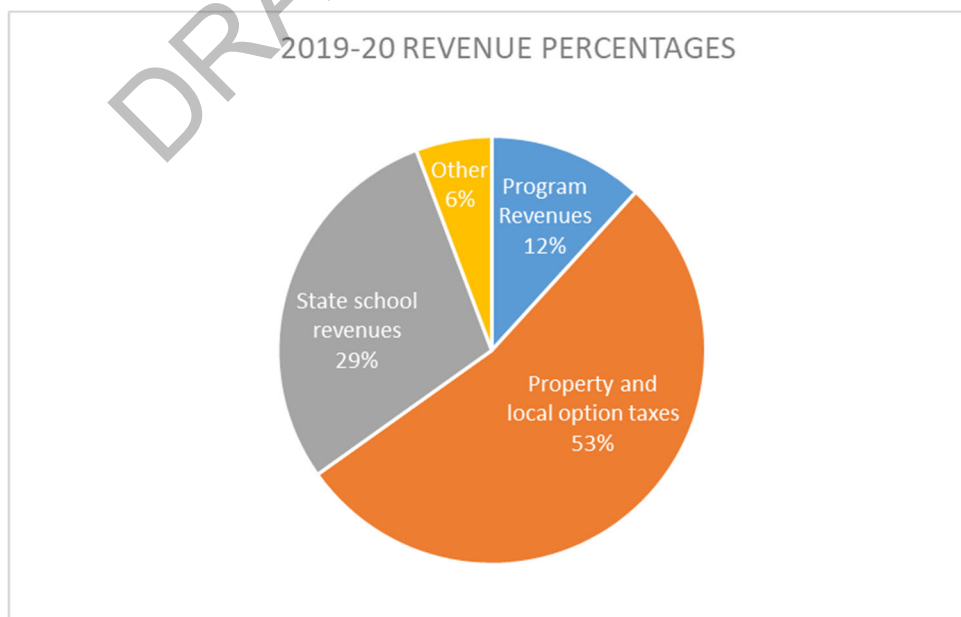
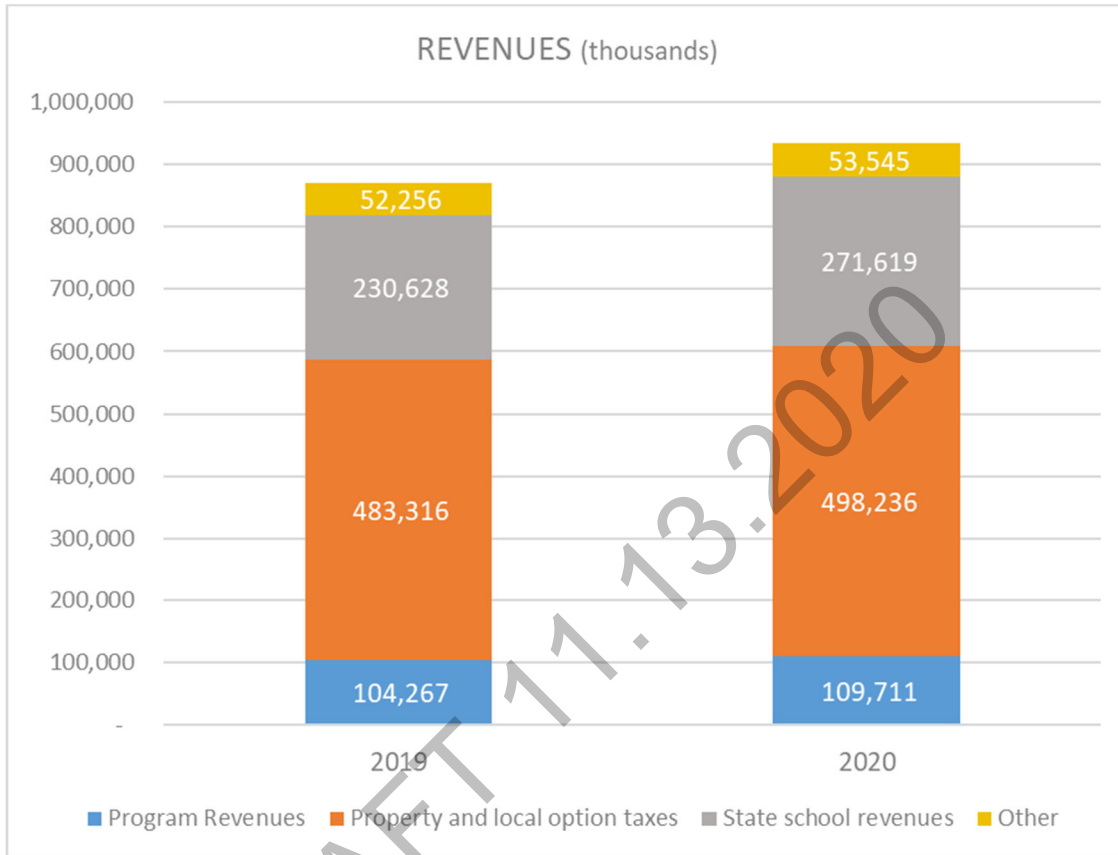
	2019	2020	2020- % of Total	\$ Change	% Change
<b>Revenues</b>					
Program Revenues					
Charges for services	\$ 9,806	\$ 8,271	0.9%	\$ (1,535)	-15.7%
Operating grants & contributions	89,961	90,072	9.7%	111	0.1%
Capital grants & contributions	4,500	11,368	1.2%	6,868	100.0%
Total Program Revenues	104,267	109,711	11.8%	5,444	5.2%
<b>General Revenues</b>					
Property taxes	388,143	400,203	42.8%	12,060	3.1%
Local option taxes	95,173	98,033	10.5%	2,860	3.0%
County & intermediate sources	17,362	19,072	2.0%	1,710	9.8%
Construction excise tax	5,991	4,291	0.5%	(1,700)	-28.4%
State School Fund	225,135	266,607	28.6%	41,472	18.4%
State Common School Fund	5,493	5,012	0.5%	(481)	-8.8%
Investment earnings	20,229	12,534	1.3%	(7,695)	-38.0%
Other	8,674	17,648	1.9%	8,974	103.5%
Total General Revenues	766,200	823,400	88.2%	57,200	7.5%
Total Revenues	870,467	933,111	100.0%	62,644	7.2%
<b>Expenses</b>					
Instruction	428,454	429,149	52.1%	695	0.2%
Support services	310,546	324,513	39.4%	13,967	4.5%
Enterprise & community services	22,785	21,821	2.6%	(964)	-4.2%
Facilities services	6,030	3,492	0.4%	(2,538)	-42.1%
Interest & fees on long-term debt	44,166	45,409	5.5%	1,243	2.8%
Total Expenses	811,981	824,384	100.0%	12,403	1.5%
Change in net position	58,486	108,727	357.9%	50,241	85.9%
Net position - beginning of year	(136,830)	(78,344)	-257.9%	58,486	42.7%
Net position - end of year	\$ (78,344)	\$ 30,383	100.0%	\$ 108,727	138.8%

**The Statement of Activities** of the government-wide financial statements distinguishes functions that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). Portland Public Schools currently does not have any business-type or enterprise fund activities. Additional detail regarding revenue and expense changes are presented to provide a better understanding of the District's operations in fiscal year 2019-20 compared to fiscal year 2018-19.

The District's mission is to provide a free and appropriate public education for K-12 students within its boundaries. The District may not charge for its core services, but does charge for non-core services such as facilities rentals, activities fees, and lunches. Therefore, general revenues, primarily property taxes and State School Funds, provide most of the funding required for governmental programs.

**Revenue and Expenses: 2019 compared to 2020**

**Revenues** for 2020 were \$933.1 million, an increase of \$62.6 million, or 7.2 percent, from prior year revenues of \$870.5 million. State School Fund revenues increased by \$41.5 million. \$12.5 million of the increase was related to the annual true up of State School Fund.



**Expenses** for the District’s program activities include Instruction, Support Services, Enterprise and Community Services, Facilities Services, and Interest and Fees on Long-term Debt. The District’s activities mirror its chart of accounts which is mandated by the Oregon Department of Education for all Oregon public schools.

Current year total expenses were \$824.4 million, which is a 1.5 percent, or \$12.4 million, increase over the prior year. Instruction was mainly flat as compared to 2018-19. Support Services expenses increased \$14.0 million, or 4.5 percent, over the prior year, which was primarily driven by increases in costs related to distance learning supports including investments in technology and software as well as an increase in student supports for social work, discipline, and guidance. Instruction and support services together accounted for 91.0 percent of the District’s total expenses in fiscal year 2019-20, which is the same percentage spent in fiscal year 2018-19 on these same categories.

### **FINANCIAL ANALYSIS OF THE DISTRICT’S MAJOR FUNDS**

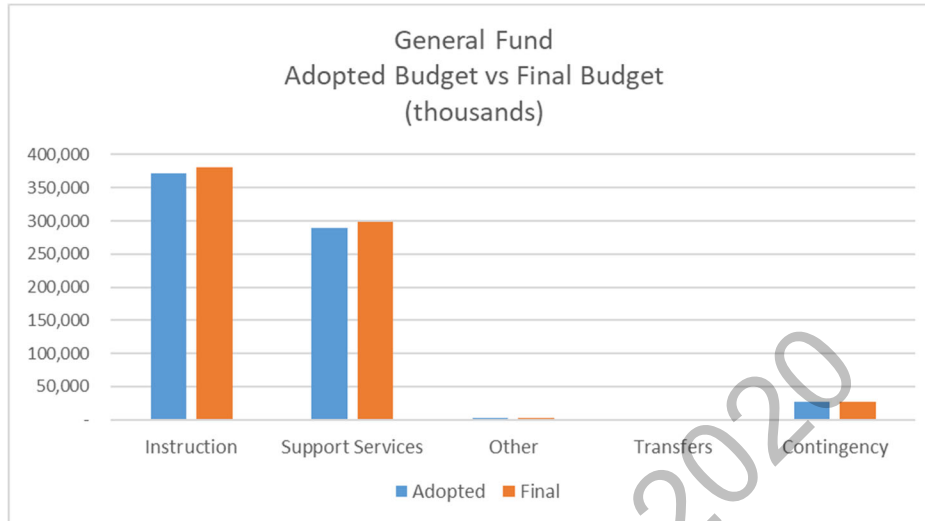
As noted earlier, the District uses fund accounting to ensure and demonstrate compliance with finance- related legal requirements. The focus of the District’s governmental funds is to provide information on near-term inflows, outflows, and balances of expendable resources. Such information is useful in assessing the District’s financial requirements. In particular, unassigned fund balance may serve as a useful measure of the District’s net resources available for spending at the end of the fiscal year.

**General Fund.** The General Fund is the major operating fund of the District. The fund’s ending fund balance increased by \$24.6 million to \$64.5 million for fiscal year 2019-20. The General Fund saw an increase of \$46.9 million in revenue, largely due to an increase in the State School Fund. Instructional expenditures increased \$12.1 million in total, driven by increases in wages and benefits, which include bargained step increases and cost of living adjustments as well as investments in technology supports for our students in response to the COVID related executive order requiring distance learning. Support services costs increased \$15.9 million, due primarily to increases in payroll and associated costs and investment in computer software and equipment to support the distance learning that occurred in the spring.

**Special Revenue Fund.** Special Revenue Fund revenue remained relatively flat year over year. There was roughly \$3.7 million in reductions in Charges for services and Extracurricular activities resulting from the pivot to distance learning in the spring. These reductions were offset by increases in federal, state and county revenues. Expenditures across the fund increased by \$1.9 million that were largely related to wages and benefits as well as increased supports in Special Education. The spending on Materials and Services across the fund was down, with the schools in distance learning and central offices mostly closed down the District spending in Materials and Services was down across the fund.

## BUDGETARY HIGHLIGHTS FOR THE GENERAL FUND

**Adopted budget compared to final budget.** There was one amendment to the 2019-20 budget. The Amendment allocated \$18.2 million across Instruction and Support Services to align the budget with intended expenditures of additional resources.



**Final budget compared to actual results.** In fiscal year 2019-20 the District underspent the final general fund budget by \$38.6 million before contingency, or roughly 5.7%. Salaries and associated payroll costs across Instruction and Support Services accounted for \$22.8 million of the underspend, while non-personnel expenditures made up the other \$15.8 million. On March 8, 2020 the Governor declared a state of emergency due to the public health threat posed by the novel infectious coronavirus (COVID-19) and it was declared a global pandemic on March 11, 2020. The Governor issued an executive order on March 12, 2020 that directed public schools to remain closed state-wide. The order was extended on March 17, 2020. Due to the uncertainty around the economy due to the pandemic, the District took the following steps to reduce expenditures in 2019-20 including:

- Hiring Freeze
- Utility schedule changes
- Travel restrictions
- Purchasing restrictions
- Furlough days

### Final Budget vs Actual Expenditures (thousands)

	Final Budget	Actual Expenditures	\$ Change	% of Budget
Instruction	\$ 380,950	\$ 359,881	\$ (21,069)	94.5%
Support Services	298,686	281,918	(16,768)	94.4%
Other Objects	1,900	1,507	(393)	79.3%
Transfers	1,703	1,311	(392)	0.0%
	<u>683,239</u>	<u>644,617</u>	<u>(38,622)</u>	<u>94.3%</u>
Operating Contingency	26,682	-	(26,682)	0.0%
	<u>\$ 709,921</u>	<u>\$ 644,617</u>	<u>\$ (65,304)</u>	<u>90.8%</u>

The swift implementation of the spending changes are reflected in the difference between the final budget and actual expenditures for 2019-20. While the purchasing and staffing changes reduced expenditures, the distance learning environment required some unplanned investments in technology and software as well as an opportunity to address building improvements while the buildings were not occupied.

## CAPITAL ASSETS AND DEBT ADMINISTRATION

**Capital Assets.** The District’s investment in capital assets includes land, building and improvements, vehicles and equipment, and construction in progress. As of June 30, 2020, the District had invested \$917.4 million in capital assets, net of depreciation and amortization, as shown in the following table:

Capital assets	Government-wide (thousands)			
	2019	2020	\$ Change	% change
Land	\$ 9,174	\$ 9,174	\$ -	0.0%
Buildings and site improvements	712,441	881,218	168,777	23.7%
Vehicles and equipment	37,064	39,376	2,312	6.2%
Construction in progress	247,924	272,766	24,842	10.0%
	1,006,603	1,202,534	195,931	19.5%
less accumulated depreciation	(271,601)	(285,162)	(13,561)	5.0%
Capital assets, net of depreciation	<u>\$ 735,002</u>	<u>\$ 917,372</u>	<u>\$ 182,370</u>	24.8%

District-wide, capital assets increased by \$182.4 million in fiscal year 2019-20, and the District recognized \$20.1 million of depreciation and amortization. Asset disposals of \$16.5 million (with associated accumulated depreciation of \$6.5 million, were recorded for fiscal year 2019-20). Capital construction accounted for the majority of the increase. Further discussion of capital assets can be found in Note 7 of the financial statements.

**Debt Administration.** At the end of the current fiscal year, the District had total debt outstanding of \$1,178.8 million (excluding premiums and discounts), which is comprised of limited tax pension and refunding bonds (\$336.1 million) and debt backed by the full faith and credit of the District (\$842.8 million). During fiscal year 2019-20, the District reduced debt by making scheduled debt service payments of \$117.9 million and issued the remaining portion of the 2017 Bond. Further explanation of debt is shown in Note 10 of the Financial Statements.

Outstanding Debt	Government-wide (thousands)				
	2019	Increases	Decreases	2020	% change
Limited tax pension and refunding bonds	\$ 348,222	\$ -	\$ (12,160)	\$ 336,062	-3.5%
Other debt	507,283	441,320	(105,824)	842,779	66.1%
Total Long Term Debt	855,505	441,320	(117,984)	1,178,841	
Unamortized Bond Premium/(Discount)	41,071	68,202	(3,364)	105,909	157.9%
Total Long Term Debt, net of Premium (Discount)	<u>\$ 896,576</u>	<u>\$ 509,522</u>	<u>\$ (121,348)</u>	<u>\$ 1,284,750</u>	43.3%

State statutes limit the amount of general obligation debt a school district may issue based on a formula for determining the percentage of the Real Market Value of all taxable properties within the District. The District’s general obligation bond debt capacity is 7.95 percent of Real Market Value or \$10.7 billion.

OPERS is Oregon’s public pension system. Under the pension plan, the actuarial liability is the present value of the plan’s current and expected benefits payments (plus administrative expenses). If the fund’s actuarial liability exceeds its assets, then the fund has a shortfall that is known as a Net Pension Liability (“NPL”). OPERS requires that school Districts pay (or “amortize”) this NPL over a period of 20 years (Tier One / Tier Two portion) and 10 years (Retiree Health Insurance Account portion). Since interest rates had been at historic lows, an opportunity to benefit from lowered interest was created.

The District participated in the Oregon School Board Association (“OSBA”) sponsored pooled pension obligation bond program, in which the proceeds from bond issues were put into a PERS “side account” and used to offset a portion of the OPERS Net Pension Liability (NPL). The reduced contribution rate charged for the NPL that has resulted from the District’s decision to borrow, has saved an estimated \$38.2 million in the current year; savings that the District has used to provide more instruction and support services. Over time, this reduction in rates could dampen the effects of future increases in the District’s NPL. As long as OPERS’ investment returns exceed the costs of servicing the bonds, the benefits of this program will exceed the costs. The District’s NPL was reduced but was not eliminated by these borrowing transactions. Statutes, legislation, regulations, and rules regarding OPERS can change at any time.

## **NEXT YEAR’S BUDGET AND ECONOMIC FACTORS**

The 2020-21 budget will continue to build on to its community promise of a PPS Re-Imagined. With the uncertain economic crisis, the District conservatively adjusted staffing levels and operational budgets so as to invest limited resources into a set of strategies and actions that continue to build momentum towards achieving the Vision for Portland Public Schools. This Vision focuses on what we want to be true for our graduates and includes four main areas: a Graduate Portrait, Educator Essentials, System Shifts and Core Values. This vision encapsulates input from students, parents, educators and community members, and defines the skills, mindsets and dispositions we expect of our graduates. It also outlines the characteristics of our educators and the system shifts we must address over the next decade.

The board approved, in October of 2019, a set of academic milestones to monitor progress and hold the district accountable to achieving: Third Grade Reading, Fifth Grade Mathematics, Eight Grade Graduate Portrait, and Post-Secondary Readiness/ Ready for College & Career.

In order to advance toward the Vision and achieve the academic milestones PPS developed a theory of action for change. It states:

*“If... We braid Racial Equity and Social Justice strategies into our instruction core, work with our students, teachers, and content, and build our organizational culture and capacity to create a strong foundation to support every student...*

*Then... We will reimagine Portland Public Schools to ensure every student, especially our Black and Native American students who experience the greatest barriers, realize the Vision of the Graduate Portrait.”*

The Vision, the accountability metrics and the theory of action will continue to shape and define financial planning and budgeting for the District into the future.

The 2020-21 budget focuses on increased academic supports and interventions for our most vulnerable and historically underserved students including additional Instructional Specialists, investments in Special Education resources and programming, and continued prioritization and investments into the schools with the greatest needs. The budget includes continued investment into the Equity funding formula and additional Equity resources for our community based education agencies (CBO’s) serving historically underserved students. This funding aims to place resources in areas where they are most needed and are better able to support underserved students and school communities. The 2020-21 budget also focuses on social emotional mental and behavioral supports across the District, that include investments in Social Emotional Learning curriculum, professional development, floating psychologists and counselors.

Population and enrollment trends in Portland show increases in the overall population within the PPS boundary, from 505,000 in 2017 to a mid-range forecast of 598,000 by 2040. However, declining fertility rates among the fastest growing cohort of that population, young adults (20 to 34 year olds) suggest that the population of school-aged children will stay relatively flat, not keeping pace with the overall population growth. Enrollment for the District as of October 1, 2019 was 49,478 students, down slightly from 49,550 in 2018-19. For budgeting purposes, and based on the April 2020 enrollment forecast prepared by the Portland State University Population Research Center, District K-12 student enrollment was projected to increase by about 115 students, or approximately a quarter of one percent in the 2020-21 school year.

However, the closing of the brick and mortar education model and the transition to Comprehensive Distance Learning brought on by COVID, has seen students going to Private and home schooling options. The full enrollment impact due to the pandemic is still unknown, but the current long-range enrollment forecasts see a flattening trajectory over the next 15 years, with the low forecast showing a decline in as many as 3,788 students to an increase of 122 students in the high forecast by 2034-2035.

The Oregon state economy and labor market saw a steep decline in the last year, largely due to the quarantine and gathering restrictions that were put into place in the spring. Oregon's unemployment rate had kept steady at around 3-4 percent for the 39 months preceding April 2020, in which it spiked to almost 15%. Given that context, there is less of a consensus amongst economists on the short and long-term forecasts.

Regardless of the uncertainties that we face in the coming biennium the District is committed to maintaining a budget that will support our students, staff, and community.

### **REQUESTS FOR INFORMATION**

This financial report is designed to provide a general overview of Portland Public Schools' finances for all those with an interest in the District's finances. Questions concerning any of the information provided in the report or requests for additional financial information should be addressed to the Finance Department, Portland Public Schools, 501 N Dixon, Portland, OR, 97227. An electronic copy of this and other prior- year financial reports is available at the District website: <http://www.pps.net/Page/2184>.

DRAFT 11.13.2020

DRAFT 11.13.2020



**BASIC FINANCIAL STATEMENTS**

---

---

DRAFT 11.13.2020

**SCHOOL DISTRICT NO.1J, MULTNOMAH COUNTY, OREGON**  
**Statement of Net Position**  
**June 30, 2020**  
(amounts expressed in thousands)

	<b>Governmental Activities</b>
<b>ASSETS</b>	
Cash and cash equivalents-unrestricted	\$ 256,374
Cash and cash equivalents held by fiscal agents	5,798
Investments	622,781
Accounts and other receivables	34,776
Property taxes and other taxes receivable	13,962
Inventories	1,551
Prepaid items	6,200
Other assets	77
Total current assets	941,519
Noncurrent assets:	
Net OPEB asset-RHIA	6,400
Capital assets, not depreciated:	
Land	9,174
Construction in progress	272,766
Capital assets, net of accumulated depreciation:	
Buildings and capital improvements	625,145
Vehicles and equipment	10,287
Total assets	1,865,291
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	
OPEB contributions subsequent to measurement date	8,103
OPEB differences between expected and actual experience	2,967
OPEB differences due to changes in assumptions	7,776
Pension changes in employer proportion	55,393
Pension differences between expected and actual experience	16,933
Pension differences due to changes in assumptions	41,592
Pension contributions subsequent to measurement date	25,709
Total deferred outflows of resources	158,473

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

**SCHOOL DISTRICT NO.1J, MULTNOMAH COUNTY, OREGON**  
**Statement of Net Position (continued)**  
**June 30, 2020**  
**(amounts expressed in thousands)**

**LIABILITIES**

Accounts payable	\$ 55,886
Accrued wages and benefits payable	85,696
Unearned revenues	898
Claims payable	6,853
Non-current liabilities:	
Due within one year	
Accrued compensated absences	2,703
Bonds	125,819
Accrued bond interest payable	20,486
Due in more than one year	
Accrued compensated absences	2,583
Bonds	1,158,931
Accrued bond interest payable	28,713
Net pension liability- PERS	306,140
Total pension liability-stipend	6,209
Total OPEB liability-RHIS	81,319
Total liabilities	<u>1,882,236</u>

**DEFERRED INFLOWS OF RESOURCES**

OPEB differences between expected and actual experience	844
OPEB differences due to changes in assumptions	1,800
OPEB differences between actual and expected earnings	395
OPEB changes in employer proportion	73
Pension differences due to changes in assumptions	70
Pension differences between employer contribution and proportionate share of contributions	50,177
Pension changes in employer proportion	49,107
Pension differences between actual and expected earnings	8,679
Total deferred inflows of resources	<u>111,145</u>

**NET POSITION**

Net investment in capital assets	585,214
Restricted for:	
Capital projects	642,574
Grants	10,486
Student body activities	4,930
Nutrition services	416
Debt service	16,522
Net OPEB asset-RHIA	6,400
Unrestricted (deficit)	(1,236,159)
Total net position	<u>\$ 30,383</u>

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

**SCHOOL DISTRICT NO.1J, MULTNOMAH COUNTY, OREGON**  
**Statement of Activities**  
**For the year ended June 30, 2020**  
**(amounts expressed in thousands)**

Functions/Programs	EXPENSES		PROGRAM REVENUES		Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
<b>GOVERNMENTAL ACTIVITIES</b>					
Instruction	\$ 429,149	\$ 251	\$ 57,806	\$ -	\$ (371,092)
Support services	324,513	4,095	29,504	-	(290,914)
Enterprise and Community Services	21,821	3,925	2,762	-	(15,134)
Facilities Services	3,492	-	-	11,368	7,876
Interest and fees on long-term debt	45,409	-	-	-	(45,409)
Total governmental activities	<u>\$ 824,384</u>	<u>\$ 8,271</u>	<u>\$ 90,072</u>	<u>\$ 11,368</u>	<u>(714,673)</u>
<b>GENERAL REVENUES</b>					
Property taxes levied for general purposes					273,860
Property taxes levied for debt service					126,343
Construction excise tax					4,291
Local option taxes levied for general purposes					98,033
State School Fund - general support					266,607
State Common School Fund - general support					5,012
County and intermediate sources - general support					19,072
Investment earnings					12,534
Other					17,648
Total general revenues					<u>823,400</u>
Change in net position					<u>108,727</u>
Net position - beginning of year					(78,344)
Net position - end of year					<u>\$ 30,383</u>

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

DRAFT 11.13.2020



**SCHOOL DISTRICT NO.1J, MULTNOMAH COUNTY, OREGON**  
**Governmental Funds**  
**Balance Sheet**  
**June 30, 2020**  
(amounts expressed in thousands)

	<b>General Fund</b>	<b>Special Revenue Fund</b>
<b>ASSETS</b>		
Cash and cash equivalents-unrestricted	\$ 132,150	\$ 20,198
Cash and cash equivalents held by fiscal agents	5,074	-
Investments	-	12,250
Prepaid items	252	-
Accounts receivable	1,459	31,483
Property taxes and other taxes receivable	10,656	-
Due from other funds	25,063	744
Inventories	259	1,292
Other Assets	47	-
Total assets	<u>\$ 174,960</u>	<u>\$ 65,967</u>
<b>LIABILITIES</b>		
Accounts payable	\$ 15,181	\$ 3,921
Accrued wages and benefits	85,096	453
Due to other funds	744	24,905
Unearned revenues	-	898
Total liabilities	<u>101,021</u>	<u>30,177</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Unavailable property tax revenue	9,465	-
Total deferred inflows of resources	<u>9,465</u>	<u>-</u>
<b>FUND BALANCES</b>		
Nonspendable	511	1,292
Restricted	-	15,832
Committed	-	18,666
Assigned	-	-
Unassigned	63,963	-
Total fund balances	<u>64,474</u>	<u>35,790</u>
Total liabilities, deferred inflows and fund balances	<u>\$ 174,960</u>	<u>\$ 65,967</u>

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

<b>Debt Service Fund</b>	<b>Capital Projects Fund</b>	<b>Total Governmental Funds</b>
\$ 12,746	\$ 86,778	\$ 251,872
724	-	5,798
-	605,496	617,746
-	5,648	5,900
-	1,834	34,776
3,306	-	13,962
-	-	25,807
-	-	1,551
-	30	77
<u>\$ 16,776</u>	<u>\$ 699,786</u>	<u>\$ 957,489</u>
\$ -	\$ 36,525	\$ 55,627
-	96	85,645
-	158	25,807
-	-	898
<u>-</u>	<u>36,779</u>	<u>167,977</u>
2,953	-	12,418
<u>2,953</u>	<u>-</u>	<u>12,418</u>
-	5,648	7,451
13,568	642,574	671,974
255	-	18,921
-	14,785	14,785
-	-	63,963
<u>13,823</u>	<u>663,007</u>	<u>777,094</u>
<u>\$ 16,776</u>	<u>\$ 699,786</u>	<u>\$ 957,489</u>

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

**SCHOOL DISTRICT NO.1J, MULTNOMAH COUNTY, OREGON**  
**Reconciliation of the Balance Sheet to the Statement of Net Position**  
**June 30, 2020**  
**(amounts expressed in thousands)**

Fund balances - governmental funds (page 38)	\$	777,094
Amounts reported for governmental activities in the Statement of Net Position are different because:		
Capital assets are not financial resources and are not reported in governmental funds.		917,372
Long-term taxes and other receivables are not available to pay for current-period expenditures and therefore are a deferred inflow of resources in the governmental funds.		12,418
Assets, deferred outflows, liabilities and deferred inflows of the internal service funds are included in activities in the Statement of Net Position.		5,631
Bonds payable are not due and payable in the current period and therefore are not reported in the governmental funds.		(1,284,750)
Actuarially determined pension activity is not reported in the governmental funds.		(280,604)
Accrued compensated absences are reported when earned as a liability in the Statement of Net Position while in the governmental funds only the unpaid balance of reimbursable unused vacation is reported as a liability.		(5,286)
Accrued property and liability insurance claims incurred but not reported are not due and payable in the current period and therefore are not reported in the governmental funds.		(3,141)
Accrued interest payable is not recognized as a liability in the governmental funds.		(49,199)
Actuarially determined OPEB activity is not reported in the governmental funds.		(59,152)
Net position of governmental activities (page 35)	<u>\$</u>	<u>30,383</u>

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

DRAFT 11.13.2020



**SCHOOL DISTRICT NO.1J, MULTNOMAH COUNTY, OREGON**  
**Governmental Funds**  
**Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**For the year ended June 30, 2020**  
**(amounts expressed in thousands)**

	<b>General Fund</b>	<b>Special Revenue Fund</b>
<b>REVENUES</b>		
Property and other taxes	\$ 273,159	\$ 296
State School Fund	266,607	-
State Common School Fund	5,012	-
Federal and state support	84	78,965
Local option taxes	98,789	-
County and intermediate sources	13,775	5,297
Charges for services	3,838	3,615
Extracurricular activities	-	4,914
Investment earnings	3,162	416
Other	4,761	6,251
Total revenues	669,187	99,754
<b>EXPENDITURES</b>		
Current:		
Instruction	359,881	48,878
Support services	281,918	32,101
Enterprise and community services	1,507	20,429
Facilities acquisition and construction	-	52
Debt Service:		
Principal	-	-
Interest	-	-
Total expenditures	643,306	101,460
Excess (deficit) of revenues over expenditures	25,881	(1,706)
<b>OTHER FINANCING SOURCES (USES)</b>		
Transfers in	-	69
Transfers out	(1,311)	-
Proceeds from the sale of capital assets	17	-
Issuance of debt	-	-
Premium on issuance of debt	-	-
Total other financing sources (uses)	(1,294)	69
Net change in fund balances	24,587	(1,637)
Fund balances - beginning of year		
General Fund	39,887	-
PERS Rate Stabilization Reserve Fund	-	17,954
Student Body Activity Fund	-	4,968
Cafeteria Fund	-	3,974
Dedicated Resource Fund	-	10,531
GO Bond Debt Service Fund	-	-
PERS UAL Debt Service Fund	-	-
GO Bonds Fund	-	-
Construction Excise Tax Fund	-	-
IT System Project Fund	-	-
Full Faith and Credit Fund	-	-
Energy Efficient Schools Fund	-	-
Facilities Capital Fund	-	-
Capital Asset Renewal Fund	-	-
School Modernization Partnership Fund	-	-
Fund balances - beginning of year - total	39,887	37,427
Fund balances - end of year	\$ 64,474	\$ 35,790

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

Debt Service Fund	Capital Projects Fund	Total Governmental Funds
\$ 126,118	\$ 4,291	\$ 403,864
-	-	266,607
-	-	5,012
76	11,368	90,493
-	-	98,789
-	-	19,072
51,328	816	59,597
-	-	4,914
1,500	7,322	12,400
-	1,705	12,717
<u>179,022</u>	<u>25,502</u>	<u>973,465</u>
-	-	408,759
-	5,585	319,604
-	-	21,936
-	207,400	207,452
117,984	-	117,984
<u>59,750</u>	<u>-</u>	<u>59,750</u>
<u>177,734</u>	<u>212,985</u>	<u>1,135,485</u>
<u>1,288</u>	<u>(187,483)</u>	<u>(162,020)</u>
1,752	110	1,931
-	(620)	(1,931)
-	10,500	10,517
-	441,320	441,320
-	68,202	68,202
<u>1,752</u>	<u>519,512</u>	<u>520,039</u>
3,040	332,029	358,019
-	-	39,887
-	-	17,954
-	-	4,968
-	-	3,974
-	-	10,531
10,552	-	10,552
231	-	231
-	304,370	304,370
-	13,050	13,050
-	50	50
-	4,173	4,173
-	1,943	1,943
-	1,311	1,311
-	5,763	5,763
<u>-</u>	<u>318</u>	<u>318</u>
10,783	330,978	419,075
<u>\$ 13,823</u>	<u>\$ 663,007</u>	<u>\$ 777,094</u>

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

**SCHOOL DISTRICT NO.1J, MULTNOMAH COUNTY, OREGON**  
**Reconciliation of the Statement of Revenues,**  
**Expenditures, and Changes in Fund Balances to the Statement of Activities**  
**For the year ended June 30, 2020**  
**(amounts expressed in thousands)**

Net change in fund balances - total governmental funds (page 42) \$ 358,019

Amounts reported for governmental activities in the Statement of Activities are different because:

Governmental funds report all capital outlay as expenditures. However, in the Statement of Activities the cost of certain assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays in the current period of \$212,462, inclusive of proceeds not recorded in governmental funds due to timing) exceeded depreciation and disposals of \$30,092. 182,370

Property tax revenues that do not provide current financial resources are not reported as revenues in the governmental funds. This is the change in deferred inflow of resources related to property taxes. 116

The Internal Service Fund is used to account for all costs incurred for claims arising from workers' compensation losses. The primary funding sources are charges to other funds. This amount is the change in net position for the year. (2,271)

Incurred but not reported property and liability insurance claims expenses are reported in the Statement of Activities but they are not reported as expenditures in the governmental funds. 208

The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on the change in net position. Also, governmental funds report the effect of issuance costs, premiums, and similar items when debt is first issued. Premium amounts are deferred and amortized in the Statement of Activities. (388,174)

Pension actuarial liability activity is reported in the Statement of Activities but not in the governmental funds. (52,701)

Other Post Employment Benefits actuarial liability activity is reported in the Statement of Activities but not in the governmental funds. 1,733

Change in compensated absences (1,550)  
Change in bond interest payable 10,977

Change in net position of governmental activities (page 35) \$ 108,727

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

DRAFT 11.13.2020



**SCHOOL DISTRICT NO.1J, MULTNOMAH COUNTY, OREGON**  
**Proprietary Fund - Internal Service Fund**  
**Statement of Net Position**  
**June 30, 2020**  
(amounts expressed in thousands)

**ASSETS**

Current Assets	
Cash and cash equivalents	\$ 4,502
Investments	5,035
Prepaid items	300
Total current assets	<u>9,837</u>
Noncurrent Assets	
Net OPEB asset-RHIA	3
Total assets	<u><u>9,840</u></u>

**DEFERRED OUTFLOWS OF RESOURCES**

OPEB contributions after measurement date	4
OPEB differences due to changes in assumptions	4
OPEB differences between expected and actual experience	2
Pension contributions after measurement date	14
Pension changes in employer proportion	30
Pension differences between expected and actual experience	9
Pension differences due to changes in assumptions	23
Total deferred outflows of resources	<u>86</u>

Total assets and deferred outflows	<u>9,926</u>
------------------------------------	--------------

**LIABILITIES**

Current Liabilities	
Accounts payable	260
Accrued wages and benefits	50
Claims payable	3,712
Total current liabilities	<u>4,022</u>
Long-term Liabilities	
Total OPEB liability- RHIS	44
Net pension liability- PERS	166
Total pension liability-stipend	3
Total long term liabilities	<u>213</u>
Total liabilities	<u><u>4,235</u></u>

**DEFERRED INFLOWS OF RESOURCES**

OPEB differences due to changes in assumptions	1
Pension changes in employer proportion	27
Pension differences between employer contribution and proportionate share of contributions	27
Pension differences between actual and expected earnings	5
Total deferred inflows of resources	<u>60</u>

Total liabilities and deferred inflows of resources	<u>4,295</u>
---	--------------

**NET POSITION**

Restricted for Net OPEB asset-RHIA	3
Unrestricted	5,628
Total net position	<u><u>\$ 5,631</u></u>

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

**SCHOOL DISTRICT NO.1J, MULTNOMAH COUNTY, OREGON**  
**Proprietary Fund - Internal Service Fund**  
**Statement of Revenues, Expenses, and Changes in Net Position**  
**For the year ended June 30, 2020**  
**(amounts expressed in thousands)**

<b>OPERATING REVENUES</b>	
Charges for services	\$ 595
Insurance recoveries	-
Total operating revenues	<u>595</u>
<b>OPERATING EXPENSES</b>	
Salaries and benefits	313
Materials and services	328
Claims expense	2,580
Total operating expenses	<u>3,221</u>
Operating income	<u>(2,626)</u>
<b>NON-OPERATING REVENUES</b>	
Federal and state support	221
Investment earnings	134
Total non-operating revenues	<u>355</u>
Change in net position	(2,271)
Net position - beginning of year	7,902
Net position - end of year	<u>\$ 5,631</u>

DRAFT 11.13.2020

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

**SCHOOL DISTRICT NO.1J, MULTNOMAH COUNTY, OREGON**  
**Proprietary Fund - Internal Service Fund**  
**Statement of Cash Flows**  
**For the year ended June 30, 2020**  
**(amounts expressed in thousands)**

**CASH FLOWS FROM OPERATING ACTIVITIES**

Cash received from interfund services provided and used	\$	594
Cash received from insurance recoveries		16
Cash payments for salaries and benefits		(305)
Cash payments for goods and services		(273)
Cash payments for claims		(2,362)
Net cash provided by (used for) operating activities		(2,330)

**CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES**

Cash subsidy from state return to work reimbursements		221
Net cash provided by (used for) noncapital financing activities		221

**CASH FLOWS FROM INVESTING ACTIVITIES**

Purchase of investments		(52)
Investment earnings		134
Net cash provided by investing activities		82

Net increase in cash and cash equivalents (2,027)

Cash and cash equivalents at beginning of year		6,529
Cash and cash equivalents at end of year	\$	4,502

**RECONCILIATION OF OPERATING INCOME TO CASH FROM OPERATING ACTIVITIES**

Operating income	\$	(2,626)
Adjustments to reconcile operating income to net cash from operating activities:		
Decrease in accounts and other receivables		16
Increase in accounts and other payables		54
Increase in claims payable		218
Increase in accrued wages and benefits		4
Decrease in net pension asset and deferred outflows		41
Decrease in net pension liability and deferred inflows		(31)
Increase in OPEB liability and OPEB related deferred inflows		2
Increase in net other post employment benefits obligation		(8)
Total adjustments		296
Net cash provided by operating activities	\$	(2,330)

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

DRAFT 11.13.2020



**School District No. 1J, Multnomah County, Oregon**  
Notes to the Basic Financial Statements  
For the Year Ended June 30, 2020  
(Dollar amounts, unless otherwise indicated, are expressed in thousands)

---

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

School District No. 1J, Multnomah County, Oregon, known as Portland Public Schools or the District, is governed by a seven-member elected board. The District is the special-purpose primary government exercising financial accountability for all public K-12 education within its boundaries. As required by accounting principles generally accepted in the United States of America, the accompanying financial statements present all significant activities and organizations of the District. The District reports no component units, nor is the District a component unit of any other entity, and specifically has no relationship or connection with Multnomah County, Oregon.

The financial statements of the District 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 governing body and establishes governmental accounting and financial reporting principles. The more significant of the District's accounting policies are described below.

**A. Government-wide and fund financial statements**

The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information on all of the activities of the District. For the most part, the effect of interfund activity has been removed from these statements except that interfund services provided and used are not eliminated in the process of consolidation.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment is 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 who purchase or use goods, services, or privileges provided by a given function and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other items not properly included among program revenues are reported instead as general revenues. Certain functional expenses contain an element of indirect cost.

Separate financial statements are provided for Governmental Funds and the Self-Insurance Fund, which is an internal service fund (proprietary fund). The Self-Insurance Fund is included in the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements. In the internal service fund, all revenues and expenses except interest earnings, transfers, and federal and state support are considered to be related to operations.

***Measurement focus, basis of accounting, and financial statement presentation***

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected within 60 days of the end of the current fiscal year. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service and expenditures related to compensated absences are recorded only when payment is due.

**School District No. 1J, Multnomah County, Oregon**  
Notes to the Basic Financial Statements  
For the Year Ended June 30, 2020  
(Dollar amounts, unless otherwise indicated, are expressed in thousands)

---

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued**

**A. Government-wide and fund financial statements - continued**

***Measurement focus, basis of accounting, and financial statement presentation – continued***

Property taxes and grant reimbursements are considered to be susceptible to accrual, if received in cash by the District or a county collecting such taxes within 60 days after year-end. All other revenue items are recognized in the accounting period when they become both measurable and available. Measurable means the amount of the transaction can be determined. Available means collectible within the current fiscal year or soon thereafter.

The District reports the following major governmental funds:

**General Fund** – Accounts for the general operations of the District. The General Fund accounts for all financial resources except those required to be accounted for in another fund. The General Fund's resources are available to the District for any purpose provided they are expended or transferred according to a resolution or policy of the District and/or the laws of Oregon.

**Special Revenue Fund** – Accounts for revenues and expenditures that are restricted and committed for specific projects. Principal revenue sources are federal, state and local funding.

**Debt Service Fund** – Accounts for the accumulation of financial resources for the payment of long-term debt principal, interest and related costs. Current debt instruments include General Obligation (GO) bonds, Limited Tax Pension Obligations and Full Faith and Credit Obligations.

**Capital Projects Fund** – Accounts for financial resources to be used for the acquisition of property, technology, construction or renovation of facilities.

Additionally, the District reports the following internal service fund:

**Self-Insurance Fund** – Accounts for all workers' compensation activities. The activity and balances of this fund are included in the governmental activities in the government-wide financial statements. The primary resources are charges to other funds, investment earnings and federal and state support. All revenues except for investment revenues and transfers in are considered operating revenue. Operating expenses include salaries, benefits, materials, premium costs, claims, and other related costs.

**School District No. 1J, Multnomah County, Oregon**  
Notes to the Basic Financial Statements  
For the Year Ended June 30, 2020  
(Dollar amounts, unless otherwise indicated, are expressed in thousands)

---

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued**

**B. Appropriations and Budgetary Controls**

The District prepares a budget for all funds in accordance with the modified accrual basis of accounting, with certain adjustments, and legal requirements set forth in Local Budget Law.

Consistent with Local Budget Law, expenditures are appropriated by fund for each legally adopted annual operating budget at the following levels of control, as appropriate:

- Instruction
- Support Services
- Enterprise and Community Services
- Facilities Acquisition and Construction
- Debt Service
- Contingency
- Fund Transfers

Capital outlay expenditures are appropriated within the service levels for Instruction, Support Services, Enterprise and Community Services, and Facilities Acquisition and Construction. Debt service expenditures in the General Fund are generally appropriated within the Support Services level of control. For reporting purposes all other debt service expenditures are segregated from the supporting services budgetary control levels and are presented in the debt service expenditures category.

After the original budget is adopted, the Board of Education may approve appropriation transfers between the levels of control without limitation. Supplemental appropriations may be approved by the Board of Education if any occurrence, condition, or need exists which had not been anticipated at the time the budget was adopted. An appropriations transfer that alters estimated total expenditures by less than 10.00 percent of any individual fund may be adopted at the regular meeting of the Board of Education. For conditions that require either supplemental appropriations or an increase in expenditures greater than 10.00 percent of an individual fund, a supplemental budget must be adopted, requiring public hearings, publications in newspapers and approval by the Board of Education. Supplemental budgets are submitted, reviewed and certified, similar to the original budget, by the Multnomah County Tax Supervising and Conservation Commission subsequent to approval by the Board of Education. Appropriations lapse at the end of each fiscal year. The District had one supplemental budget during budget year 2020.

**C. Encumbrances**

During the year encumbrances are recorded in the accounting records when purchase orders are issued. The use of encumbrances indicates to District employees that appropriations are committed. All encumbrances expire at year-end.

**D. Cash and Cash Equivalents and Investments**

For the purpose of the Statement of Cash Flows, the Statement of Net Position and the Balance Sheet, the District's monies in the Oregon Local Government Investment Pool, savings deposits, demand deposits and cash with fiscal agents are considered to be cash and cash equivalents. Investments with a remaining maturity of more than one year at the time of purchase are stated at fair value. Other investments are stated at amortized cost, which approximates fair value.

**School District No. 1J, Multnomah County, Oregon**  
Notes to the Basic Financial Statements  
For the Year Ended June 30, 2020  
(Dollar amounts, unless otherwise indicated, are expressed in thousands)

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued**

**E. Property Taxes**

Uncollected real and personal property taxes are reflected on the Statement of Net Position and the Balance Sheet as receivables. Under state law, county governments are responsible for extending authorized property tax levies, computing tax rates, billing and collecting all property taxes, and making periodic distributions of collections to entities levying taxes. Property taxes become a lien against the property when levied on July 1 of each year and are payable in three installments due on November 15, February 15 and May 15. Property tax collections are distributed monthly except for November, when such distributions are made weekly.

**F. Inventories and Prepaid Items**

Inventories of school operating supplies, maintenance supplies, and food and other cafeteria supplies are stated at cost using the weighted average method. A portion of the inventory consists of commodities purchased from the United States Department of Agriculture (USDA). The commodities are recorded at wholesale market value as provided by the USDA. The District accounts for inventory based on the consumption method. Under the consumption method, inventory is recorded when purchased and expenditures are recorded when inventory items are used. Donated foods consumed during the year are reported as revenues and expenditures. The amount of unused donated food at year-end is immaterial. Prepaid insurance is related to capital bond construction activity. Prepaid assets are recognized as expenses/expenditures based on the consumption method when their use benefits the District.

**G. Capital Assets**

Expenditures for capital assets, which include land, buildings and site improvements, construction in progress, and vehicles and equipment are reported in the Statement of Revenues, Expenditures, and Changes in Fund Balance by function. The District defines capital assets as assets with an initial cost exceeding the threshold amounts shown in the schedule below, and an estimated useful life in excess of one year. District capital assets are recorded at historical cost, or estimated historical cost if purchased or constructed, and depreciated or amortized, where appropriate, using the straight-line method. Donated capital assets are recorded at acquisition value at the date of donation. Major outlays for capital assets and improvements are recorded as construction in progress and capitalized as projects are completed. When the District determines that an asset has been impaired as defined by GASB Statement No. 42 it adjusts the asset value. Under the pronouncements of GASB Statement No. 51 the District capitalizes intangible asset costs, such as costs relating to internally developed computer software. The intangible asset costs are classified as equipment.

Major asset classifications, useful lives and capitalization thresholds are as follows:

Asset	Capitalization threshold	Useful lives, years
Buildings	\$ 25	100
Land & site improvements	25	5 to 25
Equipment	5	5 to 15
Vehicles	5	5 to 8

**H. Grant Accounting**

Unreimbursed expenditures due from grantor agencies are recorded in the financial statements as accounts receivable and revenues. Cash received from grantor agencies in excess of related grant expenditures is reflected as unearned revenue on the Statement of Net Position and the Balance Sheet.

**School District No. 1J, Multnomah County, Oregon**  
Notes to the Basic Financial Statements  
For the Year Ended June 30, 2020  
(Dollar amounts, unless otherwise indicated, are expressed in thousands)

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued**

**I. Insurance**

The District operates the Self-Insurance Fund to account for the costs of workers’ compensation related costs and resources. Charges to other funds are recognized as revenues and as expenditures in the fund incurring the charges. The District accounts for all other insurance related resources and costs, such as general liability claims, property and fire loss claims, and the payment of premiums through the General Fund.

The District recognizes the liabilities for estimated losses to be incurred from pending claims and for claims incurred but not reported (IBNR). The IBNR claims are estimates of claims that are incurred through the end of the fiscal year but have not yet been reported. These liabilities are based on actuarial valuations.

The District’s insurance deductibles and policy limits are as follows:

	Deductibles	Excess Coverage per Occurrence
General and Automobile Claims	\$ 1,000	\$ 10,000
Property and Fire Claims	1,000	250,000
Earthquake Claims	1,000	75,000
Flood Claims	1,000	75,000
Workers' Compensation Claims	1,000	25,000

The District has not exceeded the claims limitation on its insurance policies for the last five years.

**J. Compensated Absences**

Depending on years of service and union membership, employees can earn annual vacation leave between 10 days and 22 days per year. Administrators earn 22 days of annual vacation leave. Employees are allowed to carry over twice their maximum yearly earned balances from one fiscal year to another. All outstanding vacation leave is payable upon resignation, retirement, or death. Compensated absences are recognized as liabilities in the District’s proprietary fund. Compensated absences are not reported as liabilities in the governmental funds because they have not “matured,” meaning they are not yet payable to the employee.

Sick leave accumulates each month without a limit on the total hours that can be accumulated. Accumulated sick leave does not vest and is forfeited at resignation, retirement or death. Sick leave is recorded as an expense/expenditure when leave is taken and no liability is recorded.

**K. Receivables and Payables**

Receivables expected to be collected within sixty days following year-end are considered measurable and available and are recognized as revenues in the governmental fund financial statements. Other receivables are offset by unearned revenues and, accordingly, have not been recorded as revenue. Receivables, net of any allowance for doubtful accounts, are recorded on the Statement of Net Position/Balance Sheet.

Activities between funds that represent lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as “due to/from other funds” in the fund financial statements, and are eliminated in the government-wide statements.

**School District No. 1J, Multnomah County, Oregon**  
Notes to the Basic Financial Statements  
For the Year Ended June 30, 2020  
(Dollar amounts, unless otherwise indicated, are expressed in thousands)

---

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued**

**L. Long-term Obligations**

In the government-wide financial statements, long-term debt and other long-term obligations including accrued compensation and claims are reported as liabilities. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight line method which approximates the effective interest method. Bonds payable are reported net of applicable bond premium or discount. Bond issuance costs are reported as outflows of resources (expenses) in the period incurred.

In the fund financial statements, governmental fund types recognize bond premium and discounts, as well as bond issuance costs as incurred. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs are reported as expenditures.

**M. Retirement Plans**

Most District employees participate in Oregon's Public Employees Retirement System (OPERS). Contributions are made as required by the plan and are recorded as expense/expenditures. Pension benefits are explained in Note 11.

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 OPERS and additions to/deductions from OPERS's fiduciary net position have been determined on the same basis as they are reported by OPERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized by OPERS when due and payable in accordance with the benefit terms. OPERS investments are reported at fair value.

The District provides tax-deferred annuity contracts established under Section 403(b) of the Internal Revenue Code. Participation in the program is voluntary. Contributions are made from salary deductions from participating employees within the limits specified in the Code. This plan is accounted for under the provisions of Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pension Plans*.

The District also provides a single-employer defined benefit early retirement program (Note 11-B). The stipend benefit is actuarially determined, is reflected as a long-term liability in the government-wide financial statements, and reflects the present value of expected future payments. This plan is accounted for under the provisions of GASB Statement No. 73.

**N. Other Post-Employment Benefits**

The District is mandated to contribute to Retirement Health Insurance Accounts (RHIA) for eligible District employees who are members of OPERS, and were plan members before January 1, 2004. The plan was established by the Oregon Legislature.

The Retirement Health Insurance Subsidy (RHIS) is a health and welfare program the District provides for retirees. The plan is actuarially determined, is reflected as a long-term liability in the government-wide financial statements, and reflects the present value of expected future payments. The net other post-employment benefits liability and expenditure in the governmental fund financial statements are limited to amounts that become due and payable as of the end of the fiscal year, and are reported on the pay-as-you-go basis.

Certificated employees who have met the requirements for age and years of service with the District are eligible for early retirement benefits (Note 11-B), which includes early retirement benefits and other post-employment benefits as explained in Note 12.

Both plans are accounted for under the provisions of GASB Statement No. 75.

**School District No. 1J, Multnomah County, Oregon**  
Notes to the Basic Financial Statements  
For the Year Ended June 30, 2020  
(Dollar amounts, unless otherwise indicated, are expressed in thousands)

---

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued**

**O. Net Position**

Net position represents the difference between the District’s total assets and deferred outflows and total liabilities and deferred inflows. District net position currently has three components:

*Net investment in capital assets* represents capital assets plus unspent bond proceeds less accumulated depreciation and outstanding principal of capital asset related debt.

*Restricted net position* represents net position upon which constraints have been placed, either externally by creditors, grantors, contributors or others, or legally constrained by law.

*Unrestricted net position* represents net position that does not meet the definition of “restricted” or “net investment in capital assets”.

**P. Deferred Inflows and Outflows of Resources**

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

In addition to liabilities, the Statement of Net Position reports a separate section for Deferred Inflows of Resources. This separate financial statement element, *Deferred Inflows of Resources*, represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until then.

**Q. Management Estimates**

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

**R. Fund Balance Definitions**

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

Governmental fund balance definitions, from most to least restrictive are:

1. *Non-spendable fund balances* – Amounts that are not in spendable form or due to legal or contractual requirements. Examples of resources in this category are prepaid amounts, inventory or notes receivable.
2. *Restricted fund balances* – Amounts constrained to specific purposes by their providers (such as grantors or bond holders), through constitutional provisions or by enabling legislation. These are primarily amounts subject to externally enforceable legal restrictions.
3. *Committed fund balances* – Amounts constrained to specific purposes by resolution of the District’s Board. The District’s Board can modify or rescind a commitment at any time through passage of a new resolution. In order to commit fund balances the District must take formal action prior to the close of the fiscal year.

**School District No. 1J, Multnomah County, Oregon**  
Notes to the Basic Financial Statements  
For the Year Ended June 30, 2020  
(Dollar amounts, unless otherwise indicated, are expressed in thousands)

---

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued**

**R. Fund Balance Definitions - continued**

4. *Assigned fund balances* – Amounts the District intends to use for a specific purpose that are neither restricted nor committed are reported as assigned fund balance. Intent can be expressed by the Board or delegated authority to an official. An example of assignment is when the District’s Board adopts the annual budget which includes funds identified as reserved for a specific purpose.
5. *Unassigned fund balance* – Amounts not included in other classifications above. The amount represents spendable fund balance that is not restricted, committed or assigned in the General Fund. This classification is also used to report any deficit fund balance amounts in other governmental funds.

The District’s Board has passed resolution number 4461 titled: *Compliance with Governmental Accounting Standards Board Statement No. 54 (GASB 54): Fund Balance Reporting and Governmental Fund Type Definitions*. The resolution reads as follows:

- The Board affirms that it is the highest level decision authority for the District.
- The Board hereby delegates the authority to classify portions of ending fund balance as “Assigned” to the Superintendent.
- The Board adopts GASB 54 definitions for Non-spendable, Restricted, Committed, Assigned and Unassigned fund balances.
- In conjunction with the adoption of GASB 54 fund balance classifications, the Board declares its budgeting practices and budget allocations for restricted and unrestricted fund balance amounts will be consistent with the fund balance classification hierarchy.
- The Board hereby adopts GASB 54 definitions of fund types for the General Fund, special revenue funds, debt services funds, capital projects funds, and permanent funds.

**S. Use of Restricted Resources**

When an expense is incurred that can be paid using either restricted or unrestricted resources (net position), the District first applies the expense toward restricted resources and then toward unrestricted resources. In governmental funds, the District first applies the expenditure toward restricted fund balance and then to other, less-restrictive classifications, committed and then assigned fund balances, before using unassigned fund balances.

**T. Fund Balance Policy**

Per District board policy 8.10.025P, the Board has established a goal to fund and maintain an operating contingency in the General Fund that will range from 5.00 percent to 10.00 percent of annual General Fund revenues.

**U. Stabilization Arrangements**

The District established a PERS Rate Stabilization Reserve Fund by Board Resolutions 2679, adopted on June 16, 2003, and 4471, adopted on June 27, 2011. The purpose of the Fund is to minimize effects of large fluctuations in the PERS rate assessed against District salaries and wages, and to repay the 2002 and 2003 PERS UAL borrowings. This Fund resides within the Special Revenue Fund, and the primary revenue source is 0.11 percent of Current Year Permanent Rate and GAP Property Taxes. Use of the resources must be authorized through formal Board resolution. In any given year, funds may be transferred to the General Fund not to exceed either 1) the increase in PERS rate over rates in effect at June 30, 2011; or 2) the increase in the internally charged PERS UAL fringe rate over the fringe rate in effect at June 30, 2011, multiplied by the PERS eligible budgeted salary base for that year. The ending fund balance in the PERS Rate Stabilization Reserve Fund at June 30, 2020 is \$18,666.

**School District No. 1J, Multnomah County, Oregon**  
Notes to the Basic Financial Statements  
For the Year Ended June 30, 2020  
(Dollar amounts, unless otherwise indicated, are expressed in thousands)

**NOTE 2 – BUDGETARY BASIS OF ACCOUNTING**

The District reports financial position, results of operations, and changes in fund balance / net position on the basis of accounting principles generally accepted in the United States (GAAP). The budgetary statements provided as part of required or other supplementary information are presented on the budgetary basis to provide a meaningful comparison of actual results with the budget.

**NOTE 3 – STATE CONSTITUTIONAL PROPERTY TAX LIMITS**

The State of Oregon has a constitutional limit on property taxes for schools and non-school government operations. Under the provisions of the limitation, tax revenues are separated into those for the public school system and those for local government operations other than the public school system. Property taxes levied for the payment of bonded indebtedness are exempt from the limitation, provided such bonds are either authorized by a specific provision of the Oregon Constitution or approved by the voters of the District for capital construction or improvements.

The District's tax rates for the year ended June 30, 2020 are as follows:

Permanent rate	\$ 5.2781 per \$1 thousand of assessed value
Local option rate	\$ 1.9900 per \$1 thousand of assessed value
GO Bond Levy amount	\$ 130,575,000 (unrounded dollars)

**NOTE 4 – CASH, CASH EQUIVALENTS AND INVESTMENTS**

Deposits with financial institutions include bank demand deposits, deposits in the Local Government Investment Pool, time certificates of deposit and savings account deposits, as authorized by Oregon statutes.

The District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs 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; Level 3 inputs are significant unobservable inputs. At June 30, 2020, the District's cash, cash equivalents, and investments were comprised of the following:

	June 30, 2020	Fair Value Measurements Using
Oregon Local Government Investment Pool	\$ 43,264	N/A
Cash in demand deposits	213,103	N/A
Petty cash	7	N/A
Total cash and cash equivalents	<u>256,374</u>	
Cash and cash equivalents held by fiscal agents	<u>5,798</u>	N/A
U.S. Government agency securities	447,053	Level 1
Commercial Paper	167,317	Level 1
Municipal Bonds	8,411	Level 1
Total investments	<u>622,781</u>	
Total cash, cash equivalents and investments	<u>\$ 884,953</u>	

**School District No. 1J, Multnomah County, Oregon**  
Notes to the Basic Financial Statements  
For the Year Ended June 30, 2020  
(Dollar amounts, unless otherwise indicated, are expressed in thousands)

**NOTE 4 – CASH, CASH EQUIVALENTS AND INVESTMENTS – continued**

**A. Investments**

Accounting principles generally accepted in the United States of America require investments with a remaining maturity of more than one year at the time of purchase to be stated at fair value. Fair value is determined at the quoted market price, if available; otherwise the fair value is estimated based on the amount at which the investment could be exchanged in a current transaction between willing parties, other than in a forced liquidation sale. Investments with maturities of less than one year are carried at amortized cost.

Investments in the Oregon Local Government Investment Pool (LGIP) are stated at share value, which approximates fair value, and is the value at which the shares can be withdrawn. The LGIP does not report all investments at fair value in accordance with the provisions of GASB Statement No. 31. The LGIP is required by Oregon Revised Statutes (ORS) to compute the fair value of all investments maturing more than 270 days from the date the computation is made. If the fair value totals more than one percent of the balance of the LGIP in terms of unrealized gain or loss, the amount is required to be distributed to the pool participants. Fifty percent of the LGIP portfolio must mature within 93 days. Up to 25.00 percent of the LGIP portfolio may mature in over one year and no investment may mature in over three years.

The District requires all securities to be purchased in the District's name and held in third party safekeeping.

The Oregon Local Government Investment Pool is unrated. Other investments held at June 30, 2020 are categorized by Moody's and Standard and Poor's ratings as follows:

<b>Moody's Rating</b>	<b>U.S. Government &amp; Agency Obligations</b>	<b>Corporate Notes</b>	<b>Municipal Bonds</b>	<b>Total</b>
Aaa	\$ 430,822	\$ 25,000	\$ -	\$ 455,822
Aa1	-	12,619	7,545	20,164
Aa2	-	10,796	866	11,662
A1	-	34,811	-	34,811
A2	-	84,091	-	84,091
NR	16,231	-	-	16,231
	<u>\$ 447,053</u>	<u>\$ 167,317</u>	<u>\$ 8,411</u>	<u>\$ 622,781</u>
Weighted Average Maturity (Yrs)	0.40	0.62	0.92	0.47

<b>S &amp; P Rating</b>	<b>U.S. Government &amp; Agency Obligations</b>	<b>Corporate Notes</b>	<b>Municipal Bonds</b>	<b>Total</b>
AAA	\$ -	\$ 25,000	\$ -	\$ 25,000
AA+	323,654	12,619	-	336,273
AA	-	10,796	-	10,796
AA-	-	34,811	-	34,811
A-	-	84,091	-	84,091
NR	123,399	-	8,411	131,810
	<u>\$ 447,053</u>	<u>\$ 167,317</u>	<u>\$ 8,411</u>	<u>\$ 622,781</u>
Weighted Average Maturity (Yrs)	0.40	0.62	0.92	0.47

**School District No. 1J, Multnomah County, Oregon**  
Notes to the Basic Financial Statements  
For the Year Ended June 30, 2020  
(Dollar amounts, unless otherwise indicated, are expressed in thousands)

**NOTE 4 – CASH, CASH EQUIVALENTS AND INVESTMENTS – continued**

**A. Investments – continued**

***Interest rate risk***

In accordance with its investment policy, the District manages its exposure to declines in fair value of its investments by structuring the investment portfolio so that securities mature to meet ongoing operations.

***Credit risk***

Oregon Revised Statutes authorize school districts to invest in obligations of the U.S. Treasury, agencies and instrumentalities of the United States, commercial paper, bankers’ acceptances guaranteed by a qualified financial institution, repurchase agreements, interest bearing bonds of any city, county, port or school district in Oregon, Washington, Idaho, and California (subject to specific standards), and the LGIP, among others. The Board of Education has adopted a policy which complies with state statutes.

***Concentration of credit risk-investments***

In accordance with GASB 40, the District is required to report all individual non-federal investments which exceed 5.00 percent of total invested funds. As of June 30, 2020 the District held the following individual non-federal assets that exceeded 5.00 percent of total invested funds:

	Value	Percentage of Total Investments
JPMorgan Chase & Co	\$ 37,575	6.0%
Wells Fargo & Co	36,466	5.9%

***Custodial risk-deposits***

The District’s deposits with financial institutions are insured by the Federal Depository Insurance Corporation (FDIC); interest and non-interest bearing accounts are insured up to \$250 thousand. To provide additional security required and authorized by Oregon Revised Statutes, Chapter 295, deposits above insurance limits are covered by collateral held in a multiple financial institution collateral pool administered by the State of Oregon. At June 30, 2020, bank balances of \$1,250 were insured by the FDIC. Funds not covered by FDIC insurance are covered by the Oregon State Treasury Collateral Pool. At June 30, 2020, the carrying amount of the District's balance was \$213,103 and the bank balance was \$216,321.

***Custodial credit risk-investments***

For an investment, this is the risk that, in the event of a failure of the counterparty, the District will not be able to recover the value of its investments or collateralized securities that are in the possession of an outside party. The District’s investment policy limits the types of investments that may be held and does not allow securities to be held by the counterparty.

The LGIP is administered by the Oregon State Treasury with the advice of other state agencies and is not registered with the U.S. Securities and Exchange Commission. The LGIP is an open-ended no-load diversified portfolio offered to any agency, political subdivision, or public corporation of the State that by law is made the custodian of, or has control of any fund. The LGIP is commingled with the State’s short-term funds. In seeking to best serve local governments of Oregon, the Oregon Legislature established the Oregon Short Term Fund Board, which has established diversification percentages and specifies the types and maturities of the investments. The purpose of the Board is to advise the Oregon State Treasury in the management and investment of the LGIP. Investments within the LGIP must be invested and managed as a prudent investor would, exercising reasonable care, skill and caution. Professional standards indicate that the investments in external investment pools are subject to custodial risk because they are not evidenced by securities that exist in physical or book entry form. Nevertheless, management does not believe that there is any substantial custodial risk related to LGIP investments.

**School District No. 1J, Multnomah County, Oregon**  
Notes to the Basic Financial Statements  
For the Year Ended June 30, 2020  
(Dollar amounts, unless otherwise indicated, are expressed in thousands)

**NOTE 5 – RECEIVABLES**

Receivables at June 30, 2020 are summarized as follows:

	General Fund	Special Revenue Fund	Debt Service Fund	Capital Projects Fund	Total
Accounts and other receivables:					
Interest Receivable	\$ -	\$ -	\$ -	\$ 614	\$ 614
Accounts receivable	1,459	3,540	-	1,220	6,219
Federal, state and local grants	-	27,943	-	-	27,943
Total accounts and other receivables	1,459	31,483	-	1,834	34,776
Property and other taxes receivable	10,656	-	3,306	-	13,962
Total receivables	<u>\$ 12,115</u>	<u>\$ 31,483</u>	<u>\$ 3,306</u>	<u>\$ 1,834</u>	<u>\$ 48,738</u>

**NOTE 6 – PREPAID ITEMS**

A summary of changes in prepaid items for the year ended June 30, 2020 is as follows:

	Beginning Balance	Additions	Reductions	Ending Balance
Postage	\$ 167	\$ 200	\$ (177)	\$ 190
Insurance	2,763	3,962	(1,077)	5,648
Workers Compensation Prepaid	300	-	-	300
Other	147	62	(147)	62
Total Prepaid Assets	<u>\$ 3,377</u>	<u>\$ 4,224</u>	<u>\$ (1,401)</u>	<u>\$ 6,200</u>

Prepaid insurance consists of an Owner Controlled Insurance Program (OCIP), which provides liability coverage for major construction contracts, and builders risk insurance for high school rebuilds. OCIP II is amortized for 5 years starting in fiscal year 2019, OCIP III is amortized for 5 years starting in fiscal year 2020, the builders risk policy (Grant High School) is being amortized over 26 months starting July 2017, the builders risk policy (Lincoln High School) is being amortized over 28 months starting March 2020, and builders risk policy (Madison High School) is being amortized over 12 months starting July 2020.

The District is self-insured for workers' compensation claims. The Workers Compensation Prefund is an escrow account held by the District's third-party administrator for monthly payment of claims.

**School District No. 1J, Multnomah County, Oregon**  
Notes to the Basic Financial Statements  
For the Year Ended June 30, 2020  
(Dollar amounts, unless otherwise indicated, are expressed in thousands)

**NOTE 7 – CAPITAL ASSETS**

A summary of changes in capital assets for the year ended June 30, 2020 is as follows:

	Beginning Balance	Additions	Deletions	Transfers	Ending Balance
<b>Capital assets not being depreciated or amortized</b>					
Land	\$ 9,174	\$ -	\$ -	\$ -	\$ 9,174
Construction in progress	247,924	211,179	(4,240)	(182,097)	272,766
Total capital assets not being depreciated or amortized	<u>257,098</u>	<u>211,179</u>	<u>(4,240)</u>	<u>(182,097)</u>	<u>281,940</u>
<b>Capital assets being depreciated or amortized</b>					
Buildings and site improvements	712,441	28	(12,035)	180,784	881,218
Vehicles and equipment	37,064	1,255	(256)	1,313	39,376
Total capital assets being depreciated or amortized	<u>749,505</u>	<u>1,283</u>	<u>(12,291)</u>	<u>182,097</u>	<u>920,594</u>
Total general capital assets	<u>1,006,603</u>	<u>212,462</u>	<u>(16,531)</u>	<u>-</u>	<u>1,202,534</u>
<b>Less accumulated depreciation and amortization</b>					
Buildings and site improvements	(244,461)	(17,972)	6,360	-	(256,073)
Vehicles and equipment	(27,140)	(2,096)	147	-	(29,089)
Total accumulated depreciation and amortization	<u>(271,601)</u>	<u>(20,068)</u>	<u>6,507</u>	<u>-</u>	<u>(285,162)</u>
Total capital assets, net of accumulated depreciation	<u>\$ 735,002</u>	<u>\$ 192,394</u>	<u>\$ (10,024)</u>	<u>\$ -</u>	<u>\$ 917,372</u>

Depreciation expense for governmental activities is charged to functions as follows:

Instruction	\$ 17,412
Supporting services	2,476
Enterprise and Community Services	180
	<u>\$ 20,068</u>

As of June 30, 2020 the District has one school that was closed and idle: Smith elementary school. As of June 30, 2020 the carrying value of this school is \$234 and is included in the capital assets summary above.

**School District No. 1J, Multnomah County, Oregon**  
Notes to the Basic Financial Statements  
For the Year Ended June 30, 2020  
(Dollar amounts, unless otherwise indicated, are expressed in thousands)

**NOTE 8 – INTERFUND RECEIVABLES, PAYABLE AND TRANSFERS**

Interfund balances represent cash owed by one fund to another. Interfund receivables and payables at June 30, 2020 are as follows:

	Due To	Due From
General Fund	\$ 25,063	\$ 744
Special Revenue Fund	744	24,905
Capital Projects Fund	-	158
	\$ 25,807	\$ 25,807

There is a \$744 interfund balance between the General Fund and the Special Revenue Fund for monies invested on behalf of Student Body Fund accounts. The Special Revenue Fund and the Capital Projects Fund were advanced \$24,905 and \$158, respectively, by the General Fund to cover unbilled expenditures.

The composition of interfund transfers as of June 30, 2020, is as follows:

	Transfers In	Transfers Out
General Fund	\$ -	\$ 1,311
Special Revenue Fund	69	-
Debt Service Fund	1,752	-
Capital Projects Fund	110	620
	\$ 1,931	\$ 1,931

The District's General Fund made debt service transfers totaling \$1,132 to the Debt Service Fund for principal and interest payments on the District's Full Faith & Credit obligations. The District's General Fund also made transfers totaling \$110 to the Capital Project Fund to fund a lease termination and transfers totaling \$69 to the Special Revenue Fund to cover write-offs. The Capital Projects Fund made transfers of \$620 to the Debt Service Fund for principal and interest payments on the District's Full Faith & Credit obligations.

**NOTE 9 – ACCRUED COMPENSATED ABSENCES**

The General Fund and Special Revenue Fund are the primary funds from which the compensated absences balance liability is liquidated.

The change in the balance of accrued compensated absences for the year was as follows:

Outstanding June 30, 2019	Increases	Payments	Outstanding June 30, 2020	Due Within One Year
\$ 3,736	\$ 4,113	\$ (2,563)	\$ 5,286	\$ 2,703

**School District No. 1J, Multnomah County, Oregon**  
Notes to the Basic Financial Statements  
For the Year Ended June 30, 2020  
(Dollar amounts, unless otherwise indicated, are expressed in thousands)

**NOTE 10 – BONDED AND OTHER DEBT**

Changes in District long-term debt during fiscal year 2020 were as follows:

	Original Amount	Beginning Balance	Additions	Matured and Redeemed	Ending Balance	Due Within One Year
<b>Pension debt:</b>						
Limited tax pension bonds						
Series 2002	\$ 210,104	\$ 147,049	\$ -	\$ (4,469)	\$ 142,580	\$ -
Series 2003	281,170	186,773	-	(7,691)	179,082	7,503
Series 2012	14,400	14,400	-	-	14,400	14,400
Total pension debt (See Note 11)	505,674	348,222	-	(12,160)	336,062	21,903
<b>Other Debt:</b>						
Recovery Zone Economic Development Bonds	11,000	3,790	-	(1,029)	2,761	1,061
General Obligation Bonds Series 2013B	68,575	61,345	-	(2,325)	59,020	2,585
General Obligation Bonds Series 2015B	244,700	173,915	-	(21,515)	152,400	36,255
QZAB Series 2016	4,000	3,600	-	(200)	3,400	200
Full Faith & Credit Obligations Series 2016	5,048	4,503	-	(290)	4,213	295
General Obligation Bonds Series 2017A	168,950	18,240	-	(18,240)	-	-
General Obligation Bonds Series 2017B	241,890	241,890	-	(62,225)	179,665	1,970
General Obligation Bonds Series 2020	441,320	-	441,320	-	441,320	54,930
Total other debt	1,185,483	507,283	441,320	(105,824)	842,779	97,296
Total long-term debt	<u>\$ 1,691,157</u>	855,505	441,320	(117,984)	1,178,841	119,199
Unamortized bond premium (discount)		41,071	68,202	(3,364)	105,909	6,620
Total long-term debt, net of premiums (discounts)		<u>\$ 896,576</u>	<u>\$ 509,522</u>	<u>\$ (121,348)</u>	<u>\$ 1,284,750</u>	<u>\$ 125,819</u>

Changes in District accrued interest during fiscal year 2020 were as follows:

	Beginning Balance	Additions	Payments and Reductions	Ending Balance
<b>Accrued Interest:</b>				
Current Portion	\$ 21,365	\$ 58,871	\$ (59,750)	\$ 20,486
Long Term Portion	38,811	-	(10,098)	28,713
Total Accrued Interest	<u>\$ 60,176</u>	<u>\$ 58,871</u>	<u>\$ (69,848)</u>	<u>\$ 49,199</u>

**School District No. 1J, Multnomah County, Oregon**  
Notes to the Basic Financial Statements  
For the Year Ended June 30, 2020  
(Dollar amounts, unless otherwise indicated, are expressed in thousands)

---

**NOTE 10 – BONDED AND OTHER DEBT – continued**

**A. Limited Tax Pension Bonds**

In October 2002 Portland Public Schools participated as one of forty-one Oregon school districts and education service districts in issuing limited tax pension bonds. The proceeds were used to finance a portion of the estimated unfunded actuarial liability of each participating school district with the Oregon Public Employees Retirement System (“OPERS”). The Oregon School Boards Association (“OSBA”) sponsored this pooled limited tax pension bond program. The OSBA does not have a financial obligation in connection with the bonds issued under the program. Except for the payment of its pension bond payments and additional charges when due, each participating school district has no obligation or liability to any other participating school district’s pension bonds or liabilities to OPERS. In April 2003, OSBA sponsored another pooled limited tax pension bond program with thirty school districts and education service districts. Payments of yearly principal and interest are recorded as financial statement expenditures in instruction and in support services. The District anticipates the total costs of financing the District’s actuarial obligation in this manner will result in a significant savings to the District when compared to paying for such costs as additional contribution rates to OPERS.

The District issued \$210,104 Limited Tax Pension Bonds, Series 2002 (Federally Taxable), of which \$53,524 are Series 2002A (deferred interest bonds) and \$156,580 are Series 2002B (current interest bonds). The 2002 series Limited Tax Pension Bonds were issued on October 31, 2002, and are payable annually through June 2028. Interest on the deferred interest bonds is accreted semiannually at a yield of 6.10 percent. Interest on the current coupon bonds is payable semiannually at rates ranging from 5.48 to 5.55 percent. The Series 2002A Bonds are not subject to optional prepayment prior to maturity. The Series 2002B Bonds maturing June 30, 2021, shall be subject to prepayment from pension prepayments on or after June 30, 2009, and those due June 30, 2028 are subject to mandatory prepayment prior to its stated maturity, in whole or part, on any June 30 on or after June 30, 2024. During 2012 \$14,200 of Series 2002 Pension Bonds were refinanced. See the description of the Limited Tax Pension Bonds, Series 2012 below.

The District issued \$281,170 Limited Tax Pension Bonds, Series 2003 (Federally Taxable), of which \$124,800 are Series 2003A (deferred interest bonds) and \$156,370 are Series 2003B (current interest bonds). The Series 2003 series Limited Tax Pensions Bonds were issued on April 30, 2003, and are payable annually through June 2028. Interest on the deferred interest bonds is accreted payable semiannually at yields rates ranging from 5.45 to 6.27 percent. Interest on the current coupon bonds is payable semiannually at rates ranging from 5.45 to 6.27 percent. The bonds are federally taxable and are not subject to optional prepayment prior to their stated maturities.

On January 31, 2012 the District issued \$14,400 in Limited Tax Pension Refunding Bonds, Series 2012. The interest rate is fixed at 2.75 percent and interest payments on the bonds are payable semiannually in June and December. The bonds mature on June 30, 2021. The total amount of interest savings (economic gain) as a result of the refinancing is \$3,200 dollars. The present value of future cash savings as a result of the refinancing is \$2,800 dollars. The bond proceeds, \$14,200, were used to pay on the Limited Tax Pension Bonds, Series 2002. The Series 2012 bonds are subject to optional prepayment.

Under the terms of the borrowing agreements for the 2002, 2003 and 2012 Limited Tax Pension Bonds, the District is bound by an intercept agreement whereby Wells Fargo Bank Northwest NA, as the trustee, directly receives specified amounts that have been withheld from the District’s State School Fund support payments that are deposited in trust with LGIP. Wells Fargo Bank Northwest NA then makes the scheduled semi-annual debt service payments from the LGIP trust account.

**School District No. 1J, Multnomah County, Oregon**  
Notes to the Basic Financial Statements  
For the Year Ended June 30, 2020  
(Dollar amounts, unless otherwise indicated, are expressed in thousands)

---

**NOTE 10 – BONDED AND OTHER DEBT – continued**

**B. General Obligation Bonds**

As part of a \$482 million capital bond measure passed by District voters in 2012, the District issued the following General Obligation debt to finance school renovation and replacement:

On May 1, 2013 the District issued \$68,575 in General Obligation Bonds, Series 2013B. The interest rate is fixed at rates ranging from 3.50 to 5.00 percent. Interest payments on the bonds are payable semiannually in June and December, beginning December 15, 2013. The bonds mature on June 15, 2033 with principal payments due annually on June 15. The bonds were issued at a premium of \$7,923 which is being amortized over the life of the bonds.

On April 30, 2015 the District issued \$244,700 in General Obligation Bonds, Series 2015B. The interest rate is fixed at rates ranging from 3.00 to 5.00 percent. Interest payments on the bonds are payable semiannually in June and December, beginning December 15, 2015. The Series 2015B Bonds maturing on or after 2026 are subject to redemption, at the option of the District, in whole or part, on or after June 15, 2025. The bonds mature on June 15, 2033 with principal payments due annually on June 15. The bonds were issued at a premium of \$33,178 which is being amortized over the life of the bonds.

On August 10, 2017 the District issued \$62,160 in General Obligation Bonds, Series 2017B. The interest rate is fixed at 5.00 percent. Interest payments on the bonds are payable semiannually in June and December, beginning December 15, 2017. The Series 2017B Bonds are not subject to early redemption prior to maturity. The bonds mature on June 15, 2030, with principal payments due annually on June 15. The bonds were issued at a premium of \$9,854 which is being amortized over the life of the bonds.

As part of a \$790 million capital bond measure passed by District voters in 2017, the District has issued the following General Obligation debt to finance school renovation and replacement:

On August 10, 2017 the District issued \$168,950 in General Obligation Bonds, Series 2017A. The interest rate is fixed at 1.65 percent. Interest payments on the bonds are payable semiannually in June and December, beginning December 15, 2017. The bonds mature on June 15, 2020, with principal payments due annually on June 15. The bonds were issued at a premium of \$155 which is being amortized over the life of the bonds.

On August 10, 2017 the District issued \$179,730 in General Obligation Bonds, Series 2017B. The interest rate is fixed at rates ranging from 3.00 to 5.00 percent. Interest payments on the bonds are payable semiannually in June and December, beginning December 15, 2017. The Series 2017B Bonds maturing on June 15, 2028 and on any date thereafter are subject to redemption at the option of the District prior to their stated maturity dates at any time on or after June 15, 2027 in whole or in part; and, if in part, with maturities to be selected by the District at a price of par plus accrued interest, if any, to the date of redemption. The bonds mature on June 15, 2044 with principal payments due annually on June 15. The bonds were issued at a premium of \$1,051 which is being amortized over the life of the bonds.

On April 14, 2020 the District issued \$441,320 in General Obligation Bonds, Series 2020. The interest rate is fixed at rates ranging from 3.00 to 5.00 percent. Interest payments on the bonds are payable semiannually in June and December, beginning December 15, 2020. The Series 2020 Bonds maturing on June 15, 2031 and on any date thereafter are subject to redemption at the option of the District prior to their stated maturity dates at any time on or after June 15, 2030 in whole or in part; and, if in part, with maturities to be selected by the District at a price of par plus accrued interest, if any, to the date of redemption. The bonds mature on June 15, 2037 with principal payments due annually on June 15. The bonds were issued at a premium of \$68,202 which is being amortized over the life of the bonds.

**School District No. 1J, Multnomah County, Oregon**  
Notes to the Basic Financial Statements  
For the Year Ended June 30, 2020  
(Dollar amounts, unless otherwise indicated, are expressed in thousands)

---

**NOTE 10 – BONDED AND OTHER DEBT – continued**

**C. Other Debt**

Pursuant to the American Recovery and Reinvestment Act of 2009 (ARRA), the City of Portland was awarded \$13,500 in Recovery Zone Economic Development Bonds (RZEDBs). In July 2010, the City sub-awarded \$11,000 of the RZED bonds to Portland Public Schools, which are being used to complete energy and water conservation projects that will financially benefit the District in reduced energy and water costs and will yield on-going financial benefit once the bonds are paid off. The District makes semi-annual interest payments and annual principal payments, and the bonds will mature in December 2022. The bond's interest payments of 5.05 percent are 42.2 percent federally subsidized.

On November 9, 2016 the District issued \$5,048 in Full Faith and Credit Obligations, Series 2016. The interest rate is fixed at 2.99 percent. Interest payments on the obligations are payable semiannually in June and December, beginning June 1, 2018. The obligations mature on December 1, 2031, with principal payments due annually on December 1. The obligations carry a prepayment option such that any or all outstanding maturities may be redeemed on or after December 1, 2018. The bonds were issued at par.

On August 4, 2016 the District issued \$4,000 in Qualified Zone Academy Bonds (QZAB), Series 2016. The District pays no interest rate over the 20 year term of the bonds. The bonds carry a 4.39 percent interest rate for structuring purposes, but the purchaser of the bonds receives a Federal tax credit in lieu of interest earnings. The bonds mature on August 4, 2036 with level principal payments due annually on August 4.

Article XI-K of the Oregon Constitution allows the state to guarantee the general obligation bonded indebtedness of school districts. For the Series 2013B, 2015B, 2017A and 2017B GO Bonds mentioned immediately above, the District participated in the Oregon School Bond Guaranty program (ORS 328.321 to 328.356), whereby the State of Oregon (State) guarantees all principal and interest payments until maturity will be made to bondholders when due. Should the District fail to make a payment of debt service on these bonds when due, the State will make the payment on behalf of the District, and then will seek recovery from the District. The State may recover funds by means of intercepting any source of operating moneys normally remitted from the State to the District. Since the inception of the bonds, the District has not used the guarantee, and there are no outstanding amounts due to the State of Oregon as of June 30, 2020.

Federal arbitrage restrictions apply to substantially all debt. Any liabilities to the federal government are accrued and paid when due. Long-term debt payments are made from the debt service funds.

**School District No. 1J, Multnomah County, Oregon**  
Notes to the Basic Financial Statements  
For the Year Ended June 30, 2020  
(Dollar amounts, unless otherwise indicated, are expressed in thousands)

**NOTE 10 – BONDED AND OTHER DEBT - continued**

Future annual debt service requirements for the District are as follows:

Fiscal year	Limited tax pension bonds	Recovery zone bonds	Other full faith & credit	General Obligation Bonds	QZAB	Total
<b>Principal</b>						
2021	\$ 21,903	\$ 1,061	\$ 295	\$ 95,740	\$ 200	\$ 119,199
2022	23,573	1,093	305	52,540	200	77,711
2023	25,481	607	315	49,095	200	75,698
2024	48,820	-	325	53,870	200	103,215
2025	54,100	-	335	58,925	200	113,560
2026-2030	162,185	-	1,830	225,625	1,000	390,640
2031-2035	-	-	808	155,430	1,000	157,238
2036-2040	-	-	-	84,525	400	84,925
2041-2044	-	-	-	56,655	-	56,655
Total principal	<u>336,062</u>	<u>2,761</u>	<u>4,213</u>	<u>832,405</u>	<u>3,400</u>	<u>1,178,841</u>
<b>Interest</b>						
2021	32,511	126	122	39,260	-	72,019
2022	34,125	72	113	30,978	-	65,288
2023	34,561	15	103	28,351	-	63,030
2024	14,897	-	94	25,896	-	40,887
2025	12,170	-	84	23,237	-	35,491
2026-2030	16,673	-	260	79,683	-	96,616
2031-2035	-	-	24	36,499	-	36,523
2036-2040	-	-	-	16,287	-	16,287
2041-2044	-	-	-	5,016	-	5,016
Total interest	<u>144,937</u>	<u>213</u>	<u>800</u>	<u>285,207</u>	<u>-</u>	<u>431,157</u>
Total debt service	<u>\$ 480,999</u>	<u>\$ 2,974</u>	<u>\$ 5,013</u>	<u>\$ 1,117,612</u>	<u>\$ 3,400</u>	<u>\$ 1,609,998</u>

**School District No. 1J, Multnomah County, Oregon**  
Notes to the Basic Financial Statements  
For the Year Ended June 30, 2020  
(Dollar amounts, unless otherwise indicated, are expressed in thousands)

**NOTE 11 – PENSION PLANS**

**Pension Plans - Summary**

The District offers a cost-sharing multiple-employer defined benefit plan through the Oregon Public Employees Retirement System (OPERS) and a single-employer defined benefit early retirement stipend (Stipend). The breakdown of the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions are:

	OPERS	Stipend	Net
Total Pension Liability	\$ (306,140)	\$ (6,209)	\$ (312,349)
Total Pension Expense	\$ 53,116	\$ (405)	\$ 52,711
Pension Deferred Outflows of Resources	\$ 138,641	\$ 986	\$ 139,627
Pension Deferred Inflows of Resources	\$ (107,963)	\$ (70)	\$ (108,033)

**A. Oregon Public Employees Retirement System (OPERS)**

**General Information about the Pension Plan**

*Name of the pension plan:* The Oregon Public Employees Retirement System (OPERS) is a cost-sharing multiple-employer defined benefit plan, administered by the Public Employees Retirement Board with authority granted by the Oregon Legislature.

*Plan description.* Employees of the District are provided with pensions through OPERS. The General Fund and the Special Revenue Fund are the primary funds from which the pension liability is liquidated. All the benefits of OPERS are established by the Oregon legislature pursuant to Oregon Revised Statute (ORS) Chapters 238 and 238A, and Internal Revenue Code Section 401(a). The ORS Chapter 238 Defined Benefit Pension Plan is closed to new members hired on or after August 29, 2003. OPERS issues a publicly available financial report that can be obtained at:

<https://www.oregon.gov/pers/Pages/Financials/Actuarial-Financial-Information.aspx>.

**Benefits provided under Chapter 238 - Tier One / Tier Two Retirement Benefit Plan**

1. *Pension Benefits.* The OPERS retirement allowance is payable monthly for life. Members may select from 13 retirement benefit options that are actuarially equivalent to the base benefit. These options include survivorship benefits and lump-sum refunds. The basic benefit is based on years of service and final average salary. A percentage (2.00 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 either under a formula plus annuity (for members who were contributing before August 21, 1981) or a money match computation if a greater benefit results.

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

**School District No. 1J, Multnomah County, Oregon**  
Notes to the Basic Financial Statements  
For the Year Ended June 30, 2020  
(Dollar amounts, unless otherwise indicated, are expressed in thousands)

---

**NOTE 11 – PENSION PLANS – continued**

**A. Oregon Public Employees Retirement System (OPERS) – continued**

***Benefits provided under Chapter 238 - Tier One / Tier Two – continued***

2. *Death Benefits.* Upon the death of a non-retired member, the beneficiary receives a lump-sum refund of the member's account balance (accumulated contributions and interest). In addition, the beneficiary will receive a lump-sum payment from employer funds equal to the account balance, provided one or more of the following conditions are met:
  - the member was employed by an OPERS employer at the time of death,
  - the member died within 120 days after termination of OPERS-covered employment,
  - the member died as a result of injury sustained while employed in an OPERS-covered job, or
  - the member was on an official leave of absence from an OPERS-covered job at the time of death.
3. *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.
4. *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 the underlying equity investments of that account.

Under ORS 238.360 monthly benefits are adjusted annually through cost-of-living changes (COLA). The COLA is capped at 2.00 percent.

***Benefits provided under Chapter 238A - Oregon Public Service Retirement Plan (OPSRP).***

1. *Pension Benefits.* The ORS 238A Defined Benefit 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:

*General Service:* 1.50 percent is multiplied by the number of years of service and the final average salary. Normal retirement age for General Service members is age 65, or age 58 with 30 years of retirement credit.

A member of the 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.

2. *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.

**School District No. 1J, Multnomah County, Oregon**  
Notes to the Basic Financial Statements  
For the Year Ended June 30, 2020  
(Dollar amounts, unless otherwise indicated, are expressed in thousands)

---

**NOTE 11 – PENSION PLANS – continued**

**A. Oregon Public Employees Retirement System (OPERS) – continued**

***Benefits provided under Chapter 238A – Oregon Public Service Retirement Plan (OPSRP) – continued***

3. *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.
4. *Benefit Changes after Retirement.* Under ORS 238A.210 monthly benefits are adjusted annually through cost-of-living changes. The cap on the COLA vary based on the amount of the annual benefit.

***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 OPERS Defined Benefit Plan and the Other Postemployment Benefit Plans.

Employer contribution rates during the period were based on the December 31, 2017 actuarial valuation. The rates based on a percentage of payroll, first became effective July 1, 2019. The state of Oregon and certain schools, community colleges, and political subdivisions have made unfunded actuarial liability payments to establish side accounts, and their rates have been reduced.

The District's rates in effect for the fiscal year ended June 30, 2020 were:

Tier One / Tier Two	8.75%
OPSRP General Service	3.36%

The District contributed approximately \$24.8 million for the year ended June 30, 2020.

***Actuarial Valuations:***

The employer contribution rates effective July 1, 2019 through June 30, 2020, were set using the entry age normal actuarial cost method. For the Tier One / Tier Two component of the OPERS 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), and (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 OPERS 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 actuarially determined amount for funding a disability benefit component and (c) an amount for the amortization of unfunded actuarial accrued liabilities, which are being amortized over a fixed period with new unfunded actuarial accrued liabilities being amortized over 16 years.

**School District No. 1J, Multnomah County, Oregon**  
Notes to the Basic Financial Statements  
For the Year Ended June 30, 2020  
(Dollar amounts, unless otherwise indicated, are expressed in thousands)

**NOTE 11 – PENSION PLANS – continued**  
**A. Oregon Public Employees Retirement System (OPERS) – continued**  
**Actuarial Valuations - continued**

*Actuarial Methods and Assumptions:*

Valuation Date	December 31, 2017
Measurement Date	June 30, 2019
Experience Study	2016, published July 26, 2017
Actuarial Assumptions:	
Actuarial cost method	Entry Age Normal
Inflation rate	2.50 percent
Long-term expected rate of return	7.20 percent
Discount rate	7.20 percent
Projected salary increases	3.50 percent
Mortality	<p><b>Healthy retirees and beneficiaries:</b>  RP-2014 Healthy annuitant, sex-distinct, generational with Unisex, Social Security Data Scale, with collar adjustments and set-backs as described in the valuation.</p> <p><b>Active members:</b>  RP-2014 Employees, sex-distinct, generational with Unisex, Social Security Data Scale, with collar adjustments and set-backs as described in the valuation.</p> <p><b>Disabled retirees:</b>  RP-2014 Disabled retirees, sex-distinct, generational with Unisex, Social Security Data Scale.</p>

*Source: OPERS Comprehensive Annual Financial Report, For the Fiscal Year Ended June 30, 2019*

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 2016 Experience Study.

*Discount Rate:*

The discount rate used to measure the total pension liability was 7.20 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.

**School District No. 1J, Multnomah County, Oregon**  
Notes to the Basic Financial Statements  
For the Year Ended June 30, 2020  
(Dollar amounts, unless otherwise indicated, are expressed in thousands)

**NOTE 11 – PENSION PLANS – continued**

**A. Oregon Public Employees Retirement System (OPERS) – continued**

***Actuarial Valuations - continued***

*Depletion Date Projection:*

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

The following circumstances justify an alternative evaluation of sufficiency for OPERS:

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

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

*Assumed Asset Allocation:*

<u>Asset Class/Strategy</u>	<u>Low Range</u>	<u>High Range</u>	<u>OIC Target Allocation</u>
Debt Securities	15.0 %	25.0 %	20.0 %
Public Equity	32.5	42.5	37.5
Real Estate	9.5	15.5	12.5
Private Equity	14.0	21.0	17.5
Alternative Equity	0.0	12.5	12.5
Opportunity Portfolio	0.0	3.0	0.0
<b>Total</b>			<b>100.0 %</b>

*Source: OPERS Comprehensive Annual Financial Report, For the Fiscal Year Ended June 30, 2019*

**School District No. 1J, Multnomah County, Oregon**  
Notes to the Basic Financial Statements  
For the Year Ended June 30, 2020  
(Dollar amounts, unless otherwise indicated, are expressed in thousands)

**NOTE 11 – PENSION PLANS – continued**

**A. Oregon Public Employees Retirement System (OPERS) – continued**

**Actuarial Valuations - continued**

*Long-Term Expected Rate of Return:*

To develop an analytical basis for the selection of the long-term expected rate of return assumption, in July 2015 the OPERS 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.

Asset Class	Target Allocation	Compound Annual (Geometric) Return
Core Fixed Income	8.00 %	3.49 %
Short-Term Bonds	8.00	3.38
Bank/Leveraged Loans	3.00	5.09
High Yield Bonds	1.00	6.45
Large/Mid Cap US Equities	15.75	6.30
Small Cap US Equities	1.31	6.69
Micro Cap US Equities	1.31	6.80
Developed Foreign Equities	13.13	6.71
Emerging Market Equities	4.13	7.45
Non-US Small Cap Equities	1.88	7.01
Private Equity	17.50	7.82
Real Estate (Property)	10.00	5.51
Real Estate (REITS)	2.50	6.37
Hedge Fund of Funds - Diversified	2.50	4.09
Hedge Fund - Event-driven	0.63	5.86
Timber	1.88	5.62
Farmland	1.88	6.15
Infrastructure	3.75	6.60
Commodities	1.88	3.84
Assumed Inflation – Mean		2.50 %

*Source: OPERS Comprehensive Annual Financial Report, For the Fiscal Year Ended June 30, 2019*

**School District No. 1J, Multnomah County, Oregon**  
Notes to the Basic Financial Statements  
For the Year Ended June 30, 2020  
(Dollar amounts, unless otherwise indicated, are expressed in thousands)

**NOTE 11 – PENSION PLANS – continued**

**A. Oregon Public Employees Retirement System (OPERS) – continued**

***Actuarial Valuations - continued***

*Sensitivity of the District's proportionate share of the net pension liability to changes in the discount rate:*

The following presents the District's proportionate share of the net pension liability calculated using the discount rate of 7.20 percent, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.20 percent) or one percentage point higher (8.20 percent) than the current rate:

	1% Decrease (6.20%)	Discount Rate (7.20%)	1% Increase (8.20%)
Proportionate share of the net pension liability	\$490,256	\$306,140	\$152,060

*Pension plan fiduciary net position:*

Detailed information about the pension plan's fiduciary net position is available in the separately issued OPERS financial report available at: <http://www.oregon.gov/pers/Pages/Financials/Actuarial-Financial-Information.aspx>

*Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions:*

At June 30, 2020, the District reported a liability of \$306,140 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2017. The District's proportion of the net pension liability was based on the District's projected long-term contribution effort as compared to the total projected long-term contribution effort of all employers. At June 30, 2020, the District's proportion was 1.77 percent, which is a decrease of 0.52 from the District's proportion of 2.29 percent for the year ended June 30, 2019.

For the year ended June 30, 2020, the District recognized pension expense of \$78.0 million for the defined benefit portion of the pension plan. At June 30, 2020, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflow of Resources	Deferred Inflow of Resources
Pension changes in employer proportion	\$ 55,393	\$ (49,107)
Pension differences between employer contribution and proportionate share of contributions	-	(50,177)
Pension differences between expected and actual experience	16,883	-
Pension differences due to changes in assumptions	41,531	-
Pension differences between expected and actual earnings	-	(8,679)
Total (prior to post-measurement date contributions)	113,807	(107,963)
Pension contributions subsequent to measurement date	24,834	-
Net Deferred Outflow/(Inflow) of Resources		\$ 30,678

Source: OPERS Schedule of Pension Amounts under GASB 68, June 30, 2019

**School District No. 1J, Multnomah County, Oregon**  
Notes to the Basic Financial Statements  
For the Year Ended June 30, 2020  
(Dollar amounts, unless otherwise indicated, are expressed in thousands)

**NOTE 11 – PENSION PLANS – continued**

**A. Oregon Public Employees Retirement System (OPERS) – continued**

***Actuarial Valuations - continued***

The deferred outflow of resources of \$24.8 million resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Employer subsequent fiscal years	Deferred Outflow/(Inflow) of Resources (prior to post-measurement date contributions)
Fiscal Year 2021	\$ 29,254
Fiscal Year 2022	(4,656)
Fiscal Year 2023	(7,091)
Fiscal Year 2024	(9,026)
Fiscal Year 2025	(2,637)
Total	\$ 5,844

*Source: OPERS Schedule of Pension Amounts under GASB 68, June 30, 2019*

***Changes in Plan Provisions Subsequent to Measurement Date***

On June 11, 2019, Senate Bill (SB) 1049 was enacted by the Senate of the State of Oregon. The elements of the bill include a variety of policy and program changes which will affect the District's pension plan. Most prominent is a one-time 22 year re-amortization of the unamortized actuarial liability for Tier 1 and Tier 2 employees and contribution rate adjustments. The effect of SB 1049 could reduce the District's pension contribution rates by an undetermined amount. In August 2019, a petition was filed with the Oregon Supreme Court challenging the constitutionality of certain portions of SB 1049. In August 2020, the court unanimously upheld the provisions of this bill. However, the District cannot predict whether SB 1049 will be subject to additional legal challenges that could affect some or all of its provisions.

***Defined Contribution Plan***

**OPSRP Individual Account Program (OPSRP IAP)**

***Plan Description:***

Employees of the District are provided with pensions through OPERS. All the benefits of OPERS are established by the Oregon legislature pursuant to Oregon Revised Statute (ORS) Chapters 238 and 238A. Chapter 238 Defined Benefit Pension Plan is closed to new members hired on or after August 29, 2003. Chapter 238A created the Oregon Public Service Retirement Plan (OPSRP), which consists of the Defined Benefit Pension Program and the Individual Account Program (IAP). Beginning January 1, 2004, OPERS active Tier One and Tier Two members became members of the IAP of OPSRP. OPERS members retain their existing defined benefit plan accounts, but member contributions are deposited into the member's IAP account. OPSRP is a part of OPERS and is administered by the OPERS Board.

**School District No. 1J, Multnomah County, Oregon**  
Notes to the Basic Financial Statements  
For the Year Ended June 30, 2020  
(Dollar amounts, unless otherwise indicated, are expressed in thousands)

---

**NOTE 11 – PENSION PLANS – continued**

**A. Oregon Public Employees Retirement System (OPERS) – continued**

***Defined Contribution Plan- continued***

*Pension Benefits:*

Participants in OPERS defined benefit pension plans also participate in their defined contribution plan. 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 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. Installment amounts vary with market returns as the account remains invested while in distribution. When chosen, the distribution option must result in a \$200 minimum distribution amount, or the frequency of the installments will be adjusted to reach that minimum.

*Death Benefits:*

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

*Contributions:*

Employees of the District contribute 6.0 percent of their covered payroll. The District did not make any optional contributions to member IAP accounts for the year ended June 30, 2020. Included in accrued liabilities at June 30, 2020 are \$1.3 million for employee contributions owed to the plan.

**B. District Plan - Stipend**

***Plan Description***

The District provides a single-employer defined benefit early retirement program for members of the Portland Association of Teachers (PAT), physical therapists, occupational therapists and licensed administrators. Certificated employees with 15 consecutive years of at least half time service with the District, and who are eligible to retire under OPERS, and who retired before age 62 are eligible for the early retirement benefits. Eligible employees are entitled to a monthly benefit of \$425 dollars commencing on the first month after the retirement. Benefits are payable up to the earlier of attaining age 62 or receiving 60 monthly payments. The General Fund and the Special Revenue Fund are the primary funds from which the stipend liability is liquidated. The District does not issue a separate stand-alone financial report for this plan. The District pays for the benefits without any cost to employees. The contributions are financed on a pay-as-you-go basis, and there are no assets accumulated in a trust. The program was established under separate bargaining agreements and may be amended by the District under new collective bargaining agreements.

***Total Stipend Liability***

The District's total stipend liability of \$6.2 million was measured as of June 30, 2018, rolled forward to June 30, 2020, and was determined by an actuarial valuation as of July 1, 2018.

**School District No. 1J, Multnomah County, Oregon**  
Notes to the Basic Financial Statements  
For the Year Ended June 30, 2020  
(Dollar amounts, unless otherwise indicated, are expressed in thousands)

**NOTE 11 – PENSION PLANS – continued**  
**B. District Plan - Stipend – continued**

**Actuarial Assumptions and Other Inputs**

The total Stipend liability in the June 30, 2018 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Valuation Date	July 1, 2018
Measurement Date	June 30, 2019
Inflation	2.50%
Projected salary growth	3.75%
Discount rate	3.50%
Withdrawal, retirement, and mortality rates	December 31, 2016 Oregon PERS valuation
Lapse rates	5% annual lapse rate
Actuarial cost method	Entry Age Normal Level Percent of Pay
Demographic Assumptions	
Mortality	RP-2014 sex-distinct base tables, as specified below. <b>Male retiree:</b> White collar, set back 12 months <b>Male spouse:</b> Blended 50% blue collar/50% white collar, set back 12 months <b>Female retiree:</b> White collar, set back 12 months <b>Female spouse:</b> Blended 50% blue collar/50% white collar, no set back
Withdrawal	Based on Oregon PERS assumptions. Annual rates are based on gender and duration from hire date.
Retirement	Based on Oregon PERS assumption. Annual rates are based on age, Tier/OPSRP, and duration of service

**Discount Rate** – Under GASB 75, unfunded plans must use a discount rate that reflects a 20-year tax-exempt municipal bond yield or index rate. The discount rate in effect for the June 30, 2020 reporting date is 3.50 percent, reflecting the Bond Buyer 20-Year General Obligation Bond Index.

**Changes in the Total Stipend Liability**

	<u>Total Stipend Liability</u>
Balance at 6/30/2019	\$ 6,824
Changes for the year:	
Service cost	188
Interest	250
Effect of assumptions changes or inputs	79
Benefit payments	<u>(1,132)</u>
Net changes	(615)
Balance at 6/30/2020	<u>\$ 6,209</u>

Changes in assumptions and other inputs reflect a change in the discount rate from 3.87% in 2019 to 3.50% in 2020.

**School District No. 1J, Multnomah County, Oregon**

Notes to the Basic Financial Statements

For the Year Ended June 30, 2020

(Dollar amounts, unless otherwise indicated, are expressed in thousands)

**NOTE 11 – PENSION PLANS – continued**

**B. District Plan - Stipend – continued**

*Sensitivity of the total stipend liability to changes in the discount rate.* The following presents the total stipend liability of the District, as well as what the District’s total stipend liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.50 percent) or 1-percentage-point higher (4.50 percent) than the current discount rate:

	1% Decrease <u>(2.50%)</u>	Discount Rate <u>(3.50%)</u>	1% Increase <u>(4.50%)</u>
Total Stipend Liability	\$ 6,418	\$ 6,209	\$ 5,995

***Stipend Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Stipend***

For the year ended June 30, 2020, the District recognized stipend expense of \$405. At June 30, 2020, the District reported deferred outflows of resources and deferred inflows of resources related to the stipend from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources	Net
Pension differences between expected and actual experience	\$ 50	\$ -	\$ 50
Pension differences due to changes in assumptions	61	(70)	(9)
Total (prior to post-measurement date contributions)	111	(70)	41
Pension contributions subsequent to measurement date	875	-	875
Net Deferred Outflow/(Inflow) of Resources	<u>\$ 986</u>	<u>\$ (70)</u>	<u>\$ 916</u>

Deferred outflows of resources related to the stipend of \$875 resulting from the District’s contributions subsequent to the measurement date will be recognized as a reduction to the net pension liability in the year ended June 30, 2021.

Amounts reported as deferred outflows of resources and deferred inflows of resources related to the stipend will be recognized in the stipend expense as follows:

Employer subsequent fiscal years	Deferred Outflow/(Inflow) of Resources (prior to post-measurement date contributions)
Fiscal Year 2021	\$ (9)
Fiscal Year 2022	24
Fiscal Year 2023	20
Fiscal Year 2024	6
Total	<u>\$ 41</u>

**School District No. 1J, Multnomah County, Oregon**  
Notes to the Basic Financial Statements  
For the Year Ended June 30, 2020  
(Dollar amounts, unless otherwise indicated, are expressed in thousands)

**NOTE 12 - OTHER POST-EMPLOYMENT BENEFITS**

**Other Post-Employment Benefits (OPEB) - Summary**

The District offers a retirement health insurance subsidy (RHIS) and contributes to a retirement health insurance account (RHIA) through OPERS. The breakdown of the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB are:

	RHIS	RHIA	Net
Total OPEB Liability	\$ (81,319)	\$ -	\$ (81,319)
Net OPEB Asset	\$ -	\$ 6,400	\$ 6,400
Total OPEB Expense	\$ (655)	\$ (1,085)	\$ (1,740)
OPEB Deferred Outflows of Resources	\$ 18,637	\$ 209	\$ 18,846
OPEB Deferred Inflows of Resources	\$ (1,793)	\$ (1,319)	\$ (3,112)

**A. Retirement Health Insurance Subsidy (RHIS)**

***Plan Description***

The District provides a single-employer defined benefit plan that provides postemployment health, dental, vision and life insurance benefits to eligible employees and their spouses for employees who have retired from the District with a minimum of fifteen accumulated years of service and are eligible to retire from the Oregon retirement system. There are 5,713 active and 614 retired members or beneficiaries currently receiving benefit payments in the plan. Covered employees under the plan are eligible to receive full or part District-paid medical and pharmacy benefits for up to 60 months, or until reaching age 65, whichever comes first. The District also pays a portion of the spouse/domestic partner medical and pharmacy costs during the benefit period. The program was established under separate collective bargaining agreements with the certificated and classified employees and by precedent for all other District employees. The Portland Teachers Association (PAT) group terminated this benefit after September 30, 2019. All other bargaining units and employee groups, except the District Council Unions (DCU), agreed to terminate this benefit after June 30, 2014. The DCU agreed to terminate this benefit after December 31, 2014. Under Oregon Revised Statute (ORS) 243.303 any OPERS qualifying public employee is allowed to pay the full cost for continued coverage under the District group health plans until they become Medicare eligible. The plan does not issue a separate financial report, and there are no assets accumulated in a trust. The plan may be amended by the District under new collective bargaining agreements.

***Benefits Provided***

The District pays for the benefits. The contributions are financed on a pay-as-you-go basis. The General Fund and the Special Revenue Fund are the primary funds from which the Other Post Employment Benefit liability is liquidated.

***Employees covered by benefit terms***

As of June 30, 2020, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	446
Inactive employees entitled to but not yet receiving benefit payments	168
Active employees	5,713
	6,327

**School District No. 1J, Multnomah County, Oregon**  
Notes to the Basic Financial Statements  
For the Year Ended June 30, 2020  
(Dollar amounts, unless otherwise indicated, are expressed in thousands)

**NOTE 12 - OTHER POST-EMPLOYMENT BENEFITS - continued**

**A. Retirement Health Insurance Subsidy (RHIS) – continued**

**Total RHIS Liability**

The District’s total RHIS liability of \$81.3 million was measured as of June 30, 2019, and was determined by an actuarial valuation as of July 1, 2018, rolled forward to June 30, 2020.

**Actuarial Methods and Assumptions**

Actuarial methods and assumptions, with the exception of the Health Care Cost Trend, are consistent with those disclosed for the District Stipend. See Footnote 11 – Pension Plans, part B. District Plan - Stipend for additional information on Actuarial Assumptions and Methods, the Long-Term Expected Rate of Return, and the Discount Rate.

**Health Care Cost Trend** – The actuarial calculations used an assumption that medical costs will increase 7.50% in the first year and reach an eventual ultimate rate of 4.25%. These trends are based on a model circulated by the Society of Actuaries that considers current trends in health care costs, the potential impacts of certain well-defined aspects of the Affordable Care Act, and long-term constraints on trend such as growth in per capita income. It also assumes that dental and vision costs will increase by the lesser of the medical cost trend previously described and 4.00 percent per year. First year medical, dental, and vision trends were based on actual changes to July 1, 2019 premiums compared with July 1, 2018 premiums.

**Changes in the Total RHIS Liability**

	Increase (Decrease) in Total RHIS Liability
Balance at 6/30/2019	\$ 82,302
Changes for the year:	
Service cost	2,842
Interest	3,128
Effect of assumptions changes or inputs	1,744
Benefit payments	(8,697)
Net changes	(983)
Balance at 6/30/2020	\$ 81,319

Changes in assumptions and other inputs reflect a change in the discount rate from 3.87% in 2019 to 3.50% in 2020.

*Sensitivity of the total RHIS liability to changes in the discount rate.* The following presents the total RHIS liability of the District, as well as what the District’s total RHIS liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.50 percent) or 1-percentage-point higher (4.50 percent) than the current discount rate:

	1% Decrease (2.50%)	Discount Rate (3.50%)	1% Increase (4.50%)
Total RHIS Liability	\$ 86,177	\$ 81,319	\$ 76,679

**School District No. 1J, Multnomah County, Oregon**  
Notes to the Basic Financial Statements  
For the Year Ended June 30, 2020  
(Dollar amounts, unless otherwise indicated, are expressed in thousands)

**NOTE 12 - OTHER POST-EMPLOYMENT BENEFITS - continued**

**A. Retirement Health Insurance Subsidy (RHIS) – continued**

*Sensitivity of the total RHIS liability to changes in the healthcare cost trend rates.* The following presents the total RHIS liability of the District, as well as what the District’s total RHIS liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rates:

	1% Decrease	Current Trend Rate	1% Increase
Total RHIS Liability	\$ 74,178	\$ 81,319	\$ 89,516

***RHIS Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to RHIS***

For the year ended June 30, 2020, the District recognized RHIS expense of \$655. At June 30, 2020, the District reported deferred outflows of resources and deferred inflows of resources related to RHIS from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources	Net
OPEB differences between expected and actual experience	\$ 2,967	\$ -	\$ 2,967
OPEB differences due to changes in assumptions	7,776	(1,793)	5,983
Total (prior to post-measurement date contributions)	10,743	(1,793)	8,950
OPEB contributions subsequent to measurement date	7,894	-	7,894
Total as of June 30, 2020	\$ 18,637	\$ (1,793)	\$ 16,844

Deferred outflows of resources related to RHIS of \$7.9 million resulting from the District’s contributions subsequent to the measurement date will be recognized as an increase in the net OPEB asset in the year ended June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to RHIS will be recognized in RHIS expense as follows:

Employer subsequent fiscal years	Deferred Outflow/(Inflow) of Resources (prior to post-measurement date contributions)
Fiscal Year 2021	\$ 1,270
Fiscal Year 2022	1,270
Fiscal Year 2023	1,270
Fiscal Year 2024	1,270
Fiscal Year 2025	1,270
Thereafter	2,600
Total	\$ 8,950

**School District No. 1J, Multnomah County, Oregon**  
Notes to the Basic Financial Statements  
For the Year Ended June 30, 2020  
(Dollar amounts, unless otherwise indicated, are expressed in thousands)

---

**NOTE 12 - OTHER POST-EMPLOYMENT BENEFITS – continued**

**B. Retirement Health Insurance Account (RHIA)**

***Plan Description***

As a member of Oregon Public Employees Retirement System (OPERS) the District contributes to the Retirement Health Insurance Account (RHIA) for each of its eligible employees. RHIA is a cost-sharing multiple-employer defined benefit other postemployment benefit plan administered by OPERS. Oregon Revised Statute (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 after January 1, 2004. OPERS issues a publicly available financial report that includes financial statements and required supplementary information and is available at: <http://www.oregon.gov/pers/Pages/Financials/Actuarial-Financial-Information.aspx>

***Benefits***

RHIA pays a monthly contribution toward the cost of Medicare companion health insurance premiums of eligible retirees.

***Contributions***

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 dollars or the total monthly cost of Medicare companion health insurance premiums coverage, whichever is less, shall be paid from the Retirement Health Insurance Account established by the employer, and any monthly cost in excess of \$60 dollars 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 OPERS at the time of retirement or receive a disability allowance as if the member had eight years or more of creditable service in OPERS, (2) receive both Medicare Parts A and B coverage, and (3) enroll in an OPERS-sponsored health plan. A surviving spouse or dependent of a deceased OPERS 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 OPERS or (2) was insured at the time the member died and the member retired before May 1, 1991.

The District's rates in effect for the fiscal year ended June 30, 2020 were:

Tier One / Tier Two	0.06%
OPSRP General Service	0.00%

District contributions for the year ended June 30, 2020 were \$209.

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

At June 30, 2020, the District reported an asset of \$6.4 million for its proportionate share of the OPERS net RHIA asset. The net RHIA asset was measured as of June 30, 2019, and the total RHIA liability used to calculate the net RHIA asset was determined by an actuarial valuation as of December 31, 2017 rolled forward to June 30, 2019. The District's proportion of the net RHIA asset was based on the District's actual, legally required contributions made to the RHIA program during the measurement period relative to total actual contributions from all participating employers. At June 30, 2020, the District's proportionate share was 3.31%, which is an increase of 0.12% from its proportion of 3.19% as of June 30, 2019.

**School District No. 1J, Multnomah County, Oregon**  
Notes to the Basic Financial Statements  
For the Year Ended June 30, 2020  
(Dollar amounts, unless otherwise indicated, are expressed in thousands)

**NOTE 12 - OTHER POST-EMPLOYMENT BENEFITS – Continued**  
**B. Retirement Health Insurance Account (RHIA) - Continued**

For the year ended June 30, 2020, the District recognized RHIA benefit from this plan of \$1,084. At June 30, 2020, the District reported deferred outflows of resources and deferred inflows of resources related to this RHIA plan from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources	Net
RHIA differences between expected and actual experience	\$ -	\$ (844)	\$ (844)
RHIA differences due to changes in assumptions	-	(7)	(7)
RHIA differences between actual and expected earnings	-	(395)	(395)
RHIA changes in employer proportion	-	(73)	(73)
	-	(1,319)	(1,319)
RHIA contributions subsequent to measurement date	209	-	209
Total	<u>\$ 209</u>	<u>\$ (1,319)</u>	<u>\$ (1,110)</u>

Source: OPERS Schedule of OPEB Amounts under GASB 75, June 30, 2019

Deferred outflows of resources related to RHIA of \$209 resulting from the District's contributions subsequent to the measurement date will be recognized as an increase in the net OPEB asset in the year ended June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to RHIA will be recognized in RHIA expense as follows:

Employer subsequent fiscal years	Deferred Outflow/(Inflow) of Resources (prior to post-measurement date contributions)
Fiscal Year 2021	\$ (679)
Fiscal Year 2022	(604)
Fiscal Year 2023	(76)
Fiscal Year 2024	40
Total	<u>\$ (1,319)</u>

Source: OPERS Schedule of OPEB Amounts under GASB 75, June 30, 2019

**Actuarial Methods and Assumptions**

All actuarial methods and assumptions are consistent with those disclosed for the OPERS Pension Plan. See Footnote 11 – Pension Plans, part A. Oregon Public Employees Retirement System (OPERS) for additional information on Actuarial Assumptions and Methods, the Long-Term Expected Rate of Return, and the Discount Rate.

**School District No. 1J, Multnomah County, Oregon**  
Notes to the Basic Financial Statements  
For the Year Ended June 30, 2020  
(Dollar amounts, unless otherwise indicated, are expressed in thousands)

**NOTE 12 - OTHER POST-EMPLOYMENT BENEFITS – Continued**  
**B. Retirement Health Insurance Account (RHIA) - Continued**

***Sensitivity of the District’s proportionate share of the net RHIA liability (asset) to changes in the discount rate***

The following presents the District’s proportionate share of the net RHIA liability (asset), as well as what the District’s proportionate share of the net RHIA liability (asset) would be if it were calculated using a discount rate that is 1-percentage-point lower (6.20 percent) or 1-percentage-point higher (8.20 percent) than the current discount rate:

	1% Decrease (6.20%)	Discount Rate (7.20%)	1% Increase (8.20%)
Net RHIA liability (asset)	\$ (4,962)	\$ (6,400)	\$ (7,626)

***RHIA Plan Fiduciary Net Position***

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

**NOTE 13 - RISK MANAGEMENT**

The Internal Service (Self-Insurance) Fund charges other funds for the costs incurred for workers’ compensation claims. Charges to other funds by the Self-Insurance Fund are recognized as revenues in the Self-Insurance Fund and as expenditures in the fund incurring the charges. The Self-Insurance Fund recognized approximately \$595 of revenues from other governmental funds for the year ended June 30, 2020.

The District is exposed to various risks of loss related to injuries; torts; theft or damage to and destruction of assets; errors and omissions; and natural disasters. The District is self-insured up to \$1 million and carries commercial excess insurance. Settlements have not exceeded insurance coverage for the years ended June 30, 2018 through 2020. There have been no reductions to the District’s insurance coverage during the year ended June 30, 2020. The District anticipates that all accrued claims losses will be paid within twelve months.

The total claims payable at June 30, 2020 of \$6.9 million was made up of approximately \$3.7 million in worker’s compensation claims (recorded in the Internal Service Fund) and \$3.2 million in property and general liability claims (accounted for in the General Fund and not accrued on the fund financial statements). Changes in the balances of claims liabilities during the years ended June 30, 2018, through June 30, 2020, were as follows:

Fiscal Year	Beginning Balance	New Claims	Payments on Claims	Ending Balance
2018	\$ 6,872	\$ 3,543	\$ (4,521)	\$ 5,894
2019	5,894	2,317	(1,368)	6,843
2020	6,843	3,905	(3,895)	6,853

**School District No. 1J, Multnomah County, Oregon**  
Notes to the Basic Financial Statements  
For the Year Ended June 30, 2020  
(Dollar amounts, unless otherwise indicated, are expressed in thousands)

**NOTE 14 – COMMITMENTS AND CONTINGENT LIABILITIES**

***Operating leases***

The District has operating leases for various equipment. Future minimum required payments under these operating leases are:

2021	\$ 1,313
2022	546
2023	520
2024	<u>178</u>
Total minimum payments	<u><u>\$ 2,557</u></u>

***Contracts***

Under Oregon Revised Statute No. 279, should funding not be available, the following contracts may be cancelled without penalty. Estimated future District service commitments in excess of \$3.0 million are listed as follows:

Supplier	Commitments
Hoffman Construction Company of Oregon	\$ 173,738
Fortis Construction Inc	96,931
First Student Inc	83,315
Bassetti Architects PS	19,115
Todd Construction Inc	17,026
Andersen Construction Co of Oregon LLC	4,800
Rosemary Anderson High School	3,914
Portland Community College	3,437
Pacific Office Automation	3,287
AC Schommer & Sons Inc.	3,254
Northwest Engineering Services Inc	3,253
Bora Architects Inc	<u>3,138</u>
	<u><u>\$ 415,208</u></u>

Future District service commitments by fund are as follows:

	Commitments
General Fund	\$ 93,953
Capital Projects Fund	<u>321,255</u>
	<u><u>\$ 415,208</u></u>

***Blanchard Educational Service Center (BESC)***

In June 2000, Multnomah County leased a portion of the BESC facility from the District for \$3.5 million under a 99-year agreement. In December 2008, Portland Public Schools reacquired a portion of that space for \$800 thousand, which was fully paid as of June 30, 2014. This lease agreement stipulates that a portion of the initial lease payment received from Multnomah County be set aside to be applied toward the County's share of major repairs. Any unused balance earns interest at the monthly interest rate earned from the Local Government Investment Pool. As of June 30, 2020 the Multnomah County Reserve balance held in the Facilities Capital Fund was \$525.

**School District No. 1J, Multnomah County, Oregon**  
Notes to the Basic Financial Statements  
For the Year Ended June 30, 2020  
(Dollar amounts, unless otherwise indicated, are expressed in thousands)

---

**NOTE 14 – COMMITMENTS AND CONTINGENT LIABILITIES - continued**

***Equipment Leases***

In July 2012, the District entered into a 5-year lease for copier equipment from Copytronix, commencing August 2012. This lease was extended for an additional 5 years, through July 2022, for \$14 thousand per month.

In September 2015, the District entered into a 5-year lease for IT equipment (United Power Supply Towers) from First American Equipment Finance for \$12 thousand per month, commencing April 2016.

In July 2016, the District entered into a 5-year lease for telephone and internet equipment and software from Bank of America Public Capital for \$39 thousand per month, commencing July 2016.

In October 2017, the District entered into a multi-year lease for IT equipment (laptops, Chromebooks, etc.) from Insight Investments, LLC, commencing November 2017. The District has subsequently extended and amended this lease to include additional IT equipment and CISCO telephone hardware with varying terms (3 to 5 years in duration) and commencement dates (November 2017 to June 2020).

***Pending Legal Actions***

The District is a defendant in certain pending legal actions. Although the outcome cannot be determined, the District believes that settlement of these matters will not have a material effect on the District's financial position and results of operations.

***Grantor Agencies***

Amounts received or receivable from grantor agencies are subject to audit and adjustment by these agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the district. The amount, if any, of costs which may be disallowed by the grantor cannot be determined at this time, although district management expects such amounts, if any, to be immaterial.

***School Support Fund***

A substantial portion of the District's funding consists of an apportionment of funds from the State Basic School Support Fund. This apportionment is determined by a formula taking into account the District's weighted average daily student membership and revenue derived from local District sources. Local District sources may vary from year to year and may be revised retroactively or prospectively changing the amount of State Basic School Support received or to be received.

**School District No. 1J, Multnomah County, Oregon**  
Notes to the Basic Financial Statements  
For the Year Ended June 30, 2020  
(Dollar amounts, unless otherwise indicated, are expressed in thousands)

**NOTE 15 – FUND BALANCES**

Fund balances by classification for the year ended June 30, 2020 are as follows:

	General Fund	Special Revenue Fund	Debt Service Fund	Capital Projects Fund	Total Governmental Funds
<b>Nonspendable</b>					
Prepaid items	\$ 252	-	\$ -	\$ 5,648	\$ 5,900
Inventories	259	1,292	-	-	1,551
	<u>511</u>	<u>1,292</u>	<u>-</u>	<u>5,648</u>	<u>7,451</u>
<b>Restricted</b>					
Special Revenue Fund	-	15,832	-	-	15,832
Debt Service Fund	-	-	13,568	-	13,568
Capital Projects Funds	-	-	-	642,574	642,574
	<u>-</u>	<u>15,832</u>	<u>13,568</u>	<u>642,574</u>	<u>671,974</u>
<b>Committed</b>					
Special Revenue Fund	-	18,666	-	-	18,666
Debt Service Fund	-	-	255	-	255
	<u>-</u>	<u>18,666</u>	<u>255</u>	<u>-</u>	<u>18,921</u>
<b>Assigned</b>					
Capital Projects Fund	-	-	-	14,785	14,785
<b>Unassigned</b>					
	63,963	-	-	-	63,963
Total fund balances	<u>\$ 64,474</u>	<u>\$ 35,790</u>	<u>\$ 13,823</u>	<u>\$ 663,007</u>	<u>\$ 777,094</u>

**NOTE 16 – RELATED ORGANIZATIONS**

The District includes six charter schools that are legally separate, tax-exempt organizations. The most recent data available indicates charter school total students were 1,385 (representing 2.8% of the District's total enrollment); and that charter schools' Net Position was \$1,208. Because of their size relative to the District, the charter schools do not fall under the component unit reporting requirements set forth by GASB Statement No. 39.

**NOTE 17 – ARTS TAX**

In November, 2012, voters in the City of Portland passed Ballot Measure 26-146 to restore school arts and music education, funded through an income tax of \$35 per person per year. In December of 2012, the District entered into an intergovernmental agreement IGA/R 59656 with the City of Portland to receive a portion of this tax, to be used to provide arts and music education, through certified arts and music teachers, to all K-5 students, including charter schools within the District. Revenues and expenditures for the year ended June 30, 2020 are recorded in the General Fund as follows:

	Arts Tax Revenues	Arts Tax Expenditures <sup>1</sup>	FTE Funded	Number of Schools Funded
Non-Charter Schools	\$ 5,081	\$ 5,269	73.28	59
Charter Schools	166	141	3.36	6
District Total	<u>\$ 5,247</u>	<u>\$ 5,410</u>	<u>76.64</u>	<u>65</u>

<sup>1</sup> Includes amounts for unexpended revenues carried forward from prior years.

**School District No. 1J, Multnomah County, Oregon**  
Notes to the Basic Financial Statements  
For the Year Ended June 30, 2020  
(Dollar amounts, unless otherwise indicated, are expressed in thousands)

---

**NOTE 18 – TAX ABATEMENTS**

The District is subject to tax abatements (exemptions) granted by Multnomah, Washington and Clackamas counties of Oregon. Counties are allowed to grant abatements due to numerous Oregon Revised Statutes (ORS). Washington and Clackamas counties had no tax abatements affecting the District. Multnomah county has numerous abatement programs which affected District revenue as described below.

***Historic Property (ORS 358.475 to 545)***

The Special Assessment for Historic Property program is a state-sponsored incentive program instituted in 1975 to encourage the preservation and appropriate rehabilitation of properties listed in the National Register of Historic Places. Under this program a property is specially assessed for a period of 10-15 years. This allows the owner to restore or improve the condition of the property and not pay additional taxes on the resulting increase in the property's value until the ten-year benefit period has expired.

***Day Care Centers, Student Housing and Religious Schools (ORS 307.145)***

The child care facilities, schools, academies and student housing accommodations, owned or being purchased by incorporated eleemosynary institutions or by incorporated religious organizations, used exclusively by such institutions or organizations for or in immediate connection with educational purposes, are exempt from taxation.

***Transit Oriented Development (ORS 307.600 to 307.637)***

Cities and counties may grant a property tax exemption for multiple unit rental housing (excluding land) in areas designated as core areas, light rail station areas and transit oriented areas for up to 10 successive years. Housing that can qualify for this exemption includes newly constructed housing and property converted to housing use.

***City of Portland Low Income Rental Housing (ORS 307.540 to 307.548)***

In 1985, Oregon legislature authorized a property tax exemption for low-income housing held by charitable, nonprofit organizations. The tax exemption is intended to benefit low-income renters by alleviating property tax burden on those agencies that provide this housing opportunity. The qualifying property must be located within the city of Portland.

***Enterprise Zone (ORS 285C.050 to 285C.255)***

The Oregon Enterprise Zone program is a State of Oregon economic development program established, that allows for property tax exemptions for up to five years. In exchange for receiving property tax exemption, participating firms are required to meet the program requirements set by state statute and the local sponsor. The Enterprise Zone program allows industrial firms that will be making a substantial new capital investment a waiver of 100% of the amount of real property taxes attributable to the new investment for a 5-year period after completion. Land or existing machinery or equipment is not tax exempt; therefore, there is no loss of current property tax levies to local taxing jurisdiction.

**School District No. 1J, Multnomah County, Oregon**  
Notes to the Basic Financial Statements  
For the Year Ended June 30, 2020  
(Dollar amounts, unless otherwise indicated, are expressed in thousands)

**NOTE 18 – TAX ABATEMENTS – continued**

The Following schedule represents the District’s portion of tax abatements granted by Multnomah County for 2019-20. Programs with exemptions totaling more than \$500 thousand were listed separately; all other programs were grouped together:

Exemption Program	Amount
City of Portland Low Income Rental Housing	\$ 3,655
Historic Property	3,588
Day Care Centers, Student Housing & Religious Schools	2,810
Enterprise Zone	1,229
Transit Oriented Development, Portland	653
All other exemption programs	1,412
Total Abatements	\$ 13,347

**NOTE 19 – SUBSEQUENT EVENTS**

The date to which events occurring after June 30, 2020, the date of the most recent statement of net position, has been evaluated for possible adjustment to the financial statements or disclosure is **December 17, 2019**, which is the date on which the financial statements were available to be issued.

On November 3, 2020, District voters passed *Measure 26-215: Bonds to Improve Health, Safety, Learning by Modernizing, Repairing Schools*. This measure authorizes up to \$1.208 billion in principal amount of general obligation bonds, to be funded by property tax levies. Bond proceeds will finance renovation, replacement and repair of schools, building security and seismic safety enhancements, technology and curriculum replacements, and accessibility improvements.

To respond to funding challenges and additional expenditures resulting from the COVID-19 pandemic, the federal and state governments have approved additional grant funding for school districts. Most notably, the Coronavirus Aid, Relief, and Economic Security (CARES) Act will provide funding through the Elementary and Secondary School Emergency Relief (ESSER) Fund, and the Governors Emergency Education Relief (GEER). The District has received an allocation of approximately \$8 million of these funding sources for the fiscal year ended June 30, 2021.

## REQUIRED SUPPLEMENTARY INFORMATION

---

---

The information in this section compares budget to actual for the District's General and major special revenue funds.

The budgetary basis of accounting for all funds is modified accrual, which is the same as that required by accounting principles generally accepted in the United States of America. Unless otherwise noted, a reconciliation of budgetary to generally accepted accounting principles activity is not required.

Under the provisions of GASB Statement No. 68, a Schedule of the District's Proportion of Net Pension Liability and District Contributions is included in the Required Supplementary Information.

Under the provisions of GASB Statement No. 73, a Schedule of the District's Proportion of Net Pension Liability and District Contributions is included in the Required Supplementary Information.

Under the provisions of GASB Statement No. 75, a Schedule of the District's Proportionate Share of the Net OPEB Liability and District Contributions for RHIA and RHIS, and a Schedule of Changes in the District's Total OPEB Liability and Related Ratios for OPEB is included in the Required Supplementary Information.

DRAFT 13.2020

**SCHOOL DISTRICT NO.1J, MULTNOMAH COUNTY, OREGON**  
**Required Supplementary Information**  
**Schedule of Changes in the District's Total OPEB Liability and Related Ratios- RHIS**  
**Last 10 Fiscal Years <sup>1</sup>**  
**(amounts expressed in thousands)**

**Total OPEB Liability**

	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
Service cost	N/A	\$ 2,549	\$ 2,319	\$ 2,842
Interest	N/A	2,160	2,475	3,128
Change in benefit terms	N/A	-	2,711	-
Differences between expected and actual experience	N/A	-	3,880	-
Changes of assumptions or other inputs	N/A	(2,848)	8,157	1,744
Benefit payments	N/A	(8,575)	(8,024)	(8,697)
<b>Net change in total OPEB liability</b>	N/A	(6,714)	11,518	(983)
<b>Total OPEB liability - beginning</b>	N/A	77,498	70,784	82,302
<b>Total OPEB liability - ending</b>	<u>\$ 77,498</u>	<u>\$ 70,784</u>	<u>\$ 82,302</u>	<u>\$ 81,319</u>
<b>Covered-employee payroll</b>	\$ 327,668	\$ 344,646	\$ 356,540	\$ 375,041
<b>Total OPEB liability as a percentage of covered-employee payroll</b>	23.65%	20.54%	23.08%	21.68%

<sup>1</sup> Amounts presented above were determined as of 6/30. Additional years will be presented as they become available.

**Requests for Information:**

Copies of the District's most recent *Actuarial Valuation of GASB 45, GASB 75, and GASB 73 Postemployment Benefits* are available. Please direct requests to the Finance Department, Portland Public Schools; 501 N. Dixon Street; Portland, OR 97227.

**SCHOOL DISTRICT NO.1J, MULTNOMAH COUNTY, OREGON**  
**Required Supplementary Information**  
**Schedule of the District's Proportionate Share of Net OPEB Liability (Asset) and District Contributions - RHIA**  
**Last 10 Fiscal Years <sup>1</sup>**  
**(amounts expressed in thousands)**

**District's Proportionate Share of Net OPEB Liability (Asset)**

	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
District's proportion of the net OPEB liability/(asset)	3.284%	3.164%	3.194%	3.312%
District's proportionate share of the net OPEB liability (asset)	\$ 892	\$ (1,321)	\$ (3,566)	\$ (6,400)
District's covered-employee payroll <sup>2</sup>	\$ 316,998	\$ 327,668	\$ 344,646	\$ 356,540
District's proportionate share of net OPEB liability (asset) as a percentage of covered-employee payroll	0.3%	-0.4%	-1.0%	-1.8%
Plan fiduciary net position as a percentage of the total OPEB liability	94.14%	108.89%	124.01%	144.34%
OPEB Measurement Date	6/30/2016	6/30/2017	6/30/2018	6/30/2019

<sup>1</sup> Amounts presented above were determined as of 6/30. Additional years will be presented as they become available.

<sup>2</sup> Amounts for covered payroll use the prior year's data to match the measurement date used by the pension plan (OPERS) for each fiscal year presented above.

**Schedule of District Contributions**

	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
Contractually required contribution	\$ 1,575	\$ 1,547	\$ 1,641	\$ 209
Contributions in relation to the contractually required contribution	1,575	1,547	1,641	209
Contribution deficiency(excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered-employee payroll	\$ 327,668	\$ 344,646	\$ 356,540	\$ 375,041
Contributions as a percentage of covered-employee payroll	0.48%	0.45%	0.46%	0.06%

Copies of OPERS' most recent actuarial report of its Pension Plan are available at:  
<http://www.oregon.gov/PERS/Pages/Financials/Previous-Years.aspx>

**Notes to Required Supplementary Information**

Changes in Plan Provisions

A summary of key changes in plan provisions are described in the annual letter from Oregon Public Employees Retirement System's actuary, which can be found at:  
<https://www.oregon.gov/pers/EMP/Documents/GASB/2019/2018-GASB75.pdf>

Changes of Assumptions

Additional details and a comprehensive list of changes in methods and assumptions can be found in the 2018 Experience Study for the System, which was published on July 24, 2019, and can be found at:  
[https://www.oregon.gov/pers/Documents/Exp\\_Study\\_2018.pdf](https://www.oregon.gov/pers/Documents/Exp_Study_2018.pdf)

**SCHOOL DISTRICT NO.1J, MULTNOMAH COUNTY, OREGON**  
**Required Supplementary Information**  
**Schedule of the District's Proportionate Share of Net Pension Liability (Asset) and District Contributions**  
**Last 10 Fiscal Years <sup>1</sup>**  
**(amounts expressed in thousands)**

**District's Proportionate Share of Net Pension Liability (Asset)**

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
District's proportion of the net pension liability/asset	0.254%	0.254%	0.299%	1.380%	2.102%	2.286%	1.770%
District's proportionate share of the net pension liability (asset)	\$ 12,953	\$ (5,754)	\$ 17,185	\$ 207,203	\$ 283,305	\$ 346,266	\$ 306,140
District's covered payroll <sup>2</sup>	\$ 256,741	\$ 264,386	\$ 283,935	\$ 316,998	\$ 327,668	\$ 344,646	\$ 356,540
District's proportionate share of net pension liability (asset) as a percent of covered payroll	5.0%	(2.2%)	6.1%	65.4%	86.5%	100.5%	85.9%
Plan fiduciary net position as a percentage of the total pension liability	92.0%	103.6%	91.9%	80.5%	83.12%	82.07%	80.23%
OPERS Measurement Date	6/30/2013	6/30/2014	6/30/2015	6/30/2016	6/30/2017	6/30/2018	6/30/2019

<sup>1</sup> Amounts presented above were determined as of 6/30. Additional years will be presented as they become available.

<sup>2</sup> Amounts for covered payroll use the prior year's data to match the measurement date used by the pension plan (OPERS) for each fiscal year presented above.

**Schedule of District Contributions**

	<u>2014</u>	<u>2015</u>	<u>2016 <sup>3</sup></u>	<u>2017 <sup>3</sup></u>	<u>2018 <sup>4</sup></u>	<u>2019</u>	<u>2020</u>
Contractually required contribution	\$ 4,785	\$ 4,895	\$ -	\$ -	\$ -	\$ 8,351	\$ 24,834
Contributions in relation to the contractually required contribution	4,785	4,895	-	-	-	8,351	24,834
Contribution deficiency(excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	\$ 264,386	\$ 283,935	\$ 316,998	\$ 327,668	\$ 344,646	\$ 356,540	\$ 375,041
Contributions as a percentage of covered payroll	1.81%	1.72%	0.00%	0.00%	0.00%	2.34%	6.62%

<sup>3</sup> Contribution rates were zero due to the rate offset provided by the District's OPERS side account funded by the district's Limited Tax Pension Bonds.

<sup>4</sup> OPERS side account resources were used to satisfy all contribution requirements.

Copies of OPERS' most recent actuarial report of its Pension Plan are available at:  
<http://www.oregon.gov/PERS/Pages/Financials/Previous-Years.aspx>

**Notes to Required Supplementary Information**

Changes in Plan Provisions

A summary of key changes in plan provisions are described in the annual letter from Oregon Public Employees Retirement System's actuary, which can be found at:  
<https://www.oregon.gov/pers/EMP/Pages/GASB.aspx>

Changes of Assumptions

Additional details and a comprehensive list of changes in methods and assumptions can be found in the 2018 Experience Study for the System, which was published on July 24, 2019, and can be found at:  
[https://www.oregon.gov/pers/Documents/Exp\\_Study\\_2018.pdf](https://www.oregon.gov/pers/Documents/Exp_Study_2018.pdf)

**SCHOOL DISTRICT NO.1J, MULTNOMAH COUNTY, OREGON**  
**Required Supplementary Information**  
**Schedule of Changes in the District's Total Pension Liability and Related Ratios-Stipend**  
**Last 10 Fiscal Years <sup>1</sup>**  
**(amounts expressed in thousands)**

**Total Pension Liability**

	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>
Service cost	N/A	\$ 174	\$ 212	\$ 194	\$ 188
Interest	N/A	304	211	228	250
Change in benefit terms	N/A	-	-	797	-
Differences between expected and actual experience	N/A	-	-	94	-
Changes of assumptions or other inputs	N/A	235	(158)	(68)	79
Benefit payments	N/A	(1,301)	(1,389)	(1,174)	(1,132)
<b>Net change in total pension liability</b>	N/A	(587)	(1,124)	71	(615)
<b>Total pension liability - beginning</b>	N/A	8,465	7,877	6,753	6,824
<b>Total pension liability - ending</b>	<u>\$ 8,465</u>	<u>\$ 7,877</u>	<u>\$ 6,753</u>	<u>\$ 6,824</u>	<u>\$ 6,209</u>
<b>Covered-employee payroll</b>	N/A	70,988	68,838	63,301	58,067
<b>Total pension liability as a percentage of covered-employee payroll</b>	N/A	11.10%	9.81%	10.78%	10.69%

<sup>1</sup> Amounts presented above were determined as of 6/30. Additional years will be presented as they become available.

<sup>2</sup> Assets are not accumulated in a trust. Contributions are financed on a pay-as-you-go basis.

**Requests for Information:**

Copies of the District's most recent *Actuarial Valuation of GASB 45, GASB 75, and GASB 73 Postemployment Benefits* are available. Please direct requests to the Finance Department; Portland Public Schools; 501 N. Dixon Street; Portland, OR 97227.

DRAFT 11.18.2020

**SCHOOL DISTRICT NO.1J, MULTNOMAH COUNTY, OREGON**

**General Fund**

**Schedule of Revenues, Expenditures, and  
Changes in Fund Balance - Budget and Actual  
For the year ended June 30, 2020  
(amounts expressed in thousands)**

	<b>Budgeted Amounts</b>		<b>Actual Amounts</b>	<b>Variance from Final Budget Positive/ (Negative)</b>
	<b>Original</b>	<b>Final</b>		
<b>REVENUES</b>				
Property and other taxes	\$ 270,525	\$ 273,187	\$ 273,159	\$ (28)
State School Fund	254,228	265,943	266,607	664
Local option taxes	98,774	98,774	98,789	15
County and intermediate sources	13,357	13,357	13,775	418
Federal and state support	-	-	84	84
State Common School Fund	5,132	5,132	5,012	(120)
Charges for services	5,375	5,375	3,838	(1,537)
Investment earnings	2,895	2,895	3,162	267
Other	5,321	5,321	4,761	(560)
<b>Total revenues</b>	<b>655,607</b>	<b>669,984</b>	<b>669,187</b>	<b>(797)</b>
<b>EXPENDITURES</b>				
Current:				
Instruction:				
Regular programs:				
Salaries and benefits	262,780	263,618	254,389	9,229
Materials and services	11,114	17,962	12,470	5,492
<b>Total regular programs</b>	<b>273,894</b>	<b>281,580</b>	<b>266,859</b>	<b>14,721</b>
Special programs:				
Salaries and benefits	69,676	70,382	66,162	4,220
Materials and services	26,720	27,277	26,198	1,079
<b>Total special programs</b>	<b>96,396</b>	<b>97,659</b>	<b>92,360</b>	<b>5,299</b>
Summer school programs:				
Salaries and benefits	61	91	578	(487)
Materials and services	1,620	1,620	84	1,536
<b>Total summer school programs</b>	<b>1,681</b>	<b>1,711</b>	<b>662</b>	<b>1,049</b>
<b>Total instruction</b>	<b>371,971</b>	<b>380,950</b>	<b>359,881</b>	<b>21,069</b>
Support services:				
Students:				
Salaries and benefits	61,732	61,999	62,470	(471)
Materials and services	7,567	7,631	8,612	(981)
<b>Total students</b>	<b>69,299</b>	<b>69,630</b>	<b>71,082</b>	<b>(1,452)</b>
Instructional staff:				
Salaries and benefits	33,516	33,441	31,878	1,563
Materials and services	2,767	3,756	2,448	1,308
<b>Total instructional staff</b>	<b>36,283</b>	<b>37,197</b>	<b>34,326</b>	<b>2,871</b>
General administration:				
Salaries and benefits	8,764	8,741	7,503	1,238
Materials and services	6,494	6,659	4,649	2,010
<b>Total general administration</b>	<b>15,258</b>	<b>15,400</b>	<b>12,152</b>	<b>3,248</b>

Note: Bolded lines indicate legally required appropriation budget levels of control

**SCHOOL DISTRICT NO.1J, MULTNOMAH COUNTY, OREGON**  
**General Fund**  
**Schedule of Revenues, Expenditures, and**  
**Changes in Fund Balance - Budget and Actual (continued)**  
**For the year ended June 30, 2020**  
**(amounts expressed in thousands)**

	<b>Budgeted Amounts</b>		<b>Actual Amounts</b>	<b>Variance from Final Budget Positive/ (Negative)</b>
	<b>Original</b>	<b>Final</b>		
Support services (continued):				
School administration:				
Salaries and benefits	\$ 43,983	\$ 44,209	\$ 44,609	\$ (400)
Materials and services	1,111	1,111	460	651
<b>Total school administration</b>	<b>45,094</b>	<b>45,320</b>	<b>45,069</b>	<b>251</b>
Business:				
Salaries and benefits	53,496	53,646	48,775	4,871
Materials and services	45,813	51,234	47,053	4,181
<b>Total business</b>	<b>99,309</b>	<b>104,880</b>	<b>95,828</b>	<b>9,052</b>
Central:				
Salaries and benefits	17,621	18,547	15,600	2,947
Materials and services	6,648	7,712	7,861	(149)
<b>Total central</b>	<b>24,269</b>	<b>26,259</b>	<b>23,461</b>	<b>2,798</b>
<b>Total support services</b>	<b>289,512</b>	<b>298,686</b>	<b>281,918</b>	<b>16,768</b>
Enterprise and community services:				
Food Service:				
Salaries and benefits	93	93	108	(15)
Materials and services	74	74	57	17
<b>Total Food Services</b>	<b>167</b>	<b>167</b>	<b>165</b>	<b>2</b>
Community Services:				
Salaries and benefits	644	644	560	84
Materials and services	1,089	1,089	782	307
<b>Total Community Services</b>	<b>1,733</b>	<b>1,733</b>	<b>1,342</b>	<b>391</b>
<b>Total enterprise and community services</b>	<b>1,900</b>	<b>1,900</b>	<b>1,507</b>	<b>393</b>
Total current expenditures	663,383	681,536	643,306	38,230
<b>Operating contingency</b>	<b>26,682</b>	<b>26,682</b>	-	<b>26,682</b>
Total expenditures	690,065	708,218	643,306	64,912
Excess (deficit) of revenues over expenditures	(34,458)	(38,234)	25,881	64,115
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	2,000	-	-	-
<b>Transfers out</b>	<b>(1,704)</b>	<b>(1,703)</b>	<b>(1,311)</b>	<b>392</b>
Proceeds from the sale of capital assets	50	50	17	(33)
<b>Total other financing sources and (uses)</b>	<b>346</b>	<b>(1,653)</b>	<b>(1,294)</b>	<b>359</b>
Net change in fund balance	(34,112)	(39,887)	24,587	64,474
Fund balance - beginning of year	34,112	39,887	39,887	-
Fund balance - end of year	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 64,474</b>	<b>\$ 64,474</b>

Note: Bolded lines indicate legally required appropriation budget levels of control

**SCHOOL DISTRICT NO.1J, MULTNOMAH COUNTY, OREGON**  
**Special Revenue Fund**  
**Schedule of Revenues, Expenditures, and**  
**Changes in Fund Balance - Budget and Actual**  
**For the year ended June 30, 2020**  
**(amounts expressed in thousands)**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance from Final Budget Positive/ (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
Property and other taxes	\$ 292	\$ 292	\$ 296	\$ 4
Federal and state support	77,489	78,114	78,965	851
County and intermediate sources	5,263	5,263	5,297	34
Charges for services	4,566	4,566	3,615	(951)
Investment earnings	54	54	416	362
Extracurricular activities	8,800	8,800	4,914	(3,886)
Other	6,048	8,210	6,251	(1,959)
<b>Total revenues</b>	<b>102,512</b>	<b>105,299</b>	<b>99,754</b>	<b>(5,545)</b>
<b>EXPENDITURES</b>				
Current:				
Instruction:				
Regular programs:				
Salaries and benefits	17,280	17,280	15,828	1,452
Materials and services	11,499	11,499	7,005	4,494
<b>Total regular programs</b>	<b>28,779</b>	<b>28,779</b>	<b>22,833</b>	<b>5,946</b>
Special programs:				
Salaries and benefits	17,921	17,921	19,574	(1,653)
Materials and services	5,678	5,678	6,336	(658)
<b>Total special programs</b>	<b>23,599</b>	<b>23,599</b>	<b>25,910</b>	<b>(2,311)</b>
Summer school programs:				
Salaries and benefits	83	83	94	(11)
Materials and services	59	59	41	18
<b>Total summer school programs</b>	<b>142</b>	<b>142</b>	<b>135</b>	<b>7</b>
<b>Total instruction</b>	<b>52,520</b>	<b>52,520</b>	<b>48,878</b>	<b>3,642</b>
Support services:				
Students:				
Salaries and benefits	12,714	12,714	12,402	312
Materials and services	3,287	3,287	3,678	(391)
<b>Total students</b>	<b>16,001</b>	<b>16,001</b>	<b>16,080</b>	<b>(79)</b>
Instructional staff:				
Salaries and benefits	6,526	6,526	6,711	(185)
Materials and services	1,387	2,012	1,125	887
<b>Total instructional staff</b>	<b>7,913</b>	<b>8,538</b>	<b>7,836</b>	<b>702</b>
General administration:				
Salaries and benefits	484	484	410	74
Materials and services	100	100	13	87
<b>Total general administration</b>	<b>584</b>	<b>584</b>	<b>423</b>	<b>161</b>
School administration:				
Salaries and benefits	1,349	1,349	1,398	(49)
Materials and services	286	286	81	205
<b>Total school administration</b>	<b>1,635</b>	<b>1,635</b>	<b>1,479</b>	<b>156</b>

Note: Bolded lines indicate legally required appropriation budget levels of control

**SCHOOL DISTRICT NO.1J, MULTNOMAH COUNTY, OREGON**  
**Special Revenue Fund**  
**Schedule of Revenues, Expenditures, and**  
**Changes in Fund Balance - Budget and Actual (continued)**  
**For the year ended June 30, 2020**  
**(amounts expressed in thousands)**

	<b>Budgeted Amounts</b>		<b>Actual Amounts</b>	<b>Variance from Final Budget Positive/ (Negative)</b>
	<b>Original</b>	<b>Final</b>		
Support services (continued):				
Business:				
Salaries and benefits	\$ -	\$ -	\$ 44	\$ (44)
Materials and services	4,054	4,054	4,191	(137)
Total business	<u>4,054</u>	<u>4,054</u>	<u>4,235</u>	<u>(181)</u>
Central:				
Salaries and benefits	32	32	24	8
Materials and services	620	1,632	2,024	(392)
Total central	<u>652</u>	<u>1,664</u>	<u>2,048</u>	<u>(384)</u>
<b>Total support services</b>	<b><u>30,839</u></b>	<b><u>32,476</u></b>	<b><u>32,101</u></b>	<b><u>375</u></b>
Enterprise and community services:				
Food Services:				
Salaries and benefits	9,880	9,165	8,865	300
Materials and services	10,088	10,803	9,365	1,438
Total food services	<u>19,968</u>	<u>19,968</u>	<u>18,230</u>	<u>1,738</u>
Community services:				
Salaries and benefits	2,093	2,093	1,978	115
Materials and services	325	1,325	221	1,104
Total community services	<u>2,418</u>	<u>3,418</u>	<u>2,199</u>	<u>1,219</u>
<b>Total enterprise and community services</b>	<b><u>22,386</u></b>	<b><u>23,386</u></b>	<b><u>20,429</u></b>	<b><u>2,957</u></b>
Facilities acquisition & construction:				
Materials and services	59	209	52	157
<b>Total facilities acquisition and construction</b>	<b><u>59</u></b>	<b><u>209</u></b>	<b><u>52</u></b>	<b><u>157</u></b>
Total current expenditures	<u>105,804</u>	<u>108,591</u>	<u>101,460</u>	<u>7,131</u>
Total expenditures	<u>105,804</u>	<u>108,591</u>	<u>101,460</u>	<u>7,131</u>
Excess (deficit) of revenues over expenditures	<u>(3,292)</u>	<u>(3,292)</u>	<u>(1,706)</u>	<u>1,586</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	-	-	69	69
Transfers out	<u>(2,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses)	<u>(2,000)</u>	<u>-</u>	<u>69</u>	<u>69</u>
Net change in fund balance	(5,292)	(3,292)	(1,637)	1,655
Fund balance - beginning of year				
PERS Rate Stabilization Reserve Fund			17,954	
Student Body Activity Fund			4,968	
Cafeteria Fund			3,974	
Dedicated Resource Fund			<u>10,531</u>	
Fund balance - beginning of year - total	34,896	34,896	37,427	2,531
Fund balance - end of year	<u>\$ 29,604</u>	<u>\$ 31,604</u>	<u>\$ 35,790</u>	<u>\$ 4,186</u>

Note: Bolded lines indicate legally required appropriation budget levels of control

**SUPPLEMENTARY INFORMATION**

---

DRAFT 11.13.2020

**SCHOOL DISTRICT NO.1J, MULTNOMAH COUNTY, OREGON**  
**Debt Service Fund**  
**Schedule of Revenues, Expenditures, and**  
**Changes in Fund Balance - Budget and Actual**  
**For the year ended June 30, 2020**  
**(amounts expressed in thousands)**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance from Final Budget Positive/ (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
Property and other taxes	\$ 122,605	\$ 122,607	\$ 126,118	\$ 3,511
Federal and state support	104	74	76	2
Charges for services	51,627	51,630	51,328	(302)
Investment earnings	2,131	2,131	1,500	(631)
Total revenues	<u>176,467</u>	<u>176,442</u>	<u>179,022</u>	<u>2,580</u>
<b>EXPENDITURES</b>				
Current:				
Debt service:				
Principal	117,984	117,989	117,984	5
Interest and fiscal charges	59,750	59,750	59,750	-
<b>Total debt service</b>	<u>177,734</u>	<u>177,739</u>	<u>177,734</u>	<u>5</u>
Total current expenditures	<u>177,734</u>	<u>177,739</u>	<u>177,734</u>	<u>5</u>
Total expenditures	<u>177,734</u>	<u>177,739</u>	<u>177,734</u>	<u>5</u>
Excess (deficit) of revenues over expenditures	<u>(1,267)</u>	<u>(1,297)</u>	<u>1,288</u>	<u>2,585</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	1,724	1,754	1,752	(2)
Total other financing sources (uses)	<u>1,724</u>	<u>1,754</u>	<u>1,752</u>	<u>(2)</u>
Net change in fund balance	457	457	3,040	2,583
Fund balance - beginning of year				
GO Bond Debt Service Fund			10,552	
PERS UAL Debt Service Fund			<u>231</u>	
Fund balance - beginning of year - total	10,691	10,691	10,783	92
Fund balance - end of year	<u>\$ 11,148</u>	<u>\$ 11,148</u>	<u>\$ 13,823</u>	<u>\$ 2,675</u>

Note: Bolded lines indicate legally required appropriation budget levels of control

**SCHOOL DISTRICT NO.1J, MULTNOMAH COUNTY, OREGON**  
**Capital Projects Fund**  
**Schedule of Revenues, Expenditures, and**  
**Changes in Fund Balance - Budget and Actual**  
**For the year ended June 30, 2020**  
**(amounts expressed in thousands)**

	<b>Budgeted Amounts</b>		<b>Actual Amounts</b>	<b>Variance from Final Budget Positive/ (Negative)</b>
	<b>Original</b>	<b>Final</b>		
<b>REVENUES</b>				
Property and other taxes	\$ 6,001	\$ 6,001	\$ 4,291	\$ (1,710)
Federal and state support	11,000	13,000	11,368	(1,632)
Charges for services	600	600	816	216
Investment earnings	4,040	4,039	7,322	3,283
Other	1,291	1,321	1,705	384
<b>Total revenues</b>	<b>22,932</b>	<b>24,961</b>	<b>25,502</b>	<b>541</b>
<b>EXPENDITURES</b>				
Current:				
Business:				
Salaries and benefits	\$ 234	\$ 234	\$ 167	\$ 67
Materials and services	2,538	7,105	5,364	1,741
<b>Total business</b>	<b>2,772</b>	<b>7,339</b>	<b>5,531</b>	<b>1,808</b>
Central:				
Materials and services	8	58	54	4
<b>Total central</b>	<b>8</b>	<b>58</b>	<b>54</b>	<b>4</b>
<b>Total support services</b>	<b>2,780</b>	<b>7,397</b>	<b>5,585</b>	<b>1,812</b>
Facilities acquisition & construction:				
Salaries and benefits	3,660	3,660	3,541	119
Materials and services	299,328	791,900	203,859	588,041
<b>Total facilities acquisition     and construction</b>	<b>302,988</b>	<b>795,560</b>	<b>207,400</b>	<b>588,160</b>
<b>Total current expenditures</b>	<b>305,768</b>	<b>802,957</b>	<b>212,985</b>	<b>589,972</b>
<b>Operating Contingencies</b>	<b>42,933</b>	<b>97,933</b>	<b>-</b>	<b>97,933</b>
<b>Total expenditures</b>	<b>348,701</b>	<b>900,890</b>	<b>212,985</b>	<b>687,905</b>
<b>Excess (deficit) of revenues over expenditures</b>	<b>(325,769)</b>	<b>(875,929)</b>	<b>(187,483)</b>	<b>688,446</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	600	570	110	(460)
Transfers out	(620)	(621)	(620)	1
Proceeds from the sale of capital assets	-	10,500	10,500	-
Issuance of debt	-	441,300	441,320	20
Premium on issuance of debt	-	108,700	68,202	(40,498)
<b>Total other financing sources (uses)</b>	<b>(20)</b>	<b>560,449</b>	<b>519,512</b>	<b>(40,937)</b>
<b>Net change in fund balance</b>	<b>(325,789)</b>	<b>(315,480)</b>	<b>332,029</b>	<b>647,509</b>
Fund balance - beginning of year				
GO Bonds Fund			304,370	
Construction Excise Tax Fund			13,050	
IT System Project Fund			50	
Full Faith and Credit Fund			4,173	
Energy Efficient Schools Fund			1,943	
Facilities Capital Fund			1,311	
Capital Asset Renewal Fund			5,763	
School Modernization Partnership Fund			318	
<b>Fund balance - beginning of year - total</b>	<b>325,789</b>	<b>325,839</b>	<b>330,978</b>	<b>5,139</b>
<b>Fund balance - end of year</b>	<b>\$ -</b>	<b>\$ 10,359</b>	<b>\$ 663,007</b>	<b>\$ 652,648</b>

Note: Bolded lines indicate legally required appropriation budget levels of control

**SCHOOL DISTRICT NO.1J, MULTNOMAH COUNTY, OREGON**  
**Self-Insurance Fund**  
**Schedule of Revenues, Expenses, and**  
**Changes in Net Position - Budget and Actual**  
**For the year ended June 30, 2020**  
**(amounts expressed in thousands)**

	Budgeted Amounts		Actual Amounts	Variance from Final Budget Positive/ (Negative)
	Original	Final		
<b>OPERATING REVENUES</b>				
Charges for services	\$ 3,689	\$ 3,689	\$ 595	\$ (3,094)
Insurance recoveries	4	4	-	(4)
Total operating revenues	<u>3,693</u>	<u>3,693</u>	<u>595</u>	<u>(3,098)</u>
<b>OPERATING EXPENSES</b>				
Support services:				
Salaries and benefits	403	403	302	101
Materials and services	516	3,352	328	3,024
Claims expense	2,836	-	2,580	(2,580)
<b>Total support services</b>	<b>3,755</b>	<b>3,755</b>	<b>3,210</b>	<b>545</b>
Operating contingency	<b>8,324</b>	<b>8,324</b>	-	<b>8,324</b>
Total operating expenses	<u>12,079</u>	<u>12,079</u>	<u>3,210</u>	<u>8,869</u>
Operating income (loss)	<u>(8,386)</u>	<u>(8,386)</u>	<u>(2,615)</u>	<u>5,771</u>
<b>NON OPERATING REVENUES</b>				
Investment income	104	104	134	30
Federal and state support	177	177	221	44
Total non-operating revenues	<u>281</u>	<u>281</u>	<u>355</u>	<u>74</u>
Change in net position	(8,105)	(8,105)	(2,260)	5,845
Beginning net position - budgetary basis	8,105	8,105	8,117	12
Ending net position - budgetary basis	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,857</u>	<u>\$ 5,857</u>
Reconciliation:				
Net OPEB liability, deferred inflows, and deferred outflows			(32)	
Accrued compensated absences			(42)	
Net pension liability, deferred inflows, and deferred outflows			(152)	
Net position - GAAP basis			<u>\$ 5,631</u>	

Note: Bolded lines indicate legally required appropriation budget levels of control

# Statistical



Roosevelt High School Spring Theatre



Meal Distribution

Statistical

DRAFT 11.13.2020

DRAFT 11.13.2020



## Statistical Section

---

This part of the District's Comprehensive Annual Financial Report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the District's overall financial health.

<b><u>Contents</u></b>	<b><u>Page</u></b>
<b><i>Financial Trends (Schedules 1-4)</i></b> These schedules contain trend information to help the reader understand how the District's financial performance and well-being have changed over time.	105
<b><i>Revenue Capacity (Schedules 5-9)</i></b> These schedules contain information to help the reader assess the District's most significant local revenue source, the property tax.	113
<b><i>Debt Capacity (Schedules 10-12)</i></b> District's current levels of outstanding debt and the District's ability to issue additional debt in the future.	119
<b><i>Demographic and Economic Information (Schedules 13-14)</i></b> These schedules offer demographic and economic indicators to help the reader understand the environment within which the District's financial activities take place.	123
<b><i>Operating Information (Schedules 15-17)</i></b> These schedules contain service and infrastructure data to help the reader understand how the information in the District's financial report relates to the services the District provides and the activities it performs.	125

Sources:

Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year.

**Schedule 1**  
**SCHOOL DISTRICT NO.1J, MULTNOMAH COUNTY, OREGON**  
**Condensed Statement of Net Position**  
**Last Ten Fiscal Years**  
**(accrual basis of accounting)**  
**(dollars in thousands)**

	<b>Government-wide Activities</b>			
	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014- restated</u>
<b>Assets</b>				
Current and other assets	\$ 177,558	\$ 180,957	\$ 298,246	\$ 304,224
Prepaid pension & other prepaid items	436,790	425,421	414,407	2,149
Net capital assets	200,731	199,058	213,944	233,265
<b>Total assets</b>	<b>815,079</b>	<b>805,436</b>	<b>926,597</b>	<b>539,638</b>
<b>Deferred Outflows of Resources</b>				
Pension & OPEB				4,785
<b>Liabilities</b>				
Other current liabilities	77,535	83,977	87,185	90,983
Other long-term liabilities	62,851	57,972	182,759	244,301
Limited tax pension bonds payable	440,491	430,058	419,034	407,499
Pension	-	-	-	-
Other post employment benefits	29,667	33,595	36,263	35,579
<b>Total liabilities</b>	<b>610,544</b>	<b>605,602</b>	<b>725,241</b>	<b>778,362</b>
<b>Deferred Inflows of Resources</b>				
Insurance recovery			819	-
Pension & OPEB			-	-
			819	-
<b>Net Assets</b>				
Invested in capital assets, net of related debt	164,033	157,209		
Restricted	25,597	21,577		
Unrestricted	14,905	21,048		
<b>Total Net Assets</b>	<b>\$ 204,535</b>	<b>\$ 199,834</b>		
<b>Net Position</b>				
Net investment in capital assets			146,148	183,584
Restricted			131,060	119,224
Unrestricted			(76,671)	(536,747)
<b>Total Net Position</b>			<b>\$ 200,537</b>	<b>\$ (233,939)</b>

Note: The District Implemented GASB 65 beginning in 2013. As a result, Net Assets format is presented for years prior to 2013, and Net Position format is presented for 2013 and subsequent years.

**Government-wide Activities**

<u>2015</u>	<u>2016</u>	<u>2017-restated</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
\$ 579,805	\$ 487,394	\$ 364,732	\$ 715,738	\$ 590,288	\$ 941,719
5,754	1,628	1,080	884	3,377	6,200
273,957	382,401	506,612	594,103	735,002	917,372
<u>859,516</u>	<u>871,423</u>	<u>872,424</u>	<u>1,310,725</u>	<u>1,328,667</u>	<u>1,865,291</u>
<u>6,801</u>	<u>3,200</u>	<u>163,562</u>	<u>173,727</u>	<u>207,186</u>	<u>158,473</u>
105,763	121,321	181,480	278,587	298,417	298,341
495,290	453,679	359,702	591,262	467,836	854,165
395,958	384,075	372,249	360,172	348,223	336,062
-	17,185	215,080	290,058	353,090	312,349
32,900	29,933	78,390	70,784	82,302	81,319
<u>1,029,911</u>	<u>1,006,193</u>	<u>1,206,901</u>	<u>1,590,863</u>	<u>1,549,868</u>	<u>1,882,236</u>
-	-	-	-	-	-
11,102	6,062	12,845	30,419	64,329	111,145
<u>11,102</u>	<u>6,062</u>	<u>12,845</u>	<u>30,419</u>	<u>64,329</u>	<u>111,145</u>
230,251	260,146	297,914	379,871	477,058	585,214
394,845	283,176	172,880	486,336	353,527	681,328
<u>(799,792)</u>	<u>(680,955)</u>	<u>(654,554)</u>	<u>(1,003,037)</u>	<u>(908,929)</u>	<u>(1,236,159)</u>
<u>\$ (174,696)</u>	<u>\$ (137,633)</u>	<u>\$ (183,760)</u>	<u>\$ (136,830)</u>	<u>\$ (78,344)</u>	<u>\$ 30,383</u>

**Schedule 2**  
**SCHOOL DISTRICT NO.1J, MULTNOMAH COUNTY, OREGON**  
**Changes in Net Position**  
**Last Ten Fiscal Years**  
**(accrual basis of accounting)**  
**(dollars in thousands)**

	<b>Government-wide Activities</b>			
	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
<b>Expenses</b>				
Instruction	\$ 315,465	\$ 287,424	\$ 267,192	\$ 308,652
Support services	204,613	206,856	194,270	200,750
Enterprise and community services	19,758	19,108	18,923	19,164
Facilities services	11,649	10,697	31,635	1,470
Interest and fees on long-term debt	2,135	25,748	26,813	33,546
Total expenses	<u>553,620</u>	<u>549,833</u>	<u>538,833</u>	<u>563,582</u>
<b>Program Revenues</b>				
Charges for services:				
Instruction	4,799	5,046	5,958	5,989
Support services	2,348	2,109	2,852	2,857
Enterprise and community services	4,666	4,422	4,123	4,420
Operating grants and contributions:				
Instruction	75,981	71,319	62,006	58,418
Support services	25,844	25,447	23,437	17,693
Enterprise and community services	3,915	2,863	2,623	2,240
Capital grants and contributions:				
Facilities services	-	-	-	-
Total program revenues	<u>117,553</u>	<u>111,206</u>	<u>100,999</u>	<u>91,617</u>
<b>Net Expenses</b>	<u>(436,067)</u>	<u>(438,627)</u>	<u>(437,834)</u>	<u>(471,965)</u>
<b>General Revenues:</b>				
Property taxes levied for general purposes	194,170	200,906	205,177	213,115
Property taxes levied for debt service	-	-	-	44,765
Construction excise tax	1,361	2,108	3,619	4,889
Local option taxes levied for general purposes	38,226	53,622	51,357	55,709
State School Fund - general support	139,229	149,031	151,369	184,690
State Common School Fund - general support	4,461	4,138	4,608	4,427
County and intermediate sources - general support	9,543	9,588	14,560	15,736
Federal Stimulus	14,349	595	6	-
Investment earnings	582	403	644	774
Other	8,440	13,535	10,518	11,253
Total general revenues	<u>410,361</u>	<u>433,926</u>	<u>441,858</u>	<u>535,358</u>
<b>Change in Net Assets</b>	<u>\$ (25,706)</u>	<u>\$ (4,701)</u>		
<b>Change in Net Position</b>			<u>\$ 4,024</u>	<u>\$ 63,393</u>

Note: The District Implemented GASB 65 beginning in 2013. As a result, Net Assets format is presented for years prior to 2013, and Net Position format is presented for 2013 and subsequent years.

**Government-wide Activities**

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
\$	326,935	\$ 364,964	\$ 380,939	\$ 421,311	\$ 428,454	\$ 429,149
	212,213	241,016	272,816	283,984	310,546	324,513
	20,445	21,326	20,712	24,218	22,785	21,821
	2,617	1,230	12,672	8,531	6,030	3,492
	31,600	40,116	39,094	46,416	44,166	45,409
	<u>593,810</u>	<u>668,652</u>	<u>726,233</u>	<u>784,460</u>	<u>811,981</u>	<u>824,384</u>
	6,457	996	533	406	749	251
	2,916	3,157	4,424	4,741	4,818	4,095
	4,214	4,521	3,471	4,006	4,239	3,925
	65,409	58,619	57,608	57,116	56,796	57,806
	21,638	22,356	22,758	22,871	30,196	29,504
	2,704	3,085	2,934	3,019	2,969	2,762
	-	-	-	-	4,500	11,368
	<u>103,338</u>	<u>92,734</u>	<u>91,728</u>	<u>92,159</u>	<u>104,267</u>	<u>109,711</u>
	<u>(490,472)</u>	<u>(575,918)</u>	<u>(634,505)</u>	<u>(692,301)</u>	<u>(707,714)</u>	<u>(714,673)</u>
	222,872	233,548	242,899	248,281	262,657	273,860
	46,568	48,985	49,384	116,468	125,486	126,343
	6,076	5,886	7,542	8,201	5,991	4,291
	62,923	76,467	83,853	88,163	95,173	98,033
	179,505	211,253	207,182	239,804	225,135	266,607
	4,721	5,810	6,191	5,155	5,493	5,012
	15,202	15,772	17,270	17,662	17,362	19,072
	-	-	-	-	-	-
	1,285	3,140	4,007	3,473	20,229	12,534
	10,563	12,120	17,501	12,024	8,674	17,648
	<u>549,715</u>	<u>612,981</u>	<u>635,829</u>	<u>739,231</u>	<u>766,200</u>	<u>823,400</u>
\$	<u>59,243</u>	<u>37,063</u>	<u>1,324</u>	<u>46,930</u>	<u>58,486</u>	<u>108,727</u>

**Schedule 3**  
**SCHOOL DISTRICT NO.1J, MULTNOMAH COUNTY, OREGON**  
**Fund Balances of Governmental Funds**  
**Last Ten Fiscal Years**  
**(modified accrual basis of accounting)**  
**(dollars in thousands)**

	<b>Governmental Activities</b>			
	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
<b>General Fund</b>				
Nonspendable	\$ 795	\$ 452	\$ 139	\$ 200
Restricted	-	-	-	560
Committed	1,289	1,583	-	-
Assigned	-	-	-	-
Unassigned	29,457	28,890	37,318	50,914
Total general fund	<u>31,541</u>	<u>30,925</u>	<u>37,457</u>	<u>51,674</u>
<b>All Other</b>				
<b>Governmental Funds</b>				
Nonspendable	522	390	473	2,370
Restricted	25,137	27,471	144,677	127,176
Committed	26,899	20,461	15,486	16,342
Assigned	-	-	-	-
Unassigned	-	-	-	-
Total all other governmental funds	<u>52,558</u>	<u>48,322</u>	<u>160,636</u>	<u>145,888</u>
<b>Total Governmental Fund Balances</b>	<u><u>\$ 84,099</u></u>	<u><u>\$ 79,247</u></u>	<u><u>\$ 198,093</u></u>	<u><u>\$ 197,562</u></u>

**Governmental Activities**

<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
\$ 247	\$ 386	\$ 360	\$ 343	\$ 570	\$ 511
-	-	-	-	-	-
-	-	-	-	-	-
-	7,200	7,200	-	-	-
<u>34,195</u>	<u>30,249</u>	<u>12,544</u>	<u>37,939</u>	<u>39,317</u>	<u>63,963</u>
<u>34,442</u>	<u>37,835</u>	<u>20,104</u>	<u>38,282</u>	<u>39,887</u>	<u>64,474</u>
2,452	2,286	1,417	1,017	3,383	6,940
393,179	281,089	170,614	484,006	347,179	671,974
17,590	16,400	17,454	19,116	18,185	18,921
5,549	6,182	7,164	10,400	10,470	14,785
-	-	-	-	(29)	-
418,770	305,957	196,649	514,539	379,188	712,620
<u>\$ 453,212</u>	<u>\$ 343,792</u>	<u>\$ 216,753</u>	<u>\$ 552,821</u>	<u>\$ 419,075</u>	<u>\$ 777,094</u>

**Schedule 4**  
**SCHOOL DISTRICT NO.1J, MULTNOMAH COUNTY, OREGON**  
**Changes in Fund Balances of Governmental Funds**  
**Last Ten Fiscal Years**  
**(modified accrual basis of accounting)**  
**(dollars in thousands)**

	<b>Governmental Activities</b>			
	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
<b>Revenues</b>				
Property and other taxes	\$ 196,044	\$ 200,716	\$ 208,434	\$ 260,872
State School Fund	139,229	149,031	151,369	184,690
State Common School Fund	4,461	4,138	4,608	4,427
Federal and state support	79,034	84,704	71,942	65,231
Local option taxes	38,603	53,099	51,720	56,013
County and intermediate sources	9,544	9,588	14,560	15,736
Federal stimulus	28,991	4,591	1,920	155
Charges for services	11,814	45,953	48,674	51,874
Extracurricular activities	7,563	7,355	7,867	8,308
Investment earnings	649	579	632	757
Other	11,991	15,127	16,315	13,138
<b>Total revenues</b>	<u>527,923</u>	<u>574,881</u>	<u>578,041</u>	<u>661,201</u>
<b>Expenditures</b>				
Current:				
Instruction	314,597	305,238	303,360	323,921
Support services	205,869	207,691	193,375	202,233
Enterprise and community services	20,001	19,782	19,710	20,059
Facilities acquisition and construction	11,546	10,613	31,575	31,105
Debt Service:				
Principal	8,082	56,963	62,443	51,500
Interest	2,043	25,608	26,318	34,921
<b>Total expenditures</b>	<u>562,138</u>	<u>625,895</u>	<u>636,781</u>	<u>663,739</u>
Excess (deficit) of revenues over expenditures	<u>(34,215)</u>	<u>(51,014)</u>	<u>(58,740)</u>	<u>(2,538)</u>
<b>Other Financing Sources (Uses)</b>				
Transfers in	9,939	14,090	55,786	9,013
Transfers out	(6,939)	(9,680)	(55,786)	(9,013)
Proceeds from the sale of capital assets	434	102	655	2,007
Issuance of debt, including premium/discount	36,750	27,250	176,931	-
Issuance of refunding bonds	-	14,400	-	-
<b>Total other financing sources (uses)</b>	<u>40,184</u>	<u>46,162</u>	<u>177,586</u>	<u>2,007</u>
<b>Net change in fund balances</b>	<u>\$ 5,969</u>	<u>\$ (4,852)</u>	<u>\$ 118,846</u>	<u>\$ (531)</u>
Debt service as a percentage of noncapital expenditures	1.8%	13.4%	14.7%	13.7%

**Governmental Activities**

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
#	\$ 274,219	\$ 287,035	\$ 298,114	\$ 377,578	\$ 398,930	\$ 403,864
	179,505	211,253	207,182	239,804	225,135	266,607
	4,721	5,810	6,191	5,155	5,493	5,012
	75,793	71,024	70,667	69,771	81,482	90,493
	63,274	76,593	84,106	89,663	97,188	98,789
	15,201	15,771	17,270	17,663	17,362	19,072
	-	-	-	-	-	-
	54,233	49,312	52,953	56,836	56,311	59,597
	8,276	7,904	7,489	7,304	7,191	4,914
	1,255	3,096	3,930	3,392	19,954	12,400
	<u>15,414</u>	<u>16,215</u>	<u>22,414</u>	<u>15,471</u>	<u>13,074</u>	<u>12,717</u>
	<u>691,891</u>	<u>744,013</u>	<u>770,316</u>	<u>882,637</u>	<u>922,120</u>	<u>973,465</u>
1	349,667	362,126	369,841	386,975	394,080	408,759
	229,254	248,377	266,961	278,758	300,421	319,604
	21,902	21,925	22,838	22,961	22,830	21,936
	54,830	127,491	149,868	113,043	164,764	207,452
	55,033	47,020	50,065	109,874	114,537	117,984
	<u>33,811</u>	<u>46,610</u>	<u>46,867</u>	<u>57,598</u>	<u>59,304</u>	<u>59,750</u>
	<u>744,497</u>	<u>853,549</u>	<u>906,440</u>	<u>969,209</u>	<u>1,055,936</u>	<u>1,135,485</u>
0	<u>(52,606)</u>	<u>(109,536)</u>	<u>(136,124)</u>	<u>(86,572)</u>	<u>(133,816)</u>	<u>(162,020)</u>
0	14,409	7,407	16,141	6,997	6,125	1,931
	(14,409)	(7,407)	(16,141)	(6,997)	(6,125)	(1,931)
	44	116	37	740	70	10,517
	308,212	-	9,048	421,900	-	509,522
	-	-	-	-	-	-
0	<u>308,256</u>	<u>116</u>	<u>9,085</u>	<u>422,640</u>	<u>70</u>	<u>520,039</u>
0	<u>\$ 255,650</u>	<u>\$ (109,420)</u>	<u>\$ (127,039)</u>	<u>\$ 336,068</u>	<u>\$ (133,746)</u>	<u>\$ 358,019</u>
	12.9%	12.9%	12.6%	19.7%	19.5%	19.2%

**Schedule 5**  
**SCHOOL DISTRICT NO.1J, MULTNOMAH COUNTY, OREGON**  
**Assessed Values of Taxable Property within School District No. 1J Boundaries**  
**Last Ten Fiscal Years**  
**(dollars in thousands)**

Fiscal Year Ending June 30,	Assessed Value (not including exempt property)					Total Assessed Value
	Real Property	Personal Property	Manufactured Structures	Public Utility		
2011	\$ 38,951,439	\$ 1,903,652	\$ 41,782	\$ 1,629,651	\$ 42,526,524	
2012	40,421,170	1,687,236	41,578	1,568,907	43,718,891	
2013	41,725,902	1,691,285	18,523	1,538,735	44,974,445	
2014	43,211,127	1,716,219	17,485	1,613,794	46,558,625	
2015	45,073,153	1,757,198	18,655	1,673,302	48,522,308	
2016	47,216,863	1,838,347	23,782	1,710,931	50,789,923	
2017	49,437,875	1,943,596	23,198	1,799,222	53,203,891	
2018	52,196,539	2,009,538	22,243	1,913,350	56,141,671	
2019	53,550,558	2,212,720	23,701	2,194,854	57,981,833	
2020	56,156,552	2,472,239	22,330	2,177,977	60,829,098	

**Notes**

Beginning July 1, 1997 property taxes were based on an assessed value. Assessed value is defined as the lower of "maximum assessed value" or "real market value". For the 1997-1998 tax year, "maximum assessed value" was set at the 1995-1996 real market value less 10 percent. Assessed value for later years is limited to 3 percent annual increases.

The net levy is the actual imposed tax after adjustments and constitutional property tax limitations due to the passing of Measure 5 in 1990 and Measure 50 in 1997.

Source for real market values is Tax Supervising & Conservation Commission and Multnomah County annual reports yearly real market and assessed values by county.

**Sources**

FY 2011-2020: Oregon Property Tax Statistics Supplement for the appropriate fiscal year. Values are the *combined* total for the taxing district, "Portland 1J School", in Multnomah, Clackamas and Washington counties.

<https://www.oregon.gov/DOR/programs/gov-research/Pages/research-property.aspx>

Tax Supervising and Conservation Commission Annual Reports for the relevant fiscal year.

Add: Non-Profit Housing	Less: Urban Renewal Excess	<b>Total Net Assessed Value</b>	Total Direct Tax Rate	Amount tax rate will raise	Less: Reduction and Adjustments	<b>Total Taxes Imposed (Net Levy)</b>
\$ 19,736	\$ 4,425,353	\$ <b>38,120,907</b>	6.5281	\$ 248,857	\$ 9,390	\$ <b>239,467</b>
20,328	4,519,149	<b>39,220,070</b>	7	285,055	24,051	<b>261,004</b>
20,938	4,653,499	<b>40,341,884</b>	7.2681	293,209	29,814	<b>263,395</b>
21,566	4,833,326	<b>41,746,865</b>	8.3571	348,883	27,190	<b>321,693</b>
22,213	4,907,733	<b>43,636,788</b>	8.3535	364,520	23,132	<b>341,388</b>
22,880	5,237,111	<b>45,575,692</b>	8.3632	381,159	12,569	<b>368,590</b>
23,566	5,882,588	<b>47,344,869</b>	8.3304	394,402	7,687	<b>386,715</b>
21,662	6,457,719	<b>49,705,614</b>	9.6863	481,463	4,666	<b>476,797</b>
22,055	6,891,397	<b>51,112,491</b>	9.7571	498,710	3,065	<b>495,645</b>
22,459	7,148,348	<b>53,703,209</b>	9.6734	519,493	4,575	<b>514,918</b>

DRAFT 11.13.20

**Schedule 6**  
**SCHOOL DISTRICT NO.1J, MULTNOMAH COUNTY, OREGON**  
**Direct and Overlapping Property Tax Rates**  
**Last Ten Fiscal Years**  
**(rate per \$1,000 of assessed value)**

District Direct Rates						
Fiscal Year	General Tax Permanent Rate	Local Option	General Obligation Debt Service Bonds	Total Direct Tax Rate		
2011	\$ 5.2781	\$ 1.2500	\$ -	\$ 6.5281		
2012	5.2781	1.9900	-	7.2681		
2013	5.2781	1.9900	-	7.2681		
2014	5.2781	1.9900	1.0890	8.3571		
2015	5.2781	1.9900	1.0854	8.3535		
2016	5.2781	1.9900	1.0951	8.3632		
2017	5.2781	1.9900	1.0623	8.3304		
2018	5.2781	1.9900	2.4182	9.6863		
2019	5.2781	1.9900	2.4890	9.7571		
2020	5.2781	1.9900	2.4053	9.6734		

Fiscal Year	Multnomah County	Port of Portland	Metro	City of Portland	Portland Community College	Multnomah Education Service District
2011	\$ 4.3434	\$ 0.0701	\$ 0.0966	\$ 4.5770	\$ 0.2828	\$ 0.4576
2012	4.3434	0.0701	0.0966	4.5770	0.2828	0.4576
2013	4.3434	0.0701	0.0966	4.5770	0.2828	0.4576
2014	4.3434	0.0701	0.0966	4.5770	0.2828	0.4576
2015	4.3434	0.0701	0.0966	4.5770	0.2828	0.4576
2016	4.3434	0.0701	0.0966	4.5770	0.2828	0.4576
2017	4.3434	0.0701	0.0966	4.5770	0.2828	0.4576
2018	4.3434	0.0701	0.0966	4.5770	0.2828	0.4576
2019	4.3434	0.0701	0.0966	4.5770	0.2828	0.4576
2020	4.3434	0.0701	0.0966	4.5770	0.2828	0.4576

**Notes**

The permanent and local option tax rates are determined by the State of Oregon Constitution and State Statutes. Existing districts cannot increase their permanent rate authority. Local option levies are limited to five years for operations and ten years for capital projects. Elections for local option levies must meet the double majority election test, except in the November general election in even numbered years. Rates for debt service are set based on each year's requirements.

**Sources**

Tax Supervising and Conservation Commission Annual Reports for the relevant fiscal year.

**Schedule 7**  
**SCHOOL DISTRICT NO.1J, MULTNOMAH COUNTY, OREGON**  
**Principal Property Tax Payers for Multnomah County**  
**Prior Year and Nine Years Ago**  
**Taxing District - 311 Portland Public School District**  
**(dollars in thousands)**

Taxpayers with Ten Highest Taxable Assessed Values	2019 <sup>1</sup>			2010		
	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value
Portland General Electric Co	\$ 389,953	1	0.76 %	\$ 234,930	3	0.63 %
Pacificorp (PP&L)	338,450	2	0.66	279,681	2	0.75
CenturyLink	284,055	3	0.56			
Port of Portland	244,941	4	0.48	188,106	5	0.51
Weston Investment Co LLC	242,243	5	0.47	208,639	4	0.56
AT&T Inc	206,633	6	0.40			
Pearl District Lodging Associates LLC	206,053	7	0.40			
Comcast Corporation	189,854	8	0.37	286,866	1	0.77
Capref Lloyd Center LLC	188,640	9	0.37			
111 SW 5th Avenue Investors LLC	167,941	10	0.33			
Qwest Corporation				182,685	6	0.49
Evraz Inc NA				175,714	7	0.47
LC Portland LLC				168,334	8	0.45
Fred Meyer Stores Inc				142,479	9	0.38
555 SW Oak LLC				126,398	10	0.34
Subtotal of Ten Largest Taxpayers	2,458,763		4.80	1,993,832		5.35
All Other Taxpayers	48,653,728		95.20	35,089,212		94.65
Total All Taxpayers	<u>\$ 51,112,491</u>		<u>100.00 %</u>	<u>\$ 37,083,044</u>		<u>100.00 %</u>

**Notes**

<sup>1</sup> 2020 information not available at time of distribution

**Sources**

Multnomah County, Division of Assessment and Taxation

Tax Supervising and Conservation Commission Annual Reports for the relevant fiscal year.

**Schedule 8**  
**SCHOOL DISTRICT NO.1J, MULTNOMAH COUNTY, OREGON**  
**Principal Property Tax Payers for Multnomah County**  
**Prior Year and Nine Years Ago**  
**Taxing District - 170 Multnomah County**  
**(dollars in thousands)**

Taxpayers with Ten Highest Taxable Assessed Values	2019 <sup>1</sup>			2010		
	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value
Port of Portland	\$ 670,145	1	0.81 %	\$ 474,287	1	0.80 %
Portland General Electric Co	629,271	2	0.76	395,740	2	0.67
Alaska Airlines Inc	423,587	3	0.51			
Pacificorp (PP&L)	386,148	4	0.47	315,637	4	0.53
CenturyLink	333,100	5	0.40			
Weston Investment Co LLC	281,110	6	0.34	236,682	5	0.40
Boeing Company	270,158	7	0.33	165,440	10	0.28
Comcast Corporation	254,263	8	0.31	338,520	3	0.57
AT&T Inc	238,146	9	0.29			
Southwest Airlines Co	235,900	10	0.29			
Qwest Corporation				217,505	6	0.37
Fred Meyer Stores Inc				181,524	7	0.31
Evraz Inc NA				175,714	8	0.30
LC Portland LLC				168,334	9	0.28
Subtotal of Ten Largest Taxpayers	<u>3,721,828</u>		<u>4.51</u>	<u>2,669,383</u>		<u>4.51</u>
All Other Taxpayers	<u>78,598,812</u>		<u>95.49</u>	<u>56,631,742</u>		<u>95.49</u>
Total All Taxpayers	<u>\$ 82,320,640</u>		<u>100.00 %</u>	<u>\$ 59,301,125</u>		<u>100.00 %</u>

**Notes**

<sup>1</sup> 2020 information not available at time of distribution

**Sources**

Multnomah County, Division of Assessment and Taxation

Tax Supervising and Conservation Commission Annual Reports for the relevant fiscal year.

**Schedule 9**  
**SCHOOL DISTRICT NO.1J, MULTNOMAH COUNTY, OREGON**  
**Property Tax Levies and Collections**  
**Last Ten Fiscal Years**  
**(dollars in thousands)**

Fiscal Year Ending June 30	Net Taxes Levied for the Fiscal Year <sup>1</sup>	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years <sup>2</sup>	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2011	\$ 239,467	\$ 225,418	94.13%	\$ 7,864	\$ 233,282	97.42%
2012	261,004	244,408	93.64	7,959	252,367	96.69
2013	263,395	248,807	94.46	7,584	256,391	97.34
2014	321,693	304,458	94.64	8,415	312,873	97.26
2015	341,388	323,906	94.88	8,198	332,104	97.28
2016	368,590	350,212	95.01	6,860	357,072	96.88
2017	386,715	368,085	95.18	5,870	373,955	96.70
2018	476,797	451,059	94.60	5,828	456,887	95.82
2019	495,645	474,602	95.75	4,327	478,929	96.63
2020	514,918	490,715	95.30	-	490,715	95.30

**Notes**

The net taxes levied are combined for Multnomah, Washington, and Clackamas counties. Responsibility for the collection of all property taxes rests within each County's Department of Assessment and Taxation. Current taxes are assessed as of July 1, become due as of November 15 and become delinquent as of May 15. Assessed taxes become a lien upon real property in the fourth year of delinquency. Proceeds of tax sales are applied to delinquent taxes, interest and other costs attributable to the property sold.

<sup>1</sup> The net levy is the actual imposed tax after adjustments and constitutional property tax limitations due to the passing of Measure 5 in 1990 and Measure 50 in 1997. Additional information can be found on Schedule 5. Note that the Net Taxes Levied in Schedule 5 is based on the Assessed Value, while data for this schedule is based on the actual Net Taxes Levied.

<sup>2</sup> Collections in subsequent years includes current year revenue received for taxes levied in prior years.

**Sources**

Multnomah, Washington and Clackamas Counties, Division of Assessment and Taxation

**Schedule 10**  
**SCHOOL DISTRICT NO.1J, MULTNOMAH COUNTY, OREGON**  
**Ratios of Outstanding Debt by Type**  
**Last Ten Fiscal Years**  
**(dollars in thousands, except per student and per capita)**

General Bonded Debt							
Fiscal Year	General Obligation Bonds	Less Amount Available for Repayment	Net Unamortized Premium (Discount)	Net General Obligation Bonds Outstanding	Percentage of Actual Taxable Value of Property <sup>1</sup>	Per Student <sup>2</sup>	General Obligation Debt Per Capita <sup>4</sup>
2011	\$ -	\$ -	\$ -	\$ -	-	\$ -	\$ -
2012	-	-	-	-	-	-	-
2013	144,840	-	13,347	158,187	0.39%	3,329	206
2014	108,890	(361)	10,209	118,738	0.28%	2,469	153
2015	343,575	(1,363)	39,974	382,186	0.88%	7,887	484
2016	311,720	(2,698)	37,726	346,748	0.76%	7,066	433
2017	276,870	(3,301)	35,507	309,076	0.65%	6,283	383
2018	593,880	(4,229)	43,937	633,588	1.27%	12,785	780
2019	495,390	(10,552)	41,224	526,062	1.03%	10,617	N/A
2020	832,405	(13,568)	106,051	924,888	1.72%	18,693	N/A

Other Governmental Activities Debt						
Fiscal Year	Limited Tax Pension Bonds <sup>5</sup>	Full Faith & Credit Obligations	Small Scale Energy Loan Programs	Recovery Zone Bond	Qualified Zone Academy Bond (QZAB)	Other Debt
2011	\$ 443,571	\$ 48,095	\$ 676	\$ 11,000	\$ -	\$ -
2012	431,638	45,877	325	10,190	-	-
2013	419,034	14,768	179	9,356	-	471
2014	407,500	12,261	-	8,496	-	-
2015	395,958	9,970	-	7,611	-	-
2016	384,074	7,601	-	6,698	-	-
2017	372,250	10,200	-	5,757	4,000	-
2018	360,172	7,402	-	4,789	3,800	-
2019	348,222	4,503	-	3,790	3,600	-
2020	336,062	4,213	-	2,761	3,400	-

**Notes**

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

<sup>1</sup> See Schedule 5 for property value data. The total estimated actual value of taxable property cannot be reasonably estimated.

<sup>2</sup> Student enrollment data can be found in Schedule 17.

<sup>3</sup> Includes net general bonded debt and other governmental activities debt, excluding amounts available for repayment.

<sup>4</sup> Per capita is calculated using the estimated District population from the US Department of Commerce, Bureau of Economic Analysis as reported in Schedule 13. Data for 2019 and 2020 not available at time of printing.

<sup>5</sup> Limited Tax Pension Bonds are not included in the General Bonded Debt schedule above since they are not repaid directly with property tax dollars.

Net Unamortized Premium (Discount)	Total District 3	Per Student 2	Per Capita 4
\$ (188)	\$ 503,154	\$ 10,754	\$ 673
(195)	487,835	10,320	643
(202)	601,793	12,663	785
(209)	547,147	11,376	704
(198)	796,890	16,445	1,008
(187)	747,632	15,234	933
(176)	704,408	14,320	872
(165)	1,013,815	20,458	1,249
(153)	896,576	18,094	N/A
(142)	1,284,750	25,966	N/A

**Schedule 11**  
**SCHOOL DISTRICT NO.1J, MULTNOMAH COUNTY, OREGON**  
**Direct and Overlapping Governmental Activities Debt**  
**June 30, 2020**  
**(dollars in thousands)**

Overlapping Issuer	Net Property-tax Backed Debt <sup>1</sup>	Percent Overlapping	Overlapping Debt <sup>2</sup>
Burlington Water District	\$ 1,203	100.00 %	\$ 1,203
City of Beaverton	34,858	1.61	563
City of Lake Oswego	88,550	4.79	4,242
City of Milwaukie	37,192	0.77	287
City of Portland	463,339	86.16	399,211
Clackamas County	121,210	0.10	124
Clackamas Cty RFPD 1	28,156	0.11	30
Clackamas Soil & Water Conservation	6,494	0.10	7
Metro	964,085	39.67	382,432
Mt Hood Community College	20,510	0.07	14
Multnomah County	322,192	75.69	243,862
Multnomah Cty Drainage District 1	9,641	100.00	9,641
Multnomah Cty RFPD 10	1,680	0.26	4
Portland Community College	575,107	50.01	287,607
Tualatin Hills Park & Rec District	69,944	1.21	845
Tualatin Valley Fire & Rescue District	23,785	1.74	414
Valley View Water District	1,233	100.00	1,234
Washington County	213,232	0.59	1,266
Subtotal, overlapping debt			<u>1,332,986</u>
Direct District debt (PERS) <sup>3</sup>			335,920
Direct District debt (other) <sup>3</sup>			948,830
Subtotal, Direct debt			<u>1,284,750</u>
Total direct and overlapping debt			<u><u>\$ 2,617,736</u></u>

**Notes**

Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the District. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of the District. This process recognizes that, when considering the District'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.

<sup>1</sup> Net Property-tax Backed Debt includes all General Obligation (GO) bonds and Limited-tax GO bonds, less self-supporting unlimited tax (GO) and self-supporting limited-tax (GO) debt.

<sup>2</sup> Overlapping Debt is calculated using Net Property-tax Backed Debt times Percent Overlapping that are provided by Oregon State Treasury, Debt Management Division.

<sup>3</sup> Direct District debt is net of unamortized premiums and discounts.

**Sources**

Oregon State Treasury, Debt Management Division: Overlapping Debt Report

**Schedule 12**  
**SCHOOL DISTRICT NO.1J, MULTNOMAH COUNTY, OREGON**  
**Legal Debt Margin Information**  
**Last Ten Fiscal Years**  
**(dollars in thousands)**

**Legal Debt Margin Calculation for Fiscal Year 2020**

Real Market Value	\$ 134,575,411
Debt Limit (7.95% of Real Market Value) <sup>1</sup>	\$ 10,698,745
Amount of Debt Applicable to Debt Limit:	
General Obligation Bonded Debt	938,456
Less: Amount Available in Debt Service Funds	<u>(13,568)</u>
Amount of Debt Applicable to Debt Limit	924,888
Legal Debt Margin	<u><u>\$ 9,773,857</u></u>

	Debt Limit	Total net debt applicable to limit	Legal debt margin	Total net debt applicable to the limit as a percentage of debt limit
2011	\$ 6,028,990	\$ -	\$ 6,028,990	0.00 %
2012	5,680,406	-	5,680,406	0.00
2013	5,604,461	158,187	5,446,274	2.82
2014	5,917,214	118,738	5,798,476	2.01
2015	6,517,491	382,186	6,135,305	5.86
2016	7,228,979	346,748	6,882,231	4.80
2017	8,501,342	309,076	8,192,266	3.64
2018	9,670,978	633,588	9,037,390	6.55
2019	10,472,898	526,062	9,946,836	5.02
2020	10,698,745	924,888	9,773,857	8.64

Allowable Percentage of Real Market Value:

<sup>A</sup> Kindergarten through eighth grade, 9 x .0055	4.95%
<sup>B</sup> Ninth through twelfth, 4 x .0075	<u>3.00%</u>
Allowable Percentage	<u><u>7.95%</u></u> <sup>1</sup>

**Notes**

<sup>1</sup> ORS 328.245 establishes a parameter of bonded indebtedness for school districts. Aggregates are governed by real market values within the District based on the following:

<sup>A</sup> For each grade from kindergarten to eighth for which the District operates schools, fifty-five one-hundredths of one percent (.0055) of the real market value.

<sup>B</sup> For each grade from ninth to twelfth for which the District operates schools, seventy-five one-hundredths of one percent (.0075) of the real market value.

**Sources**

Tax Supervising and Conservation Commission Annual Reports for the relevant fiscal year

**Schedule 13**  
**SCHOOL DISTRICT NO.1J, MULTNOMAH COUNTY, OREGON**  
**Demographic and Economic Statistics**  
**Last Ten Calendar Years**  
**Multnomah County**

<b>Year</b>	<b>Population</b>	<b>Personal Income</b> (thousands of dollars)	<b>Per Capita Personal Income</b> (dollars)	<b>Unemployment Rate<sup>2</sup></b>
2011	748,031	\$ 31,161,157	\$ 41,658	9.5 %
2012	759,256	32,715,802	43,089	8.9
2013	766,135	33,376,029	43,564	7.9
2014	776,712	36,588,018	47,106	6.8
2015	790,294	38,906,295	49,230	5.7
2016	801,539	41,735,341	52,069	4.9
2017	807,555	43,873,915	54,329	4.1
2018	811,880	46,966,887	57,850	4.0
2019	- <sup>1</sup>	- <sup>1</sup>	- <sup>1</sup>	4.0
2020	- <sup>1</sup>	- <sup>1</sup>	- <sup>1</sup>	11.6

**Notes**

<sup>1</sup> Data for 2019 and 2020 not available at time of printing.

<sup>2</sup> Oregon unemployment rates as of June 30 each year.

**Sources**

US Department of Commerce, Bureau of Economic Analysis: population, personal income and per capita information.

US Department of Labor, Bureau of Labor Statistics: unemployment rate information.

**Schedule 14**  
**SCHOOL DISTRICT NO.1J, MULTNOMAH COUNTY, OREGON**  
**Principal Employers for the Portland Metro Area**  
**Current Year and Nine Years Ago**

Employer	2020			2011		
	Employees	Rank	Percentage of Total Employment	Employees	Rank	Percentage of Total Employment
<b>Ten Largest Employers</b>						
Intel Corporation	20,600	1	1.85 %	15,228	1	1.56 %
Providence Health System	18,885	2	1.70	13,831	2	1.41
Oregon Health & Science University	17,556	3	1.58	13,283	3	1.36
Nike Inc	12,000	4	1.08	6,000	8	0.61
Legacy Health	11,404	5	1.03	8,250	6	0.84
Kaiser Permanente	11,243	6	1.01	9,204	5	0.94
Fred Meyer Stores	9,777	7	0.88	9,630	4	0.98
City of Portland	7,376	8	0.66	5,000	10	0.51
Portland Public Schools	6,500	9	0.58	5,101	9	0.52
Beaverton School District	5,458	10	0.49			
Multnomah County				6,310	7	0.64
<b>Subtotal of Ten Largest Employers</b>	<b>120,799</b>		<b>10.86</b>	<b>91,837</b>		<b>9.37</b>
<b>All Other Employers</b>	<b>991,701</b>		<b>89.14</b>	<b>887,063</b>		<b>90.63</b>
<b>Total Portland MSA<sup>1</sup> Employment</b>	<b><u>1,112,500</u><sup>2</sup></b>		<b><u>100.00</u> %</b>	<b><u>978,900</u></b>		<b><u>100.00</u> %</b>

**Notes**

<sup>1</sup> Portland-Vancouver-Hillsboro MSA includes Clackamas, Columbia, Multnomah, Washington, and Yamhill counties in Oregon, and Clark and Skamania counties in Washington.

<sup>2</sup> As of June 2020, not seasonally adjusted.

**Sources**

Portland Business Journal, Book of Lists, published December 2010 & December 2019

Oregon Employment Department, Workforce and Economic Research

**Schedule 15**  
**SCHOOL DISTRICT NO.1J, MULTNOMAH COUNTY, OREGON**  
**Full-time Equivalent District Employees by Assignment/Function**  
**Last Ten Fiscal Years**

**Full-time Equivalent Employees for the Fiscal Year**

Assignment/Function	2011	2012	2013	2014	2015
Teachers	2,440.5	2,315.0	2,353.1	2,384.0	2,606.8
Educational Assistants	636.0	555.8	520.9	509.8	582.1
School Level Administration	140.6	142.9	144.2	142.3	155.0
District Level Administration	22.4	13.0	14.0	11.0	17.0
Other Staff	<u>1,896.9</u>	<u>1,850.3</u>	<u>1,798.4</u>	<u>1,720.0</u>	<u>2,056.5</u>
Total FTE	<u><u>5,136.4</u></u>	<u><u>4,877.0</u></u>	<u><u>4,830.6</u></u>	<u><u>4,767.1</u></u>	<u><u>5,417.4</u></u>

DRAFT 11.15.2020

**Sources**

Internal: System Planning and Performance - Analytics

<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
2,632.5	2,737.7	2,684.2	2,697.3	2,709.3
667.8	674.3	680.8	647.1	688.5
151.0	166.5	167.3	165.5	172.5
22.0	21.0	19.2	16.0	4.0
<u>1,959.4</u>	<u>2,123.1</u>	<u>2,275.2</u>	<u>2,048.1</u>	<u>2,234.4</u>
<u>5,432.7</u>	<u>5,722.6</u>	<u>5,826.7</u>	<u>5,574.0</u>	<u>5,808.7</u>

DRAFT 11.13.2020

**Schedule 16**  
**SCHOOL DISTRICT NO.1J, MULTNOMAH COUNTY, OREGON**  
**Meal and Transportation Services Provided**  
**Last Ten Fiscal Years**

	<u>2011</u>		<u>2012</u>		<u>2013</u>		<u>2014</u>	
<b>Nutrition Services</b>								
Number of Meals Served <sup>1</sup>								
Paid Meals	1,421,889	26%	1,382,329	25%	1,354,685	25%	1,313,005	25%
Reduced Meals	502,171	9%	441,829	8%	434,353	8%	375,796	7%
Free Meals	3,560,515	65%	3,689,643	67%	3,632,901	67%	3,560,251	68%
Total meals served	<u>5,484,575</u>	<u>100%</u>	<u>5,513,801</u>	<u>100%</u>	<u>5,421,939</u>	<u>100%</u>	<u>5,249,052</u>	<u>100%</u>
Average Daily Breakfast Served	10,101		10,400		10,768		10,380	
Average Daily Lunch Served	20,295		19,942		19,059		18,668	
Student Participation	46.96%		49.14%		47.00%		45.80%	

<b>Transportation</b>								
Number of buses	258		257		263		254	
Total miles traveled	3,265,683		3,019,548		3,392,622		3,156,795	
Cost per mile	\$ 5.63		\$ 6.24		\$ 5.28		\$ 5.89	
Area encompassed by District (sq mi)	160		160		160		160	

	<u>2015</u>		<u>2016</u>		<u>2017</u>		<u>2018</u>	
<b>Nutrition Services</b>								
Number of Meals Served <sup>1</sup>								
Paid Meals	1,071,048	19%	1,114,504	20%	1,372,455	29%	1,466,345	32%
Reduced Meals	194,558	4%	209,753	4%	180,707	4%	261,833	6%
Free Meals	4,315,732	77%	4,141,824	76%	3,225,700	67%	2,877,750	62%
Total meals served	<u>5,581,338</u>	<u>100%</u>	<u>5,466,081</u>	<u>100%</u>	<u>\$ 4,778,862</u>	<u>100%</u>	<u>\$ 4,605,928</u>	<u>100%</u>
Average Daily Breakfast Served	10,846		10,724		9,831		8,985	
Average Daily Lunch Served	19,710		19,083		18,173		17,793	
Student Participation	44.00%		44.40%		42.00%		38.67%	

<b>Transportation</b>								
Number of buses	269		245		260		270	
Total miles traveled	3,127,505		3,273,739		4,174,150		3,506,305	
Cost per mile	\$ 5.97		\$ 5.91		\$ 4.88		\$ 6.69	
Area encompassed by District (sq mi)	160		160		160		160	

	<u>2019</u>		<u>2020</u>	
<b>Nutrition Services</b>				
Number of Meals Served <sup>1</sup>				
Paid Meals	1,621,312	34%	1,191,926	29%
Reduced Meals	292,962	6%	199,756	5%
Free Meals	2,877,464	60%	2,767,579	66%
Total meals served	<u>4,791,738</u>	<u>100%</u>	<u>4,159,261</u>	<u>100%</u>
Average Daily Breakfast Served	9,010		8,192	
Average Daily Lunch Served	17,356		13,830	
Student Participation	37.78%		37.36%	

<b>Transportation</b>				
Number of buses	270		257	
Total miles traveled	3,587,525		2,993,965	
Cost per mile	\$ 7.51		\$ 8.62	
Area encompassed by District (sq mi)	160		160	

**Notes**

<sup>1</sup> Number of meals served includes breakfast, lunch, snack, and supper.

<sup>2</sup> Student Participation percentage is calculated based on the average daily lunches served at elementary schools, middle schools, and high schools, over the average daily attendance (enrollment adjusted per industry factors) at the schools where nutrition services meals are served.

**Sources**

Internal: District Nutrition Services and Transportation departments

DRAFT 11.13.2020



**Schedule 17**  
**SCHOOL DISTRICT NO.1J, MULTNOMAH COUNTY, OREGON**  
**School Building and Student Enrollment Information**  
**Last Ten Fiscal Years**

School or Program Type	BUILDING			ENROLLMENT <sup>1</sup>									
	Year	Age	Square Footage	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Abernethy	1924	96	45,464	421	455	505	528	511	513	519	516	520	507
Ainsworth	1912	108	53,483	551	568	569	576	582	600	605	638	625	644
Alameda	1921	99	72,748	774	782	769	773	760	730	747	734	730	704
Arlata	1929	91	98,245	428	422	462	476	454	456	457	454	490	526
Astor	1949	71	29,472	445	482	478	500	497	493	455	425	434	416
Atkinson	1953	67	53,170	484	447	440	441	428	435	432	420	419	391
Beach	1928	92	82,155	561	582	613	620	607	631	464	442	428	436
Beverly Cleary	1959	61	96,900	604	674	730	814	834	859	884	897	782	742
Boise-Eliot / Humboldt	1926	94	93,629	390	389	535	506	540	540	532	499	325	343
Bridger	1951	69	75,786	365	396	405	435	415	476	500	531	504	516
Bridlemile	1956	64	54,157	463	472	457	450	442	480	511	535	518	508
Buckman	1922	98	99,875	497	488	460	452	444	481	459	474	450	427
Capitol Hill	1917	103	49,621	351	371	403	405	460	437	448	442	443	416
César Chávez	1928	92	104,371	-	-	473	483	451	522	551	540	550	549
Chapman	1923	97	78,102	522	562	592	646	674	643	584	532	484	484
Chief Joseph	1948	72	43,215	408	481	459	642	627	604	326	363	358	351
Creative Science School Program	1955	65	48,651	305	356	388	425	444	476	492	479	466	468
Creston	1948	72	77,144	345	380	345	350	350	392	356	372	361	375
Duniway	1926	94	104,760	442	425	423	437	505	494	519	499	504	512
Faubion	2017	3	133,576	401	434	454	487	511	479	532	710	767	786
Forest Park	1998	22	59,634	507	491	502	490	486	449	455	443	418	402
Glencoe	1923	97	61,457	480	453	472	502	503	500	492	489	451	449
Grout	1927	93	87,080	361	359	371	377	389	376	384	392	382	370
Harrison Park	1955	65	107,735	751	751	757	742	742	729	676	638	658	637
Hayhurst	1954	66	48,918	396	420	412	415	484	499	552	592	629	640
Humboldt				230	219	-	-	-	-	-	-	-	-
Irvington	1932	88	67,340	529	483	460	478	485	493	446	459	339	325
James John	1929	91	67,638	394	402	439	461	445	429	405	368	347	351
Kelly	1952	68	75,233	509	570	626	622	631	610	604	532	498	476
King	1925	95	153,475	288	292	312	331	370	400	386	389	321	341
Laurelhurst	1923	97	56,555	704	684	665	673	671	691	684	698	692	698
Lee	1952	68	61,161	457	459	497	493	431	456	447	425	276	269
Lent	1948	72	73,479	561	577	573	604	560	564	523	530	507	475
Lewis	1952	68	45,745	396	393	400	414	382	382	412	389	390	410
Llewellyn	1928	92	74,326	485	543	583	570	518	531	517	489	484	509
Maplewood	1948	72	37,713	350	335	327	333	329	359	384	378	383	374
Markham	1950	70	76,805	376	384	383	393	386	377	418	456	445	430
Marysville	1921	99	51,553	404	363	352	416	405	390	381	403	392	383
Ockley Green				310	269	243	-	-	-	-	-	-	-
Peninsula	1952	68	59,957	361	358	368	376	396	374	266	279	267	265
Richmond	1908	112	82,254	612	662	662	687	677	629	649	647	632	627
Rieke	1959	61	32,886	356	416	388	388	388	402	410	386	379	368
Rigler	1931	89	78,199	588	524	449	463	480	451	472	441	308	307
Rosa Parks	2006	14	65,697	434	407	405	405	341	329	298	272	276	280
Rose City Park <sup>2</sup>	2018	2	69,082	-	-	-	-	-	-	-	-	532	538
Roseway Heights <sup>3</sup>				551	589	616	606	668	697	643	661	-	-
Sabin	1927	93	66,567	362	392	420	485	514	568	524	551	452	418
Scott	1949	71	65,425	533	521	504	507	481	473	512	521	459	485
Sitton	1949	71	57,289	307	333	356	376	399	390	401	364	367	374
Skyline	1939	81	35,760	281	276	273	265	309	300	300	293	274	248
Stephenson	1964	56	39,652	324	335	329	320	308	322	340	352	347	371
Sunnyside Environmental	1925	95	76,671	580	608	605	587	586	574	602	604	581	549
Vernon	1931	89	88,010	376	500	440	394	386	407	471	522	545	607
Vestal	1929	91	111,481	451	420	395	402	399	412	381	341	272	249
Whitman	1954	66	55,559	347	361	351	349	316	271	287	283	254	220
Winterhaven	1930	90	61,453	352	346	352	356	346	350	353	354	321	299
Woodlawn	1926	94	99,840	478	443	439	449	443	426	342	346	354	327
Woodmere	1954	66	50,130	393	397	383	371	338	312	303	286	310	273
Woodstock	1955	65	63,752	466	491	508	505	487	496	527	552	548	543
<b>Elementary Schools Total</b>			<b>3,960,035</b>	<b>25,397</b>	<b>25,992</b>	<b>26,577</b>	<b>27,051</b>	<b>27,015</b>	<b>27,159</b>	<b>26,620</b>	<b>26,627</b>	<b>25,248</b>	<b>24,988</b>

**Schedule 17**  
**SCHOOL DISTRICT NO.1J, MULTNOMAH COUNTY, OREGON**  
**School Building and Student Enrollment Information**  
**Last Ten Fiscal Years (continued)**

School or Program Type	BUILDING			ENROLLMENT <sup>1</sup>									
	Year	Age	Square Footage	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Beaumont	1926	94	81,381	455	481	583	584	554	571	569	591	571	573
César Chávez				477	453	-	-	-	-	-	-	-	-
da Vinci	1928	92	72,063	464	462	470	468	465	458	461	457	456	450
George	1950	70	85,038	364	360	385	373	359	369	360	417	421	438
Gray	1951	69	82,744	428	422	422	464	527	566	546	536	542	566
Harriett Tubman	1952	68	83,673	-	-	-	-	-	-	-	-	491	430
Hosford	1925	95	74,964	547	534	538	576	591	640	631	621	588	651
Jackson	1964	56	218,118	584	533	532	533	548	606	597	659	746	793
Lane	1926	94	79,824	398	441	486	505	471	481	443	454	433	432
Mt. Tabor	1952	68	84,785	579	593	606	628	662	694	730	718	741	724
Ockley Green	1925	95	66,338	-	-	-	-	-	-	626	531	505	487
Roseway Heights <sup>3</sup>	1921	99	99,825	-	-	-	-	-	-	-	-	588	614
Sellwood	1913	107	81,470	474	486	455	483	545	560	583	589	612	588
West Sylvan	1953	67	96,171	849	848	888	945	958	966	911	876	822	833
<b>Middle Schools Total</b>			1,206,394	5,619	5,613	5,365	5,559	5,680	5,911	6,457	6,449	7,516	7,579
Benson	1917	103	412,855	986	889	889	830	879	914	994	1,026	1,035	1,055
Cleveland	1929	91	346,093	1,570	1,520	1,532	1,523	1,516	1,600	1,609	1,586	1,651	1,560
Franklin	1915	105	285,547	1,036	1,480	1,469	1,460	1,552	1,570	1,612	1,745	1,856	1,936
Grant	1923	97	303,271	1,620	1,565	1,536	1,486	1,503	1,481	1,476	1,512	1,638	1,813
Jefferson	1909	111	299,416	621	584	441	511	493	524	590	677	656	641
Lincoln	1950	70	194,457	1,410	1,476	1,513	1,565	1,583	1,696	1,703	1,705	1,698	1,588
Madison	1955	65	317,836	910	1,161	1,107	1,066	1,077	1,134	1,070	1,146	1,157	1,079
Marshall	1959	61	283,343	707	-	-	-	-	-	-	-	-	-
Roosevelt	1921	99	255,025	683	748	828	914	947	940	881	859	994	1,195
Wilson	1954	66	283,586	1,435	1,387	1,236	1,230	1,257	1,324	1,413	1,512	1,535	1,558
<b>High Schools Total</b>			2,981,429	10,978	10,810	10,551	10,585	10,807	11,183	11,348	11,768	12,220	12,425
<b>PPS Alternative Programs Total</b>			302,529	1,663	1,689	1,739	1,699	1,716	1,817	1,760	1,659	1,631	1,632
<b>School and Alternative Programs Total</b>			8,450,387	43,657	44,104	44,232	44,894	45,218	46,070	46,185	46,503	46,615	46,624
<b>Community-Based Alternative Programs Total</b>			-	1,275	1,150	1,207	1,055	1,034	964	968	1,035	912	973
<b>Special Services Total</b>			89,443	385	502	457	485	443	451	451	455	529	496
<b>Public Charter Schools Total</b>			16,755	1,486	1,532	1,627	1,664	1,764	1,590	1,585	1,564	1,494	1,385
<b>Total All</b>			8,556,585	46,803	47,288	47,523	48,098	48,459	49,075	49,189	49,557	49,550	49,478
<b>Enrollment and Square Footage Summary by Category</b>			Square Footage	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Regular Programs			3,960,035	25,397	25,992	26,577	27,051	27,015	27,159	26,620	26,627	25,248	24,988
Elementary Schools			1,206,394	5,619	5,613	5,365	5,559	5,680	5,911	6,457	6,449	7,516	7,579
Middle Schools			2,981,429	10,978	10,810	10,551	10,585	10,807	11,183	11,348	11,768	12,220	12,425
High Schools			302,529	1,663	1,689	1,739	1,699	1,716	1,817	1,760	1,659	1,631	1,632
PPS Alternative Programs			-	1,275	1,150	1,207	1,055	1,034	964	968	1,035	912	973
Plus enrollment not normally within PPS facilities:													
Community Based Programs			89,443	385	502	457	485	443	451	451	455	529	496
Special Services			16,755	1,486	1,532	1,627	1,664	1,764	1,590	1,585	1,564	1,494	1,385
Public Charter Programs			1,156,926										
Other or vacant facilities			9,713,511	46,803	47,288	47,523	48,098	48,459	49,075	49,189	49,557	49,550	49,478
<b>ADMw <sup>4</sup></b>				52,949	53,250	53,693	54,281	54,986	57,491	57,876	57,779	57,823	57,624
<b>Age of Buildings</b>			<u>Median</u>										
Elementary Schools			77										
Middle Schools			92										
High Schools			94										
Focus/Alternative Schools			86										
Inactive or Other Facilities			61										

<sup>1</sup> Enrollment counts are compiled on or about the first school day in October. An enrolled student is defined as a student who attends one or more schools or programs within the District. Regardless of the number of schools or programs attended, each student is counted only once; the counts are unduplicated.

<sup>2</sup> Rose City Park is a new school in fiscal year 2019

<sup>3</sup> Roseway Heights converted from a K-8 to a middle school in fiscal year 2019

<sup>4</sup> Weighted Average Daily Membership ("ADMw") is the enrollment figure, adjusted for part-time students and students with special needs, that is used to allocate revenues appropriated by the State to school districts. The most recent two years are preliminary data.



Talbot, Korvola & Warwick, LLP 14945 SW Sequoia Parkway, Suite 150, Portland, Oregon 97224  
P 503.274.2849 F 503.274.2853 [www.tkw.com](http://www.tkw.com)

**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**

**INDEPENDENT AUDITOR'S REPORT**

Board of Education  
School District No. 1J, Multnomah County, Oregon  
Portland, 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, each major fund, and the aggregate remaining fund information of School District No. 1J, Multnomah County, Oregon (the District), as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated **DATE XX**, 2020.

**INTERNAL CONTROL OVER FINANCIAL REPORTING**

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

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

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

**COMPLIANCE AND OTHER MATTERS**

As part of obtaining reasonable assurance about whether the District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an



RSM US Alliance is a premier affiliation of independent accounting and consulting firms. RSM US Alliance provides its members with access to resources of RSM US LLP. RSM US Alliance member firms are separate and independent businesses and legal entities that are responsible for their own acts and omissions, and each are separate and independent from RSM US LLP. RSM US LLP is the U.S. member firm of RSM International, a global network of independent audit, tax, and consulting firms. Visit [rsmus.com/aboutus](http://rsmus.com/aboutus) for more information regarding RSM US LLP and RSM International. RSM US®, the RSM US Alliance logo and the RSM US Alliance signatures are proprietary to RSM US LLP, while RSM™ is used under license by RSM US LLP.

**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**

**INDEPENDENT AUDITOR'S REPORT (CONTINUED)**

Board of Education  
School District No. 1J, Multnomah County, Oregon  
Page 2

**COMPLIANCE AND OTHER MATTERS (Continued)**

objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

**PURPOSE OF THIS REPORT**

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

Portland, Oregon  
DATE XX, 2020

DRAFT



Talbot, Korvola & Warwick, LLP 14945 SW Sequoia Parkway, Suite 150, Portland, Oregon 97224  
P 503.274.2849 F 503.274.2853 [www.tkw.com](http://www.tkw.com)

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

Board of Education  
School District No. 1J, Multnomah County, Oregon  
Portland, Oregon

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of School District No. 1J, Multnomah County, Oregon (the District), as of and for the year ended June 30, 2020, which collectively comprise the District's basic financial statements, and have issued our report thereon dated **DATE XX**, 2020. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

**COMPLIANCE**

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules 162-10-000 through 162-10-330 of the *Minimum Standards for Audits of Oregon Municipal Corporations*, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion.

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

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

In connection with our testing, nothing came to our attention that caused us to believe the District was not in substantial compliance with certain provisions of laws, regulations, contracts, and grants, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules 162-10-000 through 162-10-330 of the *Minimum Standards for Audits of Oregon Municipal Corporations* except as follows:



RSM US Alliance is a premier affiliation of independent accounting and consulting firms. RSM US Alliance provides its members with access to resources of RSM US LLP. RSM US Alliance member firms are separate and independent businesses and legal entities that are responsible for their own acts and omissions, and each are separate and independent from RSM US LLP. RSM US LLP is the U.S. member firm of RSM International, a global network of independent audit, tax, and consulting firms. Visit [rsmus.com/aboutus](http://rsmus.com/aboutus) for more information regarding RSM US LLP and RSM International. RSM US®, the RSM US Alliance logo and the RSM US Alliance signatures are proprietary to RSM US LLP, while RSM™ is used under license by RSM US LLP.

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

Board of Education  
School District No. 1J, Multnomah County, Oregon  
Page 2

**COMPLIANCE (Continued)**

- In our test sample of 60 students, we found one student who was unenrolled as of March 1, after 10 consecutive absences. However, the student's last day of attendance was February 8, which should have been the unenrollment date. The student was properly re-enrolled on March 5.
- In our test sample of 60 teachers, supporting documentation could not be provided for the years of experience of one charter school teacher.

**INTERNAL CONTROL OVER FINANCIAL REPORTING**

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

*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 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 and therefore material weaknesses or significant deficiencies may exist that have not been identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses.

**PURPOSE OF THIS REPORT**

This report is intended solely for the information and use of the Board of Education, Oregon Secretary of State Audits Division, and management and is not intended to be and should not be used by anyone other than these specified parties.

Portland, Oregon  
DATE XX, 2020



Talbot, Korvola & Warwick, LLP 14945 SW Sequoia Parkway, Suite 150, Portland, OR 97224  
P 503.274.2849 F 503.274.2853 [www.tkw.com](http://www.tkw.com)

## **INDEPENDENT AUDITOR'S REPORT**

Board of Education  
School District 1J, Multnomah County, Oregon  
Portland, Oregon

### **REPORT ON THE FINANCIAL STATEMENTS**

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of School District No. 1J, Multnomah County, Oregon (the District), as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the Table of Contents.

### **MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS**

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

### **AUDITOR'S RESPONSIBILITY**

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the District's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.



RSM US Alliance is a premier affiliation of independent accounting and consulting firms. RSM US Alliance provides its members with access to resources of RSM US LLP. RSM US Alliance member firms are separate and independent businesses and legal entities that are responsible for their own acts and omissions, and each are separate and independent from RSM US LLP. RSM US LLP is the U.S. member firm of RSM International, a global network of independent audit, tax, and consulting firms. Visit [rsmus.com/about-us](http://rsmus.com/about-us) for more information regarding RSM US LLP and RSM International. RSM US®, the RSM US Alliance logo and the RSM US Alliance signatures are proprietary to RSM US LLP, while RSM™ is used under license by RSM US LLP.

**INDEPENDENT AUDITOR'S REPORT (Continued)**

**OPINIONS**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the District, as of June 30, 2020, 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.

**OTHER MATTERS**

***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, Schedule of Changes in the District's Total OPEB Liability and Related Ratios-RHIS, Schedule of the District's Proportionate Share of Net OPEB Liability (Asset) and District Contributions-RHIA, Schedule of the District's Proportionate Share of Net Pension Liability (Asset) and District Contributions, Schedule of Changes in the District's Total Pension Liability and Related Ratios-Stipend, and Notes to the Required Supplementary Information, as listed in the Table of Contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the 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.

Accounting principles generally accepted in the United States of America require that the budgetary comparison information for the General Fund and Special Revenue Fund listed in the Table of Contents as Required Supplementary Information, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. The budgetary comparison information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the budgetary comparison information is fairly stated in all material respects in relation to the basic financial statements as a whole.

## **INDEPENDENT AUDITOR'S REPORT (Continued)**

### ***Other Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The other schedules and combining statements, listed in the Table of Contents as Supplementary Information, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The Supplementary Information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Supplementary Information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The accompanying Introductory and Statistical sections, as listed in the Table of Contents, have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

### **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 **DATE XX**, 2020, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

#### ***Other Reporting Required by Oregon Minimum Standards***

In accordance with *Minimum Standards for Audits of Oregon Municipal Corporations*, we have also issued our report dated **DATE XX**, 2020, on our consideration of the District's compliance with certain provisions of laws and regulations, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules. The purpose of that report is to describe the scope of our testing of compliance and the results of that testing and not to provide an opinion on compliance.

By \_\_\_\_\_  
Timothy R. Gillette, Partner

Portland, Oregon  
**DATE XX**, 2020

School District No. 1J, Multnomah County, Oregon

# PORTLAND PUBLIC SCHOOLS



## REPORT ON REQUIREMENTS FOR FEDERAL AWARDS (UNIFORM GUIDANCE)

For the year ended June 30, 2020





Portland Public Schools

**Report on Requirements for Federal Awards  
(Uniform Guidance)**

**For the year ended June 30, 2020**

School District No. 1J, Multnomah County, Oregon

Portland, Oregon

Prepared by the Finance Department



**School District No. 1J,  
Multnomah County, Oregon  
Portland Public Schools**

**Table of Contents**

	<u>Page</u>
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 <i>Government Auditing Standards</i>	1
Independent Auditor's Report on Compliance For Each Major Federal Program; Report on Internal Control over Compliance; and Report on the Schedule of Expenditures of Federal Awards Required by the Uniform Guidance	3
Schedule of Expenditures of Federal Awards and Accompanying Notes	6
Schedule of Findings and Questioned Costs	12





Tubman/Faubian Dance Winter 2019



FPE Food Drive Dec 2019



Save for Independent Auditor's Report  
(5 pages)

DRAFT

Save for Independent Auditor's Report  
(5 pages)

DRAFT

Save for Independent Auditor's Report  
(5 pages)

DRAFT

Save for Independent Auditor's Report  
(5 pages)

DRAFT

Save for Independent Auditor's Report  
(5 pages)

DRAFT





Sitton Elementary Tree Planting Mar 2020



Skyline Elementary Marimbas Jan 2020





**SCHOOL DISTRICT NO. 1J, MULTNOMAH COUNTY, OREGON**  
**Schedule of Expenditures of Federal Awards**  
**For the year ended June 30, 2020**

CFDA/ Grant	Grant Description	Pass-Through Grantor's No.	Period Covered	Direct or Pass-Thru	Award Amount	Expenditures	Agency Total
<b>Department of Education</b>							
<b>Office of Career, Technical, and Adult Education</b>							
<b>84.048 Career and Technical Education - Basic Grants to States</b>							
G1813	Carl Perkins 18/19	48912	07/01/18-09/30/19	Pass-Thru	441,331	128,885	
G1875	Carl Perkins 19/20	52503	07/01/19-09/30/20	Pass-Thru	439,625	182,213	
							311,098
<b>Office of Elementary and Secondary Education</b>							
<b>84.010 Title I Grants to Local Educational Agencies</b>							
G1671	Title IA - Central	45676	07/01/17-09/30/19	Pass-Thru	5,773,495	400,863	
G1798	ESSA D&SI PPD Phase III	51482	09/30/18-09/30/20	Pass-Thru	782,220	697,856	
G1800	Title IA - School Budgets	50466	07/01/18-09/30/19	Pass-Thru	4,052,470	498,140	
G1801	Title IA - Central	50466	07/01/18-09/30/20	Pass-Thru	5,774,770	2,660,501	
G1802	Title IA - Focus/Priority	50466	07/01/18-09/30/19	Pass-Thru	303,935	61,906	
G1806	Title ID	50319	07/01/18-09/30/20	Pass-Thru	302,770	119,515	
G1867	Title IA - School Budgets	53350	07/01/19-09/30/20	Pass-Thru	4,319,465	3,813,248	
G1868	Title IA - Central	53350	07/01/19-09/30/20	Pass-Thru	5,266,024	3,865,190	
G1869	Title IA - Focus/Priority	53350	07/01/19-09/30/20	Pass-Thru	500,000	97,747	
G1873	Title ID	53909	07/01/19-09/30/20	Pass-Thru	303,206	254,995	
							12,469,961
<b>84.011 Migrant Education State Grant Program</b>							
G1803	Title IC - Migrant Education	49218	07/01/18-09/30/20	Pass-Thru	376,366	63,290	
G1804	Title IC - Migrant Education Preschool	49237	07/01/18-09/30/19	Pass-Thru	10,029	6,086	
G1805	Title IC - Migrant Education Summer	52526	03/15/19-09/30/19	Pass-Thru	94,880	63,308	
G1870	Title IC - Migrant Education	53728	07/01/19-09/30/20	Pass-Thru	394,308	366,916	
G1871	Title IC - Migrant Education Preschool	53743	07/01/19-09/30/20	Pass-Thru	14,736	6,857	
G1872	Title IC - Migrant Education Summer	57321	04/01/20-09/30/20	Pass-Thru	99,305	41,535	
G1977	Stride Academy	54453	10/07/19-11/30/19	Pass-Thru	3,921	3,919	
							551,911
<b>84.013 Title I State Agency Program for Neglected and Delinquent Children and Youth</b>							
G1793	Title ID - Portland DART Schools	12305	07/01/19-06/30/21	Pass-Thru	145,200	139,301	
<b>84.196 Education for Homeless Children and Youth</b>							
G1677	McKinney-Vento Homeless Education	46127	07/01/17-09/30/19	Pass-Thru	122,000	14,442	
G1874	McKinney-Vento Homeless Education	54910	07/01/19-09/30/20	Pass-Thru	50,000	50,000	
							64,442
<b>84.365 English Language Acquisition State Grants</b>							
G1680	Title III - English Language Acquisition	44247	07/01/17-09/30/19	Pass-Thru	499,992	21,267	
G1810	Title III - English Language Acquisition	50280	07/01/18-09/30/20	Pass-Thru	501,682	78,652	
G1877	Title III - English Language Acquisition	53453	07/01/19-09/30/20	Pass-Thru	493,212	27,253	
							127,172
<b>84.367 Improving Teacher Quality State Grants</b>							
G1678	Title IIA - Teacher Quality	45892	07/01/17-09/30/19	Pass-Thru	1,137,882	316,209	
G1808	Title IIA - Teacher Quality	49389	07/01/18-09/30/20	Pass-Thru	1,237,224	328,580	
G1809	Title IIA - Private School Allocation	49389	07/01/18-09/30/19	Pass-Thru	212,815	19,347	
G1878	Title IIA - Teacher Quality	53612	07/01/19-09/30/20	Pass-Thru	1,199,004	595,361	
G1879	Title IIA - Private School Allocation	53612	07/01/19-09/30/20	Pass-Thru	190,202	87,347	
							1,346,844
<b>84.060 Indian Education Grants to Local Educational Agencies</b>							
G1876	Indian Education	S060A190938	07/01/19-06/30/20	Direct	105,866	105,866	

See accompanying Notes to Schedule of Expenditures of Federal Awards

**SCHOOL DISTRICT NO. 1J, MULTNOMAH COUNTY, OREGON**  
**Schedule of Expenditures of Federal Awards**  
**For the year ended June 30, 2020**

CFDA/ Grant	Grant Description	Pass-Through Grantor's No.	Period Covered	Direct or Pass-Thru	Award Amount	Expenditures	Agency Total
<b>Department of Education (Continued)</b>							
<b>Office of Safe and Healthy Students</b>							
<b>84.377 School Improvement Grants</b>							
G1823	School Improvement - Woodlawn	46862	07/01/18-09/30/19	Pass-Thru	8,597	4,891	
G1780	Title IV-A Student Support 18/19	50805	07/01/18-09/30/20	Pass-Thru	694,889	212,497	
G1781	Title IV-A Student Support 18/19 Private	50805	07/01/18-09/30/20	Pass-Thru	158,079	25,890	
G1899	Title IV-A Student Support 19/20 Private	54602	07/01/19-09/30/20	Pass-Thru	123,547	15,143	
						253,530	
<b>Office Of Special Education and Rehabilitative Services</b>							
<b>Special Education Cluster (IDEA)</b>							
<b>84.027 Special Education Grants to States</b>							
G1795	DART IDEA	12305	07/01/19-06/30/21	Pass-Thru	65,100	65,100	
G1815	Special Ed - SPR&I	49601	07/01/18-06/30/19	Pass-Thru	41,768	3,277	
G1818	IDEA Part B, Section 611	49942	07/01/18-09/30/20	Pass-Thru	8,149,318	4,060,582	
G1820	IDEA Enhancement	51351	10/01/18-09/30/19	Pass-Thru	21,218	21,218	
G1882	Extended Assessment	54705	07/01/19-06/30/20	Pass-Thru	14,836	2,564	
G1888	IDEA Part B, Section 611	53816	07/01/19-09/30/21	Pass-Thru	8,086,830	6,401,333	
G1900	Columbia Regional	11046-A2	07/01/19-06/30/21	Pass-Thru	11,435,220	5,891,290	
G1980	IDEA Part B, Section 611 Addition	56732	07/01/19-09/30/21	Pass-Thru	132,940	132,940	
G1983	Post School Outcomes	57426	07/01/19-09/30/19	Pass-Thru	2,775	2,775	
						16,581,079	
<b>84.173 Special Education Preschool Grants</b>							
G1819	IDEA Part B, Section 619 18/19	50171	07/01/18-09/30/20	Pass-Thru	84,850	84,737	
G1889	IDEA Part B, Section 619 19/20	54063	07/01/19-09/30/21	Pass-Thru	91,715	4,524	
						89,261	
<b>Total Special Education (IDEA) Cluster</b>						<b>16,670,340</b>	
<b>84.126 Rehabilitation Services Vocational Rehabilitation Grants to States</b>							
G1790	YTP Vocational Rehabilitation Grant	160741	07/01/19-06/30/21	Pass-Thru	599,999	121,821	
G1880	Oregon Commission for the Blind	68086	07/01/19-09/30/20	Pass-Thru	232,000	131,225	
						253,046	
<b>Office of Postsecondary Education</b>							
<b>84.334 Gaining Early Awareness and Readiness for Undergraduate Programs</b>							
G1455	GEAR-UP - Mobilizing for College	P334A140180	09/25/14-09/24/21	Direct	5,971,200	1,046,401	
G1827	E3 - Engage, Empower, Elevate	P334A180117	10/01/18-09/30/25	Direct	1,566,400	1,481,386	
						2,527,787	
<b>Office of Innovation and Improvement</b>							
<b>84.411 Investing In Innovation (I3) Fund</b>							
G1716	PREP (Education Innovation & Research)	U411C170253	10/01/17-09/30/22	Direct	3,918,325	609,980	
Direct Funding						3,243,633	
Pass-Thru from Oregon Department of Education						31,939,490	
Pass-Thru from Oregon Commission for the Blind						131,225	
Pass-Through from Oregon Department of Human Services						121,821	

**Department of Education Total**

**35,436,169**

See accompanying Notes to Schedule of Expenditures of Federal Awards

**SCHOOL DISTRICT NO. 1J, MULTNOMAH COUNTY, OREGON**  
**Schedule of Expenditures of Federal Awards**  
**For the year ended June 30, 2020**

CFDA/ Grant	Grant Description	Pass-Through Grantor's No.	Period Covered	Direct or Pass-Thru	Award Amount	Expenditures	Agency Total
<b>Department of Health and Human Services</b>							
<b>Administration for Children and Families</b>							
<b>Head Start Cluster</b>							
<b>93.600</b>	<b>Head Start</b>						
G1822	Head Start 18/19	10CH010719-01-00	11/01/18-10/31/19	Direct	5,432,303	1,096,529	
G1884	Head Start 19/20	10CH010719-01-03	11/01/19-10/31/20	Direct	5,618,686	3,948,730	
G2021	Head Start COVID19	10CH010719-02-C3	01/01/20-10/31/20	Direct	261,006	61,306	
						5,106,565	
				<b>Total Head Start Cluster</b>			<b>5,106,565</b>
<b>93.658</b>	<b>Foster Care Title IV-E</b>						
G1986	Foster Care Transportation	57239	07/01/19-06/30/21	Pass-Through	105,042	105,042	
<b>Centers for Disease Control and Prevention</b>							
<b>93.079</b>	<b>Cooperative Agreements to Promote Adolescent Health through School-Based HIV/STD Prevention and School-Based Surveillance</b>						
G1770	SAY Wellness	NU87PS004369-01-00	08/01/18-07/31/23	Direct	740,315	326,440	
<b>Substance Abuse and Mental Health Services Administration</b>							
<b>93.788</b>	<b>Opioid STR</b>						
G1912	Health for K-5	159879	04/15/19-10/01/20	Pass-Thru	883,716	302,019	
<b>Centers for Medicare and Medicaid Services</b>							
<b>Medicaid Cluster</b>							
<b>93.778</b>	<b>Medical Assistance Program</b>						
S0027	Medicaid - Regional Durable Medical Equip.	N/A	07/01/97-06/30/20	Pass-Thru	770,201	57,753	
				<b>Total Medicaid Cluster</b>			<b>57,753</b>
						Direct Funding	5,433,005
						Pass-Thru from Oregon Health Authority	302,019
						Pass-Thru from Oregon Department of Human Services	162,795
<b>Department of Health and Human Services Total</b>							<b>5,897,819</b>
<b>Grand Total</b>						<b>53,942,316</b>	<b>53,942,316</b>

This schedule is prepared on the modified accrual basis of accounting.

<sup>1</sup> Donated food is valued at estimated fair value. Donated food was allocated between 10.553, 10.555 and 10.558.

See accompanying Notes to Schedule of Expenditures of Federal Awards





Bridlemile Elementary Nov 2019



Kelly Elementary Nov 2019



Save for Independent Auditor's Schedule of Findings & Questioned Costs  
(2 pages)

DRAFT

Save for Independent Auditor's Schedule of Findings & Questioned Costs  
(2 pages)

DRAFT



MLK Jr. Elementary Speech Jan 2020



Grant High School Theatre Spring 2020



## **Portland Public Schools Nondiscrimination Statement**

---

Portland Public Schools recognizes the diversity and worth of all individuals and groups and their roles in society.

The District is committed to equal opportunity and nondiscrimination in all its educational and employment activities. The District prohibits discrimination based on race; national or ethnic origin; color; sex; religion; age; sexual orientation; gender expression or identity; pregnancy; marital status; familial status; economic status or source of income; mental or physical disability or perceived disability; or military service.

Board of Education Policy 1.80.020-P

### **Contact Information for Civil Rights Matters**

---

District Title VI: Angie Morrill	Phone: 503-916-6499 x71112
District Title IX: Liane O'Banion	Phone: 503-916-3025
District 504: James Loveland	Phone: 503-916-2000 x71041
American Disabilities Act: Human Resources	Phone: 503-916-3544

### **2019-20 Report on Requirements for Federal Awards Preparation**

---

Deputy Superintendent, Business & Operations  
Chief Financial Officer  
Director of Financial Services

Claire Hertz  
Cynthia Le  
Tracy Pinder, CPA

#### **Grant Accounting**

Sr. Budget & Grant Accounting Manager  
Accountant/Analyst  
Sr. Accountant/Analyst  
Sr. Accountant/Analyst  
Sr. Accountant/Analyst  
Sr. Accountant/Analyst

Melissa Ensminger  
Georgina Jackson  
Kristin Johnson  
Michael Johnson  
Aaron Musk  
Zeb Petterborg

SCHOOL DISTRICT No. 1J, MULTNOMAH COUNTY, OREGON

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

YEAR ENDED JUNE 30, 2020

**SECTION I - SUMMARY OF INDEPENDENT AUDITOR'S RESULTS**

**Financial Statements:**

Type of auditor's report issued	Unmodified
Internal control over financial reporting:	
Material weakness(es) identified?	No
Significant deficiency(ies) identified that are not considered to be material weakness(es)?	No
Noncompliance material to financial statements noted?	No

**Federal Awards:**

Internal control over major programs:	
Material weakness(es) identified?	No
Significant deficiency(ies) identified that are not considered to be material weakness(es)?	No
Type of auditor's report issued on compliance for major programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with section 2 CFR 200.516(a)?	No

Identification of major programs:

<b>CFDA NUMBER(S)</b>	<b>NAME OF PROGRAM OR CLUSTER</b>
84.011	Migrant Education State Grant Program
84.027, 84.173	Special Education Cluster (IDEA)
84.367	Supporting Effective Instruction State Grants

SCHOOL DISTRICT No. 1J, MULTNOMAH COUNTY, OREGON

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (Continued)

YEAR ENDED JUNE 30, 2020

**SECTION I - SUMMARY OF INDEPENDENT AUDITOR'S RESULTS (Continued)**

Dollar threshold used to distinguish between type A and type B programs	\$ 1,619,593
Auditee qualified as low-risk auditee?	Yes

**SECTION II - FINANCIAL STATEMENT FINDINGS**

No findings reported.

**SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS**

No findings reported.

**SECTION IV - SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS**

No prior audit findings reported.

DRAFT



Talbot, Korvola & Warwick, LLP 14945 SW Sequoia Parkway, Suite 150, Portland, Oregon 97224  
P 503.274.2849 F 503.274.2853 [www.tkw.com](http://www.tkw.com)

DATE XX, 2020

Board of Education  
School District No. 1J, Multnomah County  
Portland, Oregon

Attention: Board Chair

This letter is to inform the Board of Education of School District No. 1J, Multnomah County, Oregon (the District) about significant matters related to the conduct of our audit as of and for the year ended June 30, 2020, so that it can appropriately discharge its oversight responsibility and we comply with our professional responsibilities.

The following summarizes various matters that must be communicated to you under auditing standards generally accepted in the United States of America.

### **The Respective Responsibilities of the Auditor and Management**

Our responsibility under auditing standards generally accepted in the United States of America and *Government Auditing Standards* issued by the Comptroller General of the United States has been described to you in our arrangement letter dated March 27, 2020. The audit of the financial statements does not relieve management or those charged with governance of their responsibilities, which are also described in that letter.

### **Overview of the Planned Scope and Timing of the Financial Statement Audit**

We have issued a separate communication dated March 27, 2020 regarding the planned scope and timing of our audit and have discussed with you our identification of, and planned audit response to, significant risks of material misstatement.

### **Significant Accounting Practices, Including Policies, Estimates and Disclosures**

Under accounting principles generally accepted in the United States of America, in certain circumstances, management may select among alternative accounting practices. In our view, in such circumstances, management has selected the preferable accounting practice. Management has the ultimate responsibility for the appropriateness of the accounting policies used by the District. We are not aware of any significant accounting policies or their applications that were initially selected or changed during the year.

Accounting estimates are an integral part of the preparation of financial statements and are based upon management's current judgment. The process used by management encompasses their knowledge and experience about past and current events. You may wish to monitor throughout the year the process used to determine and record these accounting estimates. The following describes the significant accounting estimates reflected in the District's June 30, 2020 basic financial statements.



RSM US Alliance is a premier affiliation of independent accounting and consulting firms. RSM US Alliance provides its members with access to resources of RSM US LLP. RSM US Alliance member firms are separate and independent businesses and legal entities that are responsible for their own acts and omissions, and each are separate and independent from RSM US LLP. RSM US LLP is the U.S. member firm of RSM International, a global network of independent audit, tax, and consulting firms. Visit [rsmus.com/aboutus](http://rsmus.com/aboutus) for more information regarding RSM US LLP and RSM International. RSM US®, the RSM US Alliance logo and the RSM US Alliance signatures are proprietary to RSM US LLP, while RSM™ is used under license by RSM US LLP.

### **Significant Accounting Practices, Including Policies, Estimates and Disclosures (Continued)**

- Investments, as described in the Notes to Basic Financial Statements that have a remaining maturity of more than one year at the time of purchase are stated at fair value. Other investments are stated at amortized cost, which approximates fair value.
- Depreciation, as described in the Notes to Basic Financial Statements, is computed using the straight-line method over the estimated useful lives of the related assets.
- Self-insurance claims, as described in the Notes to Basic Financial Statements, are recognized for estimated losses to be incurred from pending claims and for claims incurred but not reported (IBNR). The IBNR claims are estimates of claims that are incurred through the end of the fiscal year but have not yet been reported. These liabilities are based on actuarial valuations.
- Other Post-Employment Benefits asset, liability and related deferred inflows/outflows, aside from contributions subsequent to measurement date, as described in the Notes to Basic Financial Statements, is based on an actuarial valuation.
- Net Pension Liability and deferred inflows/outflows, aside from contributions subsequent to measurement date, as described in the Notes to Basic Financial Statements, is based on an actuarial valuation.
- Tax abatement amounts, as described in the Notes to Basic Financial Statements, are based on information provided by Multnomah County.

### **Uncorrected Misstatements**

We identified the uncorrected misstatement in the attached management representation letter that management has concluded is not material to the financial statements. We agree with management's conclusion in that regard.

### **Internal Control Matters and Compliance Findings**

We have separately communicated in a reporting package dated **DATE XX**, 2020 any significant deficiencies and material weaknesses in internal control over financial reporting and major programs identified during our audit of the financial statements and major programs, as required by Government Auditing Standards and Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards at 2 CFR 200 (Uniform Guidance).

### **Consultation with Other Accountants**

We are not aware of any consultations management had with other accountants about accounting or auditing matters.

### **Recently Issued Accounting Standards**

The Governmental Accounting Standards Board (GASB) has recently issued the following statements:

### **Recently Issued Accounting Standards (Continued)**

- **GASB Statement No. 84, *Fiduciary Activities***

This Statement will now be effective for fiscal years beginning after December 15, 2019. Implementation of this Statement was delayed by one year by GASB Statement No. 95 to provide relief related to the COVID-19 pandemic. The Statement establishes criteria for identifying fiduciary activities of all state and local governments and clarifies whether and how business-type activities should report their fiduciary activities. It also provides that governments should report activities meeting certain criteria in a fiduciary fund in the basic financial statements and present a statement of fiduciary net position and a statement of changes in fiduciary net position. The Statement describes four fiduciary funds that should be reported, if applicable: pension/employee benefit trust funds; investment trust funds; private purpose trust funds; and custodial funds with fiduciary activities that are not held in a trust or equivalent arrangement that meets specific criteria.

- **GASB Statement No. 87, *Leases***

This Statement will now be effective for fiscal years beginning after December 15, 2021 for all leases other than short-term leases. The implementation of this Statement was delayed by 18 months by GASB Statement No. 95 to provide relief related to the COVID-19 pandemic. Among other things, the Statement requires that government lessees:

- Recognize the following: (a) a lease liability and (b) an intangible asset representing the lessee's right to use the leased asset; and
- Report in its financial statements: (a) amortization expense for using the lease asset over the shorter of the term of the lease or the useful life of the underlying asset, (b) interest expense on the lease liability and (c) note disclosures about the lease.

Under this Statement, government lessors must:

- Recognize: (a) a lease receivable and (b) a deferred inflow of resources and continue to report the leased asset in its financial statements; and
- Report in its financial statements: (a) lease revenue, recognized over the term of the lease, corresponding with the reduction of the deferred inflow, (b) interest income on the receivable; and (c) note disclosures about the lease.

- **GASB Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period***

This Statement will now be effective for fiscal years beginning after December 15, 2021, with earlier application encouraged. Implementation of this Statement was delayed by one year by GASB Statement 95.

For financial statements prepared using the economic resources measurement focus, interest cost incurred before the end of a construction period should be recognized as an expense in the period in which the cost is incurred. Such interest cost should not be capitalized.

For financial statements prepared using the current financial resource measurement focus, interest incurred before the end of a construction period should continue to be recognized as an expenditure on a basis consistent with governmental fund accounting principles.

- **GASB Statement No. 90, *Majority Equity Interest***

This Statement will now be effective for fiscal years beginning after December 15, 2019, with earlier application encouraged. Implementation of this Statement was delayed by one year by GASB Statement 95. For a majority equity interest in a legally separate entity that does not meet the

### Recently Issued Accounting Standards (Continued)

definition of an investment, Statement 90 requires a government to report the legal separate entity as a component unit.

- **GASB Statement No. 91, *Conduit Debt Obligations***

This Statement now will be effective for fiscal year beginning after December 15, 2021, with earlier application encouraged. Implementation of this Statement was delayed by one year by GASB Statement 95. This Statement clarifies what is a conduit debt obligation and eliminates the option for government issuers to recognize conduit debt obligations.

### Management Representations

Attached is a copy of the management representation letter.

### Closing

We will be pleased to respond to any questions you have about the foregoing. We appreciate the opportunity to continue to be of service to the District.

This report is intended solely for the information and use of the Board of Education and is not intended to be, and should not be, used by anyone other than these specified parties.

Portland, Oregon  
DATE XX, 2020

DRAFT



Talbot, Korvola & Warwick, LLP 14945 SW Sequoia Parkway, Suite 150, Portland, Oregon 97224  
P 503.274.2849 F 503.274.2853 [www.tkw.com](http://www.tkw.com)

**REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM;  
REPORT ON INTERNAL CONTROL OVER COMPLIANCE; AND REPORT ON SCHEDULE OF  
EXPENDITURES OF FEDERAL AWARDS REQUIRED BY THE UNIFORM GUIDANCE**

**INDEPENDENT AUDITOR'S REPORT**

Board of Education  
School District No. 1J, Multnomah County, Oregon  
Portland, Oregon

**REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM**

We have audited School District No. 1J, Multnomah County, Oregon (the District's) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended June 30, 2020. The District's major federal programs are identified in the Summary of Independent Auditor's Results Section of the accompanying Schedule of Findings and Questioned Costs.

**MANAGEMENT'S RESPONSIBILITY**

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

**AUDITOR'S RESPONSIBILITY**

Our responsibility is to express an opinion on compliance for each of the District's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the District's compliance.

**OPINION ON EACH MAJOR FEDERAL PROGRAM**

In our opinion, the District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2020.



**REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM;  
REPORT ON INTERNAL CONTROL OVER COMPLIANCE; AND REPORT ON SCHEDULE OF  
EXPENDITURES OF FEDERAL AWARDS REQUIRED BY THE UNIFORM GUIDANCE**

**INDEPENDENT AUDITOR'S REPORT (CONTINUED)**

Board of Education  
School District No. 1J, Multnomah County, Oregon  
Page 2

**REPORT ON INTERNAL CONTROL OVER COMPLIANCE**

Management of the District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over compliance.

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

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

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

**REPORT ON SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS REQUIRED BY THE UNIFORM GUIDANCE**

We have audited the financial statements of the District as of and for the year ended June 30, 2020, and have issued our report thereon dated DATE XX, 2020, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements as a whole. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by the Uniform Guidance and is 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 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,

**REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM;  
REPORT ON INTERNAL CONTROL OVER COMPLIANCE; AND REPORT ON SCHEDULE OF  
EXPENDITURES OF FEDERAL AWARDS REQUIRED BY THE UNIFORM GUIDANCE**

**INDEPENDENT AUDITOR'S REPORT (CONTINUED)**

Board of Education  
School District No. 1J, Multnomah County, Oregon  
Page 3

**REPORT ON SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS REQUIRED BY THE UNIFORM  
GUIDANCE (Continued)**

and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of Federal Awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

Portland, Oregon  
DATE XX, 2020

DRAFT



**PORTLAND PUBLIC SCHOOLS**  
**OFFICE OF DEPUTY SUPERINTENDENT**  
**Business and Operations**  
501 North Dixon Street / Portland, OR 97227  
Telephone: (503) 916-3380 / Fax: (503) 916-

**Date:** November 30, 2020  
**To:** Audit Committee  
**From:** Claire Hertz  
**Subject:** Secretary of State Update – December 2020

---

At our last Secretary of State Audit review, we reviewed the status of the responses to the Secretary of State Performance Audit and said we would discuss the items that are behind schedule in our next report. There are three items to be reviewed:

**Recommendation #3C: Investigate and report on potential savings areas in depth, including the level of bus services**

Attached you will find a memo and timeline updating the competitive procurement process of issuing a Request for Proposal for Home to School Transportation Services for Portland Public Schools. We will highlight some of this process in committee meeting.

**Recommendation #I 16 Student Conduct Policy In developing a common core curriculum for schools, ensure adequate training for teachers- particularly new or inexperienced teachers.**

Staff have drafted updates to the Student Conduct Policy, and the Portland Association of Teachers have requested to bargain the contents as it could impact working conditions for teachers. Bargaining has been focused on holding school during a pandemic in virtual and possible hybrid models. The policy work is pending with the Board's Policy Committee until the bargaining has been completed.

**Recommendation #18B: Maintain a consistent feedback loop with teachers, educational assistants, parents, and other stakeholders regarding student conduct issues, particularly as they affect Title I schools and other high-poverty schools. Address teacher concerns about lack of clarity in school policies and lack of consistent behavior standards. (b) Data Tracking and coaching**

Russ Brown, Chief of System Performance is working with Brenda Martinek, Chief of Student Support Services to explore the best way to use the data we have in order to assist principals and staff to communicate effectively, progress monitor with students and determine best supports and interventions based on academic data, behavior plans, social emotional learning needs and restorative practices. The district issued a Request for Proposal, but it did not meet our needs. Staff had to research and learn more about our capacity as a district, provide professional development opportunities in regards to Multi-Tiered System of Support and data collection and discern the best way forward. This unfortunately was put on the back burner once COVID-19 happened and we closed schools. We are now following up on this task and are moving forward. There is a statewide initiative for collecting this type of student data, and the district has applied for a grant to support implementation of a system to support student learning.



# PORTLAND PUBLIC SCHOOLS

## OFFICE OF Student Transportation

716 NE Marine Dr / Portland, OR 97211

Telephone: (503) 916-6901

**Date:** November 25, 2020

**To:** Claire Hertz, Deputy Superintendent of Business and Operations

**From:** Dan Jung, COO  
Teri Brady, Director of Student Transportation

**Subject:** Update on Request for Proposal (RFP) for Home to School Contractor

---

### **BACKGROUND**

Portland Public Schools has had a long history of employing both a District owned and operated fleet and utilizing a contractor to provide the rest of the operational support for transportation services for its students. Over the years, the types of services and number of routes assigned to each organization has changed, as well as the name and parent company behind the contractor. Major players within contracted school transportation have merged or been bought out resulting in changes to management and structure, but the look of the contracted operations has remained fairly stable.

### **ANALYSIS OF SITUATION**

With the last few decades, the Portland Metro area has seen a large increase in population density, escalating wages and benefits and a powerful technologies delivered to individuals in the palm of their hand. Each of these shifts have had an impact on transportation delivery and the expectations from families and schools. Student Transportation has largely been stagnant and reactive to these changes, resulting in a system that is inefficient and struggling to be effective. These issues are pillars that are driving the reshaping of Student Transportation through the procurement of new contracts for services.

1. With the increase in population, traffic has become a major factor in the ability to move across the city in a timely and predictable manner. This along with the geography of the District has made planned operations and response to incidents a daily concern. With the current single location of the contractor's bus yard in the NE corner of the district, it is increasingly difficult and costlier to support our Westside schools and families.

The new RFP calls for two contractors to service the District as opposed to one. It specifies that there must be a bus yard location on the west side of the Willamette River. This change will reduce miles traveled by empty buses, reduce response time for incidents of breakdowns or failures, reduce costs through these efficiencies, and result in higher customer service for families and schools.

2. PPS has traditionally had a partnership with a single contractor to provide services. This worked fairly well in times when the pool of candidates for part-time work was larger and

the cost of living allowed for a bus driver salary to be supplemental income. With the increase in the economy and low unemployment rate, the candidate pool dwindled as the time demands of the job increased. Wages needed to shift to attract and maintain full time workers who could support a family in the metro area.

Requiring two contractors will increase the responsiveness of employers to ensure competitive wages and benefits for drivers. It will also increase the expectation for high customer service. Should a contractor be unable to provide the service as required, the work will be assigned to another provider.

3. Technology and the availability of data have increase exponentially over the past years. Utilizing software and tools means greater ability to track and assess performance and again ensure high quality customer service.

The RFP requires brand new propane fueled buses for the home to school routes. The news buses will include safety technologies that are becoming standard equipment on buses, such as assisted braking, stability controls and internet connected systems for predictive maintenance and tracking.

New digital camera systems and radios will also provide greater support and safety for our students.

4. The last primary pillar of the RFP is to ensure there is language within the new contracts for clear expectations, monitoring and corrections as needed. The new contracts will have specific key metrics to be met and have withholdings and/or the ability to reassign work to another vendor if the contractor fails to perform.

## **FISCAL IMPACT**

The RFP has outlined language for a 6 year initial term plus 2 additional 2 year extensions. The ten year timeframe will allow vendors to plan expenses based on a standard depreciation schedule for vehicles. We have planned for a 2% cost escalation year to year.

With our most current route needs, cost escalations and assumed trip needs, our fiscal impact estimation is \$140 mil over the first 6 years of the contract period.

Our contracts and invoicing will be based on a fixed plus variable rate model. Vendors will receive a fixed rate of 70% for ongoing costs for the contract. (Keeping the lights on) We will then pay them the variable rate of the remaining 30% for each day they provide routing services. By guaranteeing payment, we will ensure that our vendors feel like partners in the organization and reduce the likelihood of them using higher daily rates to mitigate their risk in a contract in the current environment. COVID has seen the downfall and collapse of vendors across the nation as services and payments were eliminated with the closures of in-person instruction.

## **TIMELINE FOR IMPLEMENTATION / EVALUATION**

With this new RFP and the intent to award two contractors with work, the District has planned for a long lead time for implementation. This lead time is necessary in order to ensure the acquisition of property and new vehicles for those receiving the contracts. The intent of this procurement process is to have awarded and negotiated contracts prior to June of 2021. As PPS has a current contract with First Student that expires on June 30, 2022, this allows a full year for lease or purchase of land for bus yards and for the purchase of new vehicles and equipment needed to service the contracts.

With that date in mind, the projected schedule for the procurement process milestones is:

Issue the RFP: Early December 2020  
Proposal due date: February 2021  
Evaluation: March 2021  
Award and negotiations: April-May 2021  
Board Approval: May 2021

The RFP is currently with the Procurement Department for review. It is expected that the RFP will be issued the first week of December on PlanetBids. We have identified seven (7) possible vendors who may choose to respond to the RFP. Part of our procurement process will be to hold a mandatory pre-proposal conference to identify interest in the RFP.

---

### **ATTACHMENTS**

- A. Expense forecast
- B. RFP Schedule



Operational Areas / Programs	2016 Risk Assessment		SoS Audit
	Inherent	Control	
<b>Hardship Transfer Petitions Audit</b>	N/A	N/A	N/A
<p><b>Purpose:</b> To determine whether the District's decisions related to hardship transfers petitions are adequately supported and whether the District's hardship transfer petitions process has a disproportionate or inequitable impact on a student/school community.</p>			
<p><b>Background Information:</b> Generally, students new to PPS are expected to enroll at their neighborhood schools, and do not need to complete transfer requests. PPS families use the hardship transfer petition process to request transfer out of a child's current/assigned school to a different neighborhood school or a focus option grade level not available during the lottery cycle and all focus option grade levels after the lottery cycle has closed. The petition system is an opportunity for problem solving. Families can utilize the hardship transfer petition process to explain why their child's needs are not met at the neighborhood or current PPS school and how transferring to a different school would improve the situation. PPS staff will consider any reason for a transfer. Common transfer reasons include childcare, physical risk to a child at a school, and sibling considerations. Petitions are available year round and approximately 2,500 hardship transfer petitions were processed by the Enrollment and Transfer Department during the 2019-20 school year.</p>			
<p><b>Risks:</b> There is a risk the District does not have adequate internal controls in place to ensure decisions related to hardship transfer petitions are adequately supported. There is a risk the District's hardship transfer petition process has a disproportionate impact on a student/school community or other unintended inequities.</p>			
<p><b>Timing:</b> While the audit is estimated at 300 audit hours, the audit will need to take place over the course of six to nine months. Once the audit is approved by the Board, we will select a sample of hardship transfer petitions from the approximately 2,500 petitions that were processed during the 2019-20 school year. Once the selection of petitions for testing has been provided to District staff, the Enrollment and Transfers Department will need several months to gather and provide all the supporting documentation considered in making the decision to approve or deny the petition. We anticipate the audit will be completed by late Spring or early Summer 2021.</p>			
<p><b>Equity Risks/Potential Impacts:</b> There is a risk the District's hardship transfer petition process has a disproportionate or inequitable impact on a student/school community.</p>			
<p><b>Estimated Hours:</b> 300</p>			
<p><b>Audit Scope includes but not limited to:</b></p> <ol style="list-style-type: none"> <li>1) Review and evaluate District policies, procedures, and practices related to hardship transfer petitions.</li> <li>2) Review and evaluate data tracking hardship transfer petitions.</li> <li>3) Review and evaluate supporting documentation considered in the hardship transfer petition decision making process.</li> </ol> <p>NOTE: When the scope of an audit and audit results could have a direct impact on student/school communities, the scope of the audit could include outreach to potentially impacted student/school communities to identify and evaluate potential burdens, benefits, and outcomes.</p>			
Operational Areas / Programs	2016 Risk Assessment		SoS Audit
	Inherent	Control	
<b>English Second Language Program Audit</b>	N/A	N/A	N/A
<p><b>Purpose:</b> To determine whether the District is compliant with obligations under Title VI of the Civil Rights Act of 1964 (Title VI), which states public schools must take affirmative steps to ensure that students with limited English proficiency (LEP) can meaningfully participate in their educational programs and services.</p>			

<p><b>Background Information:</b> To comply with the legal obligations under Title VI, public schools must take affirmative steps to ensure that students with LEP can meaningfully participate in their educational programs and services. There are standardized entrance and exit procedures for English learners (ELs), scoring requirements, timelines by which ELs must be identified, and reporting requirements under the 2016 ESL Guidance.</p>
<p><b>Risks:</b> There is a risk the District does not have adequate internal controls in place to ensure compliance with ESL requirements.</p>
<p><b>Timing:</b> The English as a Second Language Department is restructuring to promote inclusive and integrated English Language Development instruction. Part of the restructuring is the re-positioning of the department under Humanities. Typically, audits add more value if conducted after a significant restructuring has been fully implemented.</p>
<p><b>Equity Risks/Potential Impacts:</b> The ability to engage with rigorous academic content is critical; however, research has shown educators often conflate English proficiency with academic prowess and limit EL students' academic exposure while they learn English. This presents an opportunity gap for ESL students.</p>
<p><b>Estimated Hours:</b> 800</p>
<p><b>Audit Scope includes but not limited to:</b></p> <ol style="list-style-type: none"> <li>1) Review and evaluate ESL policies and procedures</li> <li>2) Review data for tracking students' performance, particularly in underserved schools.</li> <li>3) Evaluate record keeping of identified EL and review timeline to ensure ELs were assessed within 30 days of enrollment, as required under section 3113(b)(2) of the Elementary and Secondary Education Act of 1965 (ESEA).</li> <li>4) Evaluate how ESL central personnel (TOSA and/or AD) evaluates students' progress.</li> <li>5) Determine if the criteria for assessment of English language proficiency is in alignment to Oregon's English Language Proficiency Assessment (ELPA21) or promotion (or portfolio) process.</li> <li>6) Evaluate if ELs who were exited from an EL program received a proficient score on Oregon's ELPA21 this includes English Learner Students with Disabilities (ELSWD).</li> <li>7) Evaluate if current Executive Numbered Memo was used for reclassification and retention procedures for ELs.</li> </ol> <p>NOTE: When the scope of an audit and audit results could have a direct impact on student/school communities, the scope of the audit could include outreach to potentially impacted student/school communities to identify and evaluate potential burdens, benefits, and outcomes.</p>

Operational Areas / Programs	2016 Risk Assessment		SoS Audit
	Inherent	Control	
<u>Facility Usage/Building Rentals</u>	N/A	N/A	N/A
<p><b>Purpose:</b> To determine whether internal controls are in place to ensure the proper categorization of either an official District event, or external organization events. To determine whether there is equitable opportunities for communities to use school buildings and facilities.</p>			
<p><b>Risks:</b> There is a risk use of school facilities events are not properly categorized as either official District events or external organization events. If external events are categorized as District events, there is a potential loss of rent revenue to the District. Even if the external events qualify to be rent free under District policy, there is still the risk of unnecessary costs to the District if the external organizations do not properly reimburse the District for items such as HVAC fees and custodial charges. In addition, external events not properly categorized as such, could subject the District to additional legal liability if accidents or injuries occur.</p>			

**Background Information:** In May of 2019, the PPS Board amended Board policy 3.30.010-P directing the Superintendent, through administrative directive, to create a custodial fee waiver process for organizations (e.g., PTA, PTO, or Booster Clubs) directly affiliated with a PPS Title I school, schools with a majority of historically underserved students, and schools identified for improvement as designated by the District that shall allow the District to grant a limited number of custodial waivers for community events.

**Timing:** Due to the coronavirus, community use of school buildings and facilities has been significantly reduced. Performing the audit during this time of reduced usage could provide an opportunity for the District to implement any recommendations that may arise from the audit before community use of school building and facilities returns to pre-coronavirus levels.

**Equity Risks/Potential Impacts:** Fees associated with community use of school buildings and facilities could have a disproportional impact on communities that serve the District's historically underserved students.

**Estimated Hours:** 500

**Audit Scope includes but not limited to:**

- 1) Review of District policies and procedures related to facility usage/building rentals.
- 2) Testing facility usage/building rentals to determine if they are properly categorized as either an official District event or external organization events.
- 3) Determine if the District's policies and procedures related to facility usage/ building rentals are adequate to ensure that schools have the guidance necessary to properly account for their facility usage.
- 4) Determine whether schools that qualify for the CUB waiver are aware of and utilizing the waiver.

NOTE: When the scope of an audit and audit results could have a direct impact on student/school communities, the scope of the audit could include outreach to potentially impacted student/school communities to identify and evaluate potential burdens, benefits, and outcomes.



PORTLAND PUBLIC SCHOOLS

# The Office of Internal Performance Audit (OIPA)

Three Audit Topic Options





# Background Information

- The Audit Committee approved two audits for the 2020-21 Audit Plan in the October 2020 meeting
  - (1) Health and Safety Checks Audit
  - (2) ASB/SBF Audit
- Opportunity for adding one of the following three audits to the 2020-21 Audit Plan
  - Hardship Transfers Audit
  - ESL Audit
  - Facilities Use Audit





# Hardship Transfer Audit

**Purpose:** To determine whether the District's decisions related to hardship transfer petitions are adequately supported and whether the process has a disproportionate or inequitable impact on a student/school community.

**Risks:** There is a risk the District does not have adequate internal controls in place to ensure decisions related to hardship transfer petitions are adequately supported.

**Equity Risks:** There is a risk the District's hardship transfer petition process has a disproportionate impact on a student/school community.

**Potential Challenge:** The Enrollment and Transfers Department will need several months to gather and provide all the supporting documentation considered in making the decision to approve or deny the petition because they do not have a system in place to save documentation/evidence considered in the decision to approve/deny the petition.





# ESL Audit

**Purpose:** To determine whether the District is compliant with obligations under Title VI of the Civil Rights Act of 1964 (Title VI), which states public schools must take affirmative steps to ensure that students with limited English proficiency (LEP) can meaningfully participate in their educational programs and services.

**Risks:** There is a risk the District does not have adequate internal controls in place to ensure compliance with ESL requirements.

**Equity Risks:** The ability to engage with rigorous academic content is critical; however, research has shown educators often conflate English proficiency with academic prowess and limit EL students' academic exposure while they learn English. This presents an opportunity gap for ESL students.

**Potential Challenge:** The English as a Second Language department is restructuring to promote inclusive and integrated English Language Development instruction. Part of the restructuring is the re-positioning of the department under Humanities. Typically audits add more value if conducted after a significant restructuring has been fully implemented.





# Facility Usage/Building Rental Audit

**Objective/Goals:** To determine whether internal controls are in place to ensure the proper categorization of either an official District event, or external organization events. To determine whether there is equitable opportunities for communities to use school buildings and facilities.

**Risks:** There is a risk uses of school facilities events are not properly categorized as either official District events or external organization events. If external events are categorized as District events, there is a potential loss of rent revenue to the District. Even if the external events qualify to be rent free under District policy, there is still the risk of unnecessary costs to the District if the external organizations do not properly reimburse the District for items such as HVAC fees and custodial charges. In addition, external events not properly categorized as such, could subject the District to additional legal liability if accidents or injuries occur.

**Equity Risks:** Fees associated with community use of school buildings and facilities could have a disproportional impact on communities that serve the District's historically underserved students.

**Potential Benefit:** Due to the coronavirus, community use of school buildings and facilities has been significantly reduced. Performing the audit during this time of reduced usage could provide an opportunity for the District to implement any recommendations that may arise from the audit before community use of school building and facilities returns to pre-coronavirus levels.



# Next Steps

- OIPA is requesting the Audit Committee's approval of one of the three audit the following three audits to add to the 2020-21 Audit Plan:
  - Hardship Transfers Audit
  - ESL Audit
  - Facilities Use Audit
- OIPA is requesting the Audit Committee present the approved audit to the full Board for approval.





# Questions?





PORTLAND PUBLIC SCHOOLS

# The Office of Internal Performance Audit (OIPA)

Performance Measures





# Best Practices

The “Internal Auditing in the Great City School” report, issued by the Council of the Great City Schools, states it is best practice for internal audit departments to utilize key performance indicators (KPIs) to set goals, measure performance, and provide information to stakeholders.



**KPI 1:** Number of audits completed per full time equivalent (FTE) employee – Target 1.5 audits per FTE

**KPI 2:** Recommendation implementation rate – Target 75%

**Informational performance measure:**  
Average audit hours and number of audits completed



## KPI 1: Audits per FTE

- Measure of efficiency
- The scope and complexity of the audit impacts the number of audits OIPA can complete each year.
- Target 1.5 audits per FTE (3 audits per year)





## KPI 2: Recommendation Implementation Rate

- The percentage of recommendations that are implemented shows how much impact audits have.
- Target 75% of the recommendations will be implemented within two years of the report date.



Informational performance measure: Average hours to complete and audit and the number of audits completed

- The average audit hours and number of audits completed help to measure the efficiency of OIPA.
- Audits vary in length, depending on the scope and complexity of the audit.





# Future KPIs

Auditee feedback is a common KPI. OIPA will work on developing a survey to gather auditee feedback so this performance measure can be added to the OIPA's KPIs in the future.





# Next Steps

OIPA is requesting the Audit Committee's approval of the two identified KPIs and the one informational performance measure





**KPI 1:** Number of audits completed per full time equivalent (FTE) employee – Target 1.5 audits per FTE

**KPI 2:** Recommendation implementation rate – Target 75%

**Informational performance measure:**  
Average audit hours and number of audits completed



# Questions?

