

Audit Committee Meeting
Thursday, December 21, 2023 4:00 PM

Dr. Matthew Prophet Education Center -
Windows Cafeteria / Conference Room (Floor
2)
501 N. Dixon St.
Portland, OR 97227

Agenda

1. Introduction
2. Presentation of the audit results for the Annual Comprehensive Financial Report and the Report on Requirements for Federal Awards
3. Status update on the implementation of recommendations for the Contracts Audit
4. Update on edits to Board Policy 1.60.040-P : District Performance Auditing Policy
5. Draft Audit Committee meeting agenda for 2023-2024 school year
6. Public Comment *To sign-up for public comment email PublicComment@pps.net or call the Board Office @ 503-916-3741.*
7. Adjourn



Myong Leigh
Interim Deputy Superintendent
Business & Operations

PORTLAND PUBLIC SCHOOLS
501 N. Dixon, Portland, OR 97227
Phone: (503) 916-3115 • Fax: (503) 916-2125

December 21, 2023

Oregon Secretary of State,
Audits Division
255 Capitol St. NE, Suite #500
Salem, OR 97310

Plan of Action for School District No. 1J, Multnomah County, Oregon (Portland Public Schools)

Portland Public Schools respectfully submits the following corrective action plan in response to deficiencies reported in our audit of fiscal year ended June 30, 2023. The audit was completed by the independent auditing firm Talbot, Korvola & Warwick, LLP and reported the deficiencies listed below. The plan of action was adopted by the governing body at their meeting on **January 9, 2023**, as indicated by signatures below.

The deficiency is listed below, including the adopted plan of action and timeframe.

Finding 2023-001

Criteria

The District has the responsibility for establishing and maintaining effective internal control over financial reporting.

Condition

A material weakness in controls over financial reporting was identified for controls over revenue recognition.

Cause

The cause appears to be related to turnover in accounting positions, a lack of communication from other departments with the Finance department, and the complexity of the transactions.

Effect or potential effect

Revenue and expenditures were overstated by \$9,304 thousand in the Special Revenue Fund, and revenue was overstated and unearned revenue was understated by \$119,899 thousand in the Capital Projects Fund prior to being corrected by the District. A lack of effective internal controls over financial reporting for revenue may allow a material misstatement due to error or fraud.

Recommendation

The District should implement policies and procedures to ensure that revenue is properly recorded.

Views of responsible officials

The District understands and concurs with this finding. The District has implemented the attached corrective action plan.

Document the plan of action

1. District executive financial leadership will meet with Senior Leadership team members receiving grant funding and finance team leadership to review the process for accepting and documenting receipt of federal and state grant funds. The process will be updated to include a proactive process requiring receipt of documentation of the source of funding prior to spending or receipt of funds.

2. Accounting and Grant Managers will attend ongoing professional development and have membership to professional organizations to ensure the District is well informed of all federal and state funding available to K-12 education.

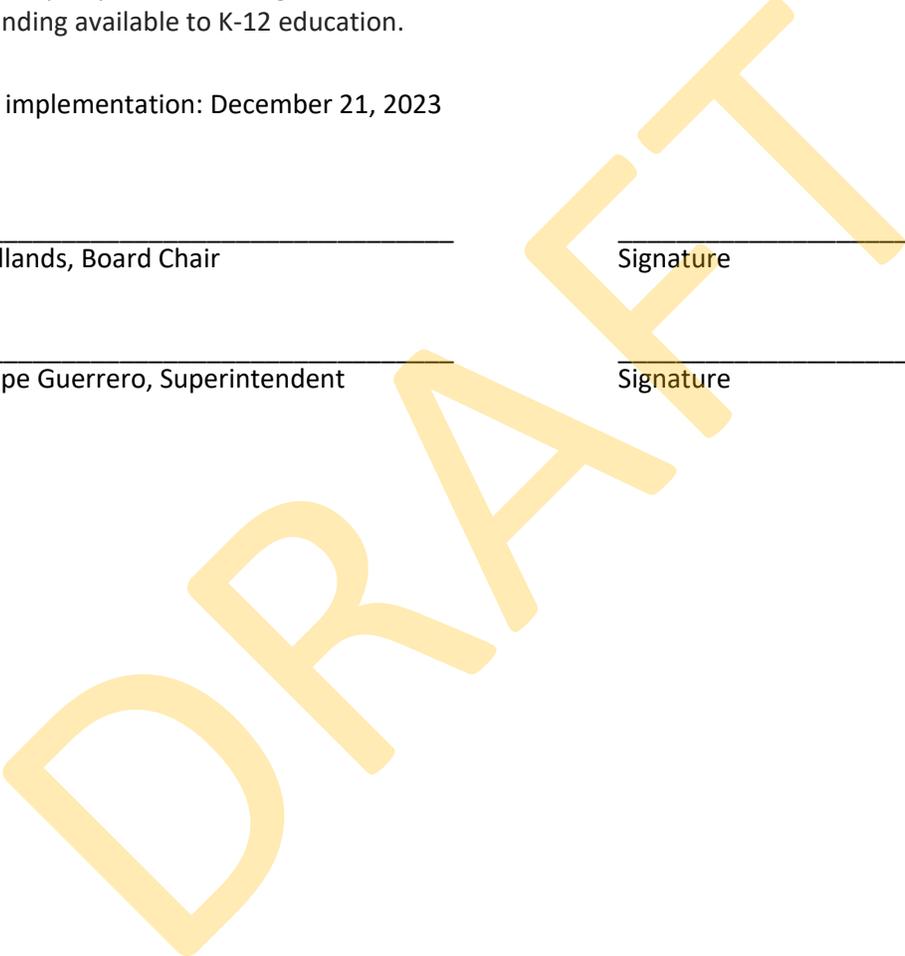
Date of implementation: December 21, 2023

Gary Hollands, Board Chair

Signature

Guadalupe Guerrero, Superintendent

Signature





Talbot, Korvola & Warwick, LLP 14945 SW Sequoia Parkway, Suite 150 Portland, OR 97224
P 503.274.2849 F 503.274.2853 www.tkw.com

INDEPENDENT AUDITOR'S REPORT

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

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the School District No. 1J, Multnomah County, Oregon (the District), as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the Table of Contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the District, as of June 30, 2023, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

INDEPENDENT AUDITOR'S REPORT (Continued)

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that 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 is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with GAAS, 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.

INDEPENDENT AUDITOR'S REPORT (Continued)

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The other 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. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the Supplementary Information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the Annual Comprehensive Financial Report. The other information comprises the Introductory and Statistical Sections, as listed in the Table of Contents, but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 21, 2023 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering District's internal control over financial reporting and compliance.

INDEPENDENT AUDITOR'S REPORT (Continued)

Other Reporting Required by Oregon Minimum Standards

In accordance with *Minimum Standards for Audits of Oregon Municipal Corporations*, we have also issued our report dated December 21, 2023, 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.

A handwritten signature in blue ink that reads "Daniel A. Wiley".

For Talbot, Korvola & Warwick, LLP
Portland, Oregon
December 21, 2023



Talbot, Korvola & Warwick, LLP 14945 SW Sequoia Parkway, Suite 150 Portland, OR 97224
P 503.274.2849 F 503.274.2853 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
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, 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated December 21, 2023. 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*.

**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)**

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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified a certain deficiency in internal control described in the *Schedule of Findings and Questioned Costs* as Finding 2023-001 in the District's Report on Requirements for Federal Awards that we consider to be a material weakness.

The District's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the District's response to the findings identified in our audit and described in the accompanying *Schedule of Findings and Questioned Costs*. The District's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

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.

Talbot, Korwala & Warwick, LLP

Portland, Oregon
December 21, 2023



Talbot, Korvola & Warwick, LLP 14945 SW Sequoia Parkway, Suite 150 Portland, OR 97224
P 503.274.2849 F 503.274.2853 www.tkw.com

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

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, 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated December 21, 2023.

Report on Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified a certain deficiency in internal control, described in the accompany *Schedule of Findings and Questions Costs* as Finding 2023-001, that we consider to be a material weakness.

Report on Compliance and Other Matters

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

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

The District's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the District's response to the finding identified in our audit and described in the accompanying *Schedule of Findings and Questioned Costs*. The District's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

Purpose of This Report

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

Talbot, Korwala & Warwick, LLP

Portland, Oregon
December 21, 2023



Talbot, Korvola & Warwick, LLP 14945 SW Sequoia Parkway, Suite 150 Portland, OR 97224
P 503.274.2849 F 503.274.2853 www.tkw.com

**INDEPENDENT AUDITOR'S 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**

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

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited School District No. 1J, Multnomah County, Oregon (the District's) compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on each of District's major federal programs for the year ended June 30, 2023. The District's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs.

In our opinion, the District complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2023.

Basis for Opinion on Each Major Federal Program

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

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

Responsibilities of Management for Compliance

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

**INDEPENDENT AUDITOR'S 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 (Continued)**

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the District's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the District's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we

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

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

Report on Internal Control Over Compliance

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

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

**INDEPENDENT AUDITOR'S 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 (Continued)**

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

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

Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the District as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements. We issued our report thereon dated December 21, 2023, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. 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, and other additional procedures in accordance with GAAS. 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.

Talbot, Korwala & Warwick, LLP

Portland, Oregon
December 21, 2023

SCHOOL DISTRICT NO.1J, MULTNOMAH COUNTY, OREGON

Schedule of Findings and Questioned Costs

For the Year Ended June 30, 2023

SECTION I — SUMMARY OF AUDITOR'S RESULTS

Financial Statements

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

Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? Yes X No
- Significant deficiency(ies) identified? Yes No X
- Noncompliance material to financial statements noted? Yes No X

Federal Awards

Internal control over major federal programs:

- Material weakness(es) identified? Yes No X
- Significant deficiency(ies) identified? Yes No X

Type of auditor's report issued on compliance for major federal programs:

Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?

Yes No X

Identification of major federal programs:

Assistance Listing Number(s) Name of Federal Program or Cluster

32.009	Emergency Connectivity Fund Program
84.027, 84.173	Special Education – Grants to States (IDEA, Part B); Special Education – Preschool Grants (IDEA Preschool)
84.367A	Supporting Effective Instruction State Grants
84.425	Education Stabilization Fund

Dollar threshold used to distinguish between type A and type B programs:

\$ 3,000,000

Auditee qualified as low-risk auditee?

Yes X No

SCHOOL DISTRICT NO.1J, MULTNOMAH COUNTY, OREGON

Schedule of Findings and Questioned Costs

For the Year Ended June 30, 2023

SECTION II — FINANCIAL STATEMENT FINDINGS

Finding 2023-001

Criteria: The District has the responsibility for establishing and maintaining effective internal control over financial reporting.

Condition: A material weakness in controls over financial reporting was identified for controls over revenue recognition.

Cause: The cause appears to be related to turnover in accounting positions, a lack of communication from other departments with the Finance department, and the complexity of the transactions.

Effect or potential effect: Revenue and expenditures were overstated by \$9,304 thousand in the Special Revenue Fund, and revenue was overstated and unearned revenue was understated by \$119,899 thousand in the Capital Projects Fund prior to being corrected by the District. A lack of effective internal controls over financial reporting for revenue may allow a material misstatement due to error or fraud.

Recommendation: The District should implement policies and procedures to ensure that revenue is properly recorded.

Views of responsible officials: The District understands and concurs with this finding. The District has implemented their corrective action plan.

SECTION III — FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

No federal award findings and questioned costs were reported.



Talbot, Korvola & Warwick, LLP 14945 SW Sequoia Parkway, Suite 150 Portland, OR 97224
P 503.274.2849 F 503.274.2853 www.tkw.com

December 21, 2023

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

Attention: Gary Hollands, 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, 2023, so that it can appropriately discharge its oversight responsibility and we comply with our professional responsibilities.

Auditing standards generally accepted in the United States of America (AU-C 260, *The Auditor's Communication With Those Charged With Governance*) require the auditor to promote effective two-way communication between the auditor and those charged with governance. Consistent with this requirement, the following summarizes our responsibilities regarding the financial statement audit as well as observations arising from our audit that are significant and relevant to your responsibility to oversee the financial reporting process.

Our Responsibilities With Regard to the Financial Statement Audit

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 May 12, 2023. The audit of the basic 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 October 9, 2023 regarding the planned scope and timing of our audit and identified significant risks.

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. During the year ended June 30, 2023, the District implemented Governmental Accounting Standards Board (GASB) Statement No. 96, *Subscription-Based Information Technology Arrangements*. This Statement required the District to record a subscription liability and an intangible right to use asset representing the right to use the information technology software.

We did not identify any significant or unusual transactions or significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus.

Significant Accounting Practices, Including Policies, Estimates and Disclosures (Continued)

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 and certain assumptions about future events. You may wish to monitor throughout the year the process used to compute and record these accounting estimates.

The following describes the significant accounting estimates reflected in the District’s June 30, 2023, basic financial statements.

- 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, are 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, are based on an actuarial valuation.
- Subscription based information technology arrangements, as described in the Notes to Basic Financial Statements, are recognized as a right to use intangible asset and corresponding liability based on the present value of payments discounted by an estimated incremental borrowing rate.

Audit Adjustments and Uncorrected Misstatements

Management corrected the following material misstatements that were identified as a result of our audit procedures:

	Increase/(Decrease)				
	Assets & Deferred Inflows	Liabilities & Deferred Outflows	Fund Balance/ Net Position	Revenues	Expenditures/ Expenses
Governmental Activities					
To correct unearned revenue	\$ -	\$ 119,899	\$ -	\$ (119,899)	\$ -
To correct duplicate revenue	-	-	-	(9,304)	(9,304)
Total corrected misstatements	<u>\$ -</u>	<u>\$ 119,899</u>	<u>\$ -</u>	<u>\$ (129,203)</u>	<u>\$ (9,304)</u>
Cumulative corrected misstatements			<u>\$ (119,899)</u>		

	Increase/(Decrease)				
	<i>In thousands</i>				
	Assets & Deferred Inflows	Liabilities & Deferred Outflows	Fund Balance/ Net Position	Revenues	Expenditures/ Expenses
Special Revenue Fund					
To correct duplicate revenue	\$ -	\$ -	\$ -	\$ (9,304)	\$ (9,304)
Cumulative corrected misstatements			\$ -		
Capital Projects Fund					
To correct unearned revenue	\$ -	\$ 119,899	\$ -	\$ (119,899)	\$ -
Cumulative corrected misstatements			\$ (119,899)		

We are not aware of any uncorrected misstatements other than misstatements that are clearly trivial.

Internal Control Matters and Compliance Findings

We have separately communicated in a reporting package dated December 21, 2023 any significant deficiencies and material weaknesses in internal control over financial reporting, and when applicable, major programs and applicable noncompliance identified during our audit of the financial statements and when applicable, major programs as required by *Government Auditing Standards* and when applicable, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* at 2 CFR 200 (Uniform Guidance) or other Federal audit requirements.

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 GASB has recently issued the following statements:

- **GASB Statement No. 100, *Accounting Changes and Error Corrections***

This Statement will be effective for fiscal years beginning after June 15, 2023, with earlier application encouraged. This Statement prescribes accounting and financial reporting for each category of accounting change and error corrections. This Statement also addresses how accounting changes and error corrections should be displayed in financial statements, disclosed in notes, and presented in required supplementary information and supplementary information.

- **GASB Statement No. 101, *Compensated Absences***

This Statement will be effective for fiscal years beginning after December 15, 2023, with earlier application encouraged. This Statement aligns recognition and measurement guidance for all types of compensated absences under a unified model which will result in governments recognizing a liability that more appropriately reflects when they incur an obligation for compensated absences. The model also will lead to greater consistency in application and improved comparability across governments.

Generally, a liability for leave that has not been used would be recognized if the leave: is attributable to services already rendered; accumulates; and is more likely than not to be used for time off or otherwise paid or settled.

Shared Responsibilities for Independence

Independence is a **joint responsibility** and is managed most effectively when management, audit committees (or their equivalents), and audit firms work together in considering compliance with American Institute of Certified Public Accountants (AICPA) and *Government Accountability Office* (GAO) independence rules. For TKW to fulfill its professional responsibility to maintain and monitor independence, management, the Board of Education, and TKW each play an important role.

Our Responsibilities

- AICPA and GAO rules require independence both of mind and in appearance when providing audit and other attestation services. TKW is to ensure that the AICPA and GAO's General Requirements for performing non-attest services are adhered to and included in all letters of engagement.
- Maintain a system of quality control over compliance with independence rules and firm policies.

The District's Responsibilities

- Timely inform TKW, before the effective date of transactions or other business changes, of the following:
 - New affiliates, directors, officers.
 - Changes in the organizational structure or the reporting entity impacting affiliates such as partnerships, related entities, investments, and joint ventures.
- Provide necessary affiliate information such as new or updated structure charts, as well as financial information required to perform materiality calculations needed for making affiliate determinations.
- Understand and conclude on the permissibility, prior to the District and its affiliates, officers, directors or persons in a decision-making capacity, engaging in business relationships with TKW.
- Not entering into arrangements of nonaudit services resulting in TKW being involved in making management decisions on behalf of the District.
- Not entering into relationships resulting in close family members of TKW covered persons, temporarily or permanently acting as an officer, director or person in an accounting or financial reporting or compliance oversight role at the District.

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 management, and is not intended to be, and should not be, used by anyone other than these specified parties.

Talbot, Korwala & Warwick, LLP
Portland, Oregon



Myong Leigh
Interim Deputy Superintendent
Business & Operations

PORTLAND PUBLIC SCHOOLS
501 N. Dixon, Portland, OR 97227
Phone: (503) 916-3115 • Fax: (503) 916-2125

December 21, 2023

Talbot, Korvola & Warwick, LLP
14945 SW Sequoia Parkway, Suite 150
Portland, OR 97224

This representation letter is provided in connection with your audit of the basic financial statements of School District No. 1J, Multnomah County, Oregon (the District) as of and for the year ended June 30, 2023 for the purpose of expressing an opinion on whether the financial statements are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP).

We confirm, to the best of our knowledge and belief, having made such inquiries as we considered necessary for the purpose of appropriately informing ourselves, that as of December 21, 2023:

Financial Statements

1. We have fulfilled our responsibilities, as set out in the terms of the audit arrangement letter dated May 12, 2023, for the preparation and fair presentation of the financial statements referred to above in accordance with U.S. GAAP.
2. We acknowledge our responsibility for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.
3. We acknowledge our responsibility for the design, implementation, and maintenance of controls to prevent and detect fraud.
4. The methods, data, and significant assumptions used by us in making accounting estimates and their related disclosures are appropriate to achieve recognition, measurement, or disclosure that is reasonable in the context of U.S. GAAP, and reflect our judgment based on our knowledge and experience about past and current events, and our assumptions about conditions we expect to exist and courses of action we expect to take.
5. Related-party transactions have been recorded in accordance with the economic substance of the transaction and appropriately accounted for and disclosed in accordance with the requirements of U.S. GAAP. Types of related party transactions engaged in by the District include interfund transactions, including interfund accounts and advances receivable and payable, sale and purchase transactions, interfund transfers, long-term loans, leasing arrangements and guarantees.
6. The financial statements properly classify all funds and activities in accordance with GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, as amended.
7. The District followed either its established accounting policy regarding which resources (that is, restricted, committed, assigned or unassigned) are considered to be spent first for expenditures for which more than one resource classification is available or is following paragraph 18 of GASB Statement No. 54 to determine the fund balance classifications for financial reporting purposes.
8. There are no fiduciary activities required by GASB Statement No. 84, *Fiduciary Activities*, as amended, to be reported in the financial statements.
9. All events subsequent to the date of the financial statements, and for which U.S. GAAP requires adjustment or disclosure, have been adjusted or disclosed.

10. The effects of all known actual or possible litigation and claims have been accounted for and disclosed in accordance with U.S. GAAP.
11. Management has followed applicable laws and regulations in adopting, approving and amending budgets.
12. Risk disclosures associated with deposit and investment securities are presented in accordance with GASB requirements.
13. Provisions for uncollectible receivables have been properly identified and recorded.
14. Capital assets, including infrastructure, intangible assets, and right of use assets are properly capitalized, reported and, if applicable, depreciated.
15. The government has properly separated information in debt disclosures related to direct borrowings and direct placements of debt from other debt and disclosed any unused lines of credit, collateral pledged to secure debt, terms in the debt agreements related to significant default or termination events with finance-related consequences and significant subjective acceleration clauses in accordance with GASB Statement No. 88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements*.
16. Components of net position (net investment in capital assets, restricted, and unrestricted) and classifications of fund balance (nonspendable, restricted, committed, assigned, and unassigned) are properly classified and, if applicable, approved.
17. Revenues are appropriately classified in the statement of activities within program revenues, general revenues, contributions to term or permanent endowments, or contributions to permanent fund principal.
18. Expenses have been appropriately classified in or allocated to functions and programs in the statement of activities, and allocations have been made on a reasonable basis.
19. Interfund, internal, and intra-entity activity and balances have been appropriately classified and reported.
20. The District's policy regarding whether to first apply restricted or unrestricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available and appropriately disclosed and that net position is properly recognized under the policy.
21. There are no tax abatement agreements, as defined by GASB Statement No. 77, that the District has entered into with other entities.
22. The government disclosed tax abatements entered into by other governments that affect its revenues, including the names of the governments that entered into the agreements, the specified taxes being abated, and the gross dollar amount of taxes abated during the period, as required by GASB Statement No. 77.
23. We have no direct or indirect legal or moral obligation for any debt of any organization, public or private, that is not disclosed in the financial statements.
24. We have complied with all aspects of laws, regulations, and provisions of contracts and agreements that would have a material effect on the financial statements in the event of noncompliance.
25. We have reviewed the GASB Statements effective for the fiscal year ended June 30, 2023, and concluded the implementation of the following Statements did not have a material impact on the basic financial statements:
 - a. GASB Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*
 - b. GASB Statement No. 99, *Omnibus 2022*
26. We believe the implementation of the GASB Statement listed below is appropriate:
 - a. GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*
27. We have no knowledge of any uncorrected misstatements in the financial statements.

28. We have requested an unsecured electronic copy of the auditor's report and agree that the auditor's report will not be modified in any manner.

Information Provided

29. We have provided you with:

- a. Access to all information of which we are aware that is relevant to the preparation and fair presentation of the basic financial statements such as records, documentation, and other matters.
- b. Additional information that you have requested from us for the purpose of the audit.
- c. Unrestricted access to persons within the District from whom you determined it necessary to obtain audit evidence.
- d. Minutes of the meetings of the governing board and committees, or summaries of actions of recent meetings for which minutes have not yet been prepared.

30. All transactions have been recorded in the accounting records and are reflected in the basic financial statements.

31. We have disclosed to you the results of our assessment of risk that the basic financial statements may be materially misstated as a result of fraud.

32. It is our responsibility to establish and maintain internal control over financial reporting. One of the components of an entity's system of internal control is risk assessment. We hereby represent that our risk assessment process includes identification and assessment of risks of material misstatement due to fraud. We have shared with you our fraud risk assessment, including a description of the risks, our assessment of the magnitude and likelihood of misstatements arising from those risks, and the controls that we have designed and implemented in response to those risks.

33. We have no knowledge of allegations of fraud or suspected fraud affecting the District's basic financial statements involving:

- a. Management.
- b. Employees who have significant roles in internal control.
- c. Others where the fraud could have a material effect on the basic financial statements.

34. We have no knowledge of any allegations of fraud or suspected fraud affecting the District's basic financial statements received in communications from employees, former employees, analysts, regulators, or others.

35. We have no knowledge of noncompliance or suspected noncompliance with laws and regulations.

36. We have disclosed to you all known actual or possible litigation and claims whose effects should be considered when preparing the financial statements.

37. We have disclosed to you the identity of all of the District's related parties and all the related-party relationships and transactions of which we are aware.

38. We have informed you of all deficiencies in internal control over financial reporting, including significant deficiencies or material weaknesses, in the design or operation of internal controls that could adversely affect the District's ability to record, process, summarize and report financial data.

39. There have been no communications from regulatory agencies concerning noncompliance with, or deficiencies in, financial reporting practices.

40. It is our responsibility to inform you of all current and potential affiliates of the District as defined by the "State and Local Government Client Affiliates" interpretation (ET sec. 1.224.020). Financial interests in, and other relationships with, affiliates of the District may create threats to independence. We have:

- a. Provided you with all information we are aware of with respect to current and potential affiliates, including degree of influence assessments and materiality assessments.

- b. Notified you of all changes to relevant considerations that may impact our determination of the existence of current or potential affiliates involving (i) changes in the determination of the materiality of an entity to the District's financial statements as a whole, (ii) the level of influence the District has over an entity's financial reporting process or (iii) the level of control or influence the District or a potential or current affiliate has over an investee that is not trivial or clearly inconsequential, sufficiently in advance of their effective dates to enable the District and Talbot, Korvola & Warwick, LLP to identify and eliminate potential impermissible services and relationships between Talbot, Korvola & Warwick, LLP and those potential affiliates, prior to the effective dates.
 - c. Made you aware, to the best of our knowledge and belief, of any nonaudit services that the District or any of our affiliates has engaged Talbot, Korvola & Warwick, LLP to perform.
41. We agree with the findings of the actuaries in evaluating the pension and other post-employment benefits liabilities for the Oregon Public Employees Retirement System (OPERS) plans and related balances and have adequately considered the qualifications of the actuaries in determining the amounts and disclosures used in the financial statements and underlying accounting records. We believe that the actuarial assumptions and methods used by the actuaries for funding purposes and for determining accumulated plans' benefits are appropriate in the circumstances. We did not give instructions, or cause any instructions to be given, to the actuaries with respect to the values or amounts derived in an attempt to bias their work, and we are not otherwise aware of any matters that have had an impact on the independence or objectivity of the actuaries.
42. We believe that the information obtained from the audited financial statements of and other participant information provided by OPERS is appropriate in the circumstances. We did not give instructions, or cause any instructions to be given, to the Plan or its auditor in an attempt to bias their work, and we are not otherwise aware of any matters that have had an impact on the independence or objectivity of the Plan or its auditor.
43. We agree with the findings of the actuary in evaluating the pension liability for the Stipend Plan and related balances and have adequately considered the qualifications of the actuary in determining the amounts and disclosures used in the financial statements and underlying accounting records. We believe that the actuarial assumptions and methods used by the actuaries for determining accumulated plans' benefits are appropriate in the circumstances. We did not give instructions, or cause any instructions to be given, to the actuary with respect to the values or amounts derived in an attempt to bias their work, and we are not otherwise aware of any matters that have had an impact on the independence or objectivity of the actuary.
44. We agree with the findings of the actuary in evaluating the other post-employment benefits liability for the Retirement Health Insurance Subsidy Plan and related balances and have adequately considered the qualifications of the actuary in determining the amounts and disclosures used in the financial statements and underlying accounting records. We believe that the actuarial assumptions and methods used by the actuaries for determining accumulated plans' benefits are appropriate in the circumstances. We did not give instructions, or cause any instructions to be given, to the actuary with respect to the values or amounts derived in an attempt to bias their work, and we are not otherwise aware of any matters that have had an impact on the independence or objectivity of the actuary.
45. During the course of your audit, you may have accumulated records containing data that should be reflected in our books and records. All such data have been so reflected. Accordingly, copies of such records in your possession are no longer needed by us.

Supplementary Information

46. With respect to supplementary information presented in relation to the basic financial statements as a whole:
- a. We acknowledge our responsibility for the presentation of such information.
 - b. We believe such information, including its form and content, is fairly presented in accordance with U.S. GAAP.
 - c. The methods of measurement or presentation have not changed from those used in the prior period.
 - d. When supplementary information is not presented with the audited basic financial statements, we will make the audited basic financial statements readily available to the intended users of the supplementary information no later than the date of issuance of the supplementary information and the auditor's report thereon.
47. With respect to required supplementary information presented as required by the Governmental Accounting Standards Board to supplement the basic financial statements:

- a. We acknowledge our responsibility for the presentation of such required supplementary information.
- b. We believe such required supplementary information is measured and presented in accordance with guidelines prescribed by U.S. GAAP.
- c. The methods of measurement or presentation have not changed from those used in the prior period.

Compliance Considerations

In connection with your audit conducted in accordance with *Government Auditing Standards*, we confirm that management:

- 48. Is responsible for the preparation and fair presentation of the financial statements in accordance with the applicable financial reporting framework.
- 49. Is responsible for compliance with the laws, regulations and provisions of contracts and grant agreements applicable to the auditee.
- 50. Is not aware of any instances of identified and suspected fraud and noncompliance with provisions of laws, regulations, contracts, and grant agreements that have a material effect on the financial statements.
- 51. Is responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.
- 52. Acknowledges its responsibility for the design, implementation, and maintenance of controls to prevent and detect fraud.
- 53. Has taken timely and appropriate steps to remedy identified or suspected fraud or noncompliance with provisions of laws, regulations, contracts, and grant agreements that the auditor reports.
- 54. Has a process to track the status of audit findings and recommendations.
- 55. Has identified for the auditor previous audits, attestation engagements and other studies related to the objectives of the audit and whether related recommendations have been implemented.
- 56. Is not aware of any investigations or legal proceedings that have been initiated with respect to the period under audit.
- 57. Has provided views on the auditor's reported findings, conclusions and recommendations, as well as management's planned corrective actions, for the report.

In connection with your audit of federal awards conducted in accordance with Subpart F of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), we confirm:

- 58. Management is responsible for complying, and has complied, with the requirements of Uniform Guidance.
- 59. Management is responsible for understanding and complying with the requirements of laws, regulations, and the provisions of contracts and grant agreements related to each of its federal programs.
- 60. Management is responsible for the design, implementation, and maintenance, and has designed, implemented and maintained, effective internal control over compliance for federal programs that provides reasonable assurance that the auditee is managing federal awards in compliance with federal statutes, regulations, and the terms and conditions of the federal award that could have a material effect on its federal programs.
- 61. Management is responsible for the preparation of the schedule of expenditures of federal awards, acknowledges and understands its responsibility for the presentation of the schedule of expenditures of federal awards in accordance with the Uniform Guidance; believes the schedule of expenditures of federal awards, including its form and content, is fairly presented in accordance with the Uniform Guidance; asserts that methods of measurement or presentation have not changed from those used in the prior period, or if the methods of measurement or presentation have changed, the reasons for such changes have been communicated; and is responsible for any significant assumptions or interpretations underlying the measurement or presentation of the schedule of expenditures of federal awards.
- 62. Management will make the audited financial statements readily available to the intended users of the schedule no later than the issuance date by the entity of the schedule of expenditures of federal awards and the auditor's report thereon.

63. Management has identified and disclosed all of its government programs and related activities subject to the Uniform Guidance compliance audit.
64. Management has identified and disclosed to the auditor the requirements of federal statutes, regulations, and the terms and conditions of federal awards that are considered to have a direct and material effect on each major program.
65. Management has made available all federal awards (including amendments, if any) and any other correspondence relevant to federal programs and related activities that have taken place with federal agencies or pass-through entities.
66. Management has identified and disclosed to the auditor all amounts questioned and all known noncompliance with the direct and material compliance requirements of federal awards or stated that there was no such noncompliance.
67. Management believes that the auditee has complied with the direct and material compliance requirements.
68. Management has made available all documentation related to compliance with the direct and material compliance requirements, including information related to federal program financial reports and claims for advances and reimbursements.
69. Management has provided to the auditor its interpretations of any compliance requirements that are subject to varying interpretations.
70. Management is aware of no communications from federal awarding agencies and pass-through entities concerning possible noncompliance with the direct and material compliance requirements, including communications received from the end of the period covered by the compliance audit to the date of the auditor's report.
71. There are no findings and related corrective actions taken for previous audits, attestation engagements, and internal or external monitoring that directly relate to the objectives of the compliance audit, including findings received and corrective actions taken from the end of the period covered by the compliance audit to the date of the auditor's report.
72. Management is responsible for taking corrective action on audit findings of the compliance audit that meets the requirements of the Uniform Guidance.
73. There are no subsequent events that provide additional evidence with respect to conditions that existed at the end of the reporting period that affect noncompliance during the reporting period.
74. Management has disclosed all known noncompliance with direct and material compliance requirements occurring subsequent to the period covered by the auditor's report or stated that there were no such known instances.
75. Management has disclosed whether any changes in internal control over compliance or other factors that might significantly affect the entity's system of internal control, including any corrective action taken by management with regard to significant deficiencies and material weaknesses in internal control over compliance, have occurred subsequent to the period covered by the auditor's report.
76. Federal program financial reports and claims for advances and reimbursements are supported by the books and records from which the basic financial statements have been prepared.
77. The copies of federal program financial reports provided to the auditor are true copies of the reports submitted, or electronically transmitted, to the federal agency or pass-through entity, as applicable.
78. Management has charged costs to federal awards in accordance with applicable cost principles.
79. The reporting package does not contain protected personally identifiable information.
80. Management has accurately completed the appropriate sections of the data collection form.
81. Management has disclosed all contracts or other agreements with service organizations.
82. Management has disclosed to the auditor all communications from service organizations relating to noncompliance at those organizations.

Oregon Minimum Standards Considerations

- 83. We have complied with Oregon Minimum Standards, including Oregon Local Budget Law (ORS 294).
- 84. All information and records pertaining to the preparation, adoption, and execution of the current and subsequent year budgets have been made available to you.
- 85. All information and records pertaining to the factors used to compute the State School Fund distribution have been made available.
- 86. All information and records pertaining to the Student Investment Act funds have been made available.

School District No. 1J, Multnomah County, Oregon

Myong Leigh

Myong Leigh,
Interim Deputy Superintendent Business & Operations

Tracy Pinder

Tracy Pinder,
Senior Director of Financial Services

School District No. 1J, Multnomah County, Oregon

PORTLAND PUBLIC SCHOOLS



ANNUAL COMPREHENSIVE FINANCIAL REPORT

For the year ended June 30, 2023



DRAFT 12.21.23

Portland Public Schools

Annual Comprehensive Financial Report

For the year ended June 30, 2023

School District No. 1J, Multnomah County, Oregon

Portland, Oregon

Prepared by the Finance Department

SCHOOL DISTRICT NO.1J, MULTNOMAH COUNTY, OREGON

Annual Comprehensive Financial Report

For the Year Ended June 30, 2023

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SCHOOL DISTRICT NO.1J, MULTNOMAH COUNTY, OREGON

Annual Comprehensive Financial Report

For the Year Ended June 30, 2023

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Jefferson Dancers November 2022



Access Academy 1st day of School Aug 2022



Myong Leigh
Interim Deputy Superintendent
Business & Operations

PORTLAND PUBLIC SCHOOLS
501 N. Dixon, Portland, OR 97227
Phone: (503) 916-3115 • Fax: (503) 916-2125

December XX, 2023

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 Annual Comprehensive Financial Report (ACFR) of School District No.1J, Multnomah County, Oregon (Portland Public Schools or the District or PPS) for the fiscal year ended June 30, 2023, 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 Annual Comprehensive Financial Report (ACFR) 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' fiscal year 2021-22 ACFR.

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 major 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.

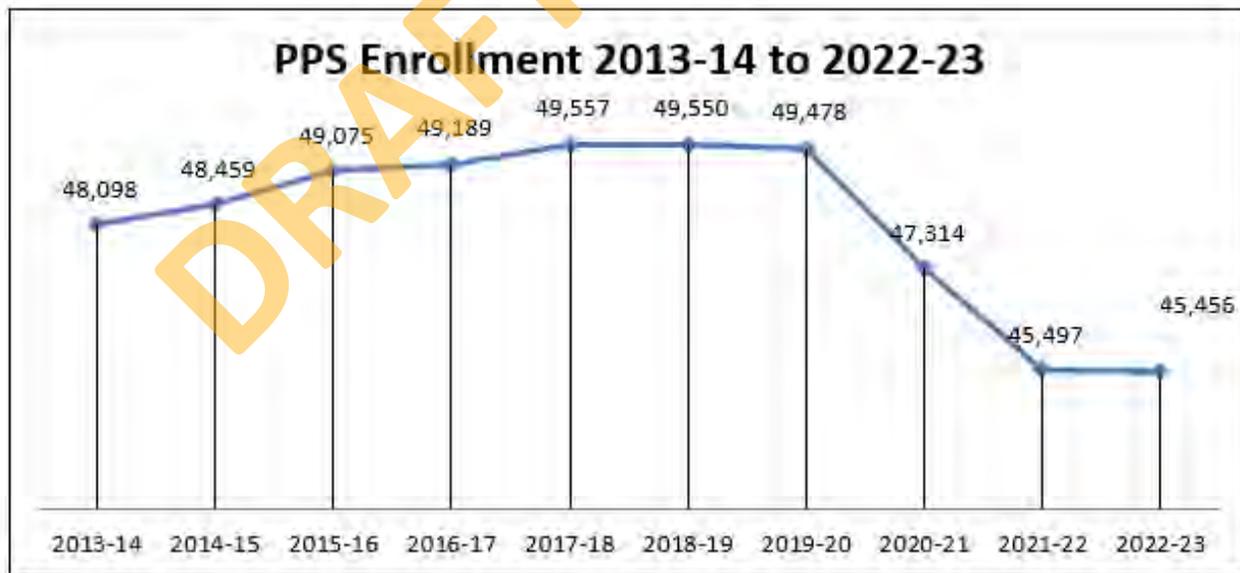
GAAP requires that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management’s Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The District’s 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. The District has no component units and is not a component unit of any other government. With more than 45,000 students in 113 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 Portland voters, school improvement general obligation bonds are 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 635,067), Lake Oswego (total population 40,108), and Milwaukie (total population 21,375), based on 2022 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 nearly 10 million square feet. The median age of PPS school buildings is 84 years for elementary schools, 84 years for middle schools, and 97 years for high schools. Please see Schedule 17 of the Statistical Section for additional details of each building’s size, age and enrollment.

Student enrollment as of October 2022 was 45,456. 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>

October 2022 Portland Public Schools Student Enrollment (by Program Type)			
Program Type	Number of Schools/Programs	Enrollment Distribution	
Regular Schools and Programs			
Elementary Schools	57	20,881	45.94%
Middle Schools	14	7,464	16.42%
High Schools	9	13,125	28.87%
Subtotal - Regular Schools	80	41,470	91.23%
PPS Alternative Programs	5	1,553	3.42%
Subtotal - Schools and Alternative Programs	85	43,023	94.65%
Community-Based Programs	8	683	1.50%
Special Education Programs	15	456	1.00%
Public Charter Programs	5	1,294	2.85%
Grand Total	113	45,456	100.00%

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

The District continues to experience enrollment decline from a high of 49,557 in fiscal year 2017-18 to 45,456 in fiscal year 2022-23. Demographic studies conducted by Portland State University (PSU) project enrollment levels to continue to decrease. The PSU “Middle Series Forecast” scenario estimates enrollment reaching a low of 39,129 in fiscal year 2032-33. 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 enrollment projections may be found at: <https://www.pps.net/Page/1834>.

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 9 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 fiscal year 2022-23.

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 level of budgetary control, that is the level at which expenditure cannot legally exceed the appropriated amount, is established by major function category: 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

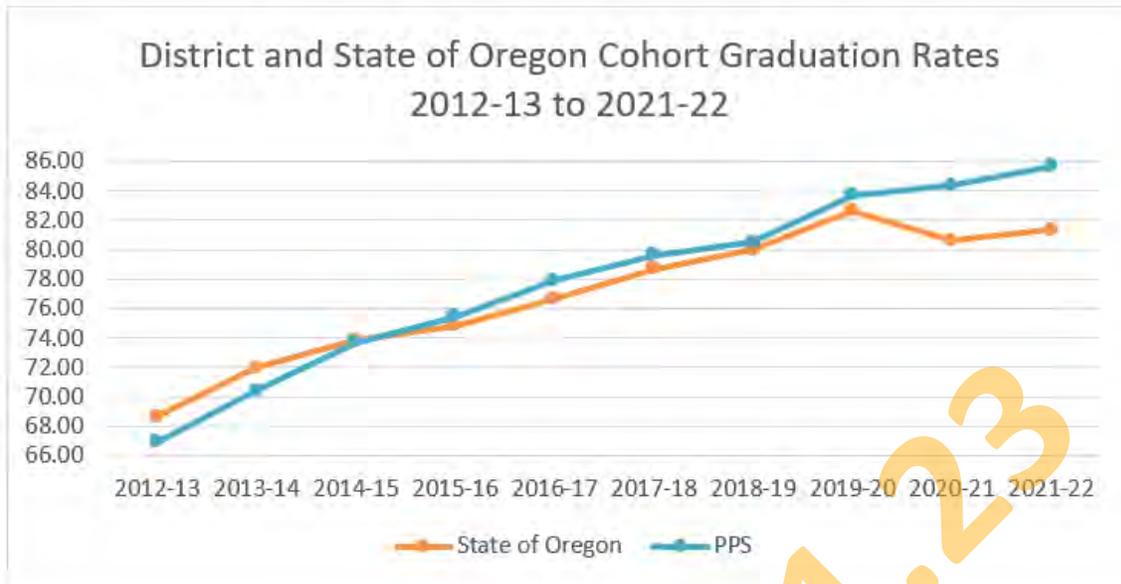
Service Efforts and Accomplishments

On June 25, 2019, the Board of Education passed resolution number 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 number 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 continues to improve and outpace the average graduation rate for the State of Oregon. The graduation rate for PPS Class of 2022 (the most recent year available from Oregon Department of Education) was 85.7 percent, exceeding the average graduation rate for the State of Oregon Class of 2022 of 81.3%.

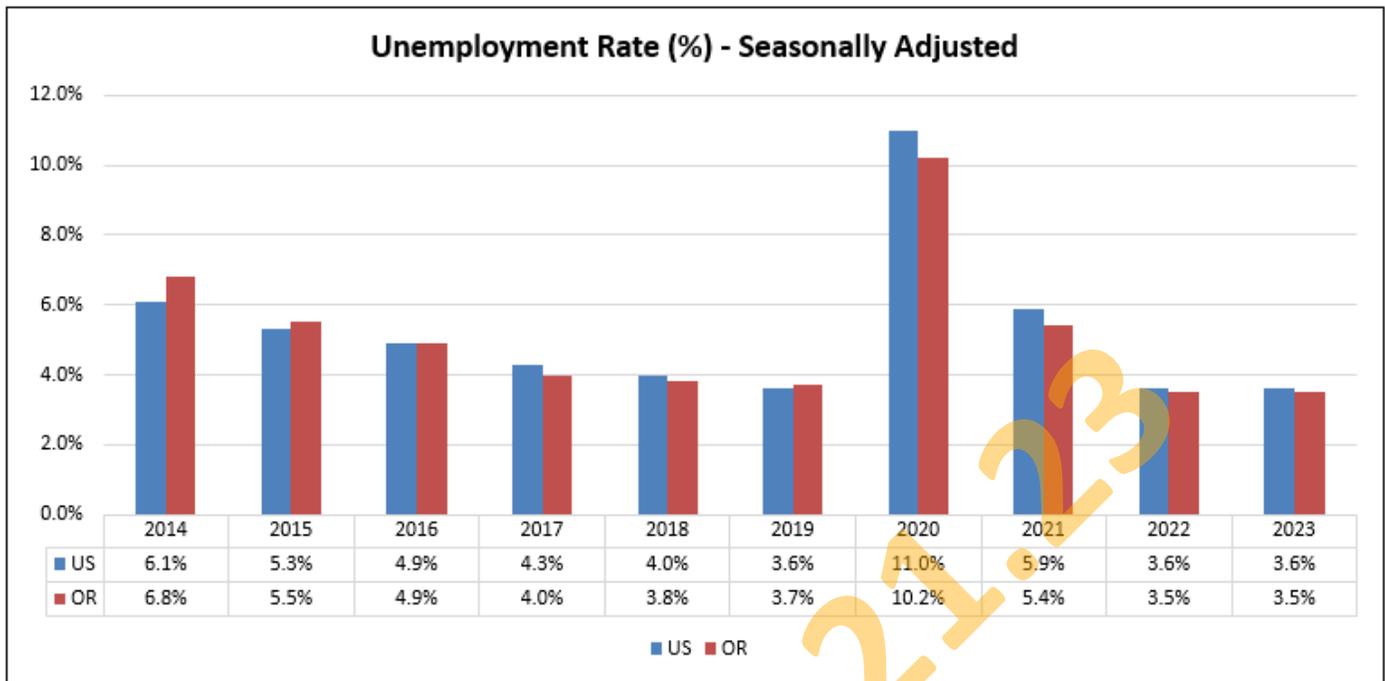
Factors Affecting Financial Condition

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 approximately 80.8 percent of its General Fund revenues from the State School Fund and the allocation of certain property taxes within the associated funding distribution formula. Roughly half of the State School Fund money comes via the appropriation made by the state legislature, while the remainder is from statewide local property tax collections. 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 the District – about 15.1 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. The local option levy revenues are significantly influenced by real market values of homes within the PPS taxing district.

Oregon State Economy – In June 2023, Oregon’s unemployment rate was holding steady at 3.5 percent, down from a high of 13.2 percent in April 2020.



Source: Bureau of Labor Statistics, Unemployment Data

Approximately 43 thousand jobs were gained over the past year, contributing to a total workforce increase of 2.2 percent from June 2022 to June 2023. The Government sector experienced the greatest percentage gains, with almost 18 thousand jobs gained, representing a 6.2 percent year-over-year increase.

Oregon Employment by Industry (number of jobs, in thousands)					
Industry	June 2022	June 2023	% of Economy	Year-over-Year Change (#)	Year-over-Year Change (%)
Government	287.6	305.5	15.3%	17.9	6.2%
Other Services	61.3	64.8	3.2%	3.5	5.7%
Leisure & Hospitality	206.4	207.4	10.4%	1.0	0.5%
Education & Health Services	307.9	313.7	15.7%	5.8	1.9%
Professional & Business Services	258.4	273.4	13.7%	15.0	5.8%
Financial Activities	106.7	107.7	5.4%	1.0	0.9%
Information	36.2	37.9	1.9%	1.7	4.7%
Trade, Transportation, and Utilities	369.5	364.6	18.2%	(4.9)	-1.3%
Manufacturing	196.5	193.8	9.7%	(2.7)	-1.4%
Construction	119.2	123.5	6.2%	4.3	3.6%
Mining and Logging	6.2	6.4	0.3%	0.2	3.2%
Total Nonfarm	1,955.9	1,998.7		42.8	2.19%

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

Local Economy – Portland and the surrounding metropolitan area have 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 2022-23, Education, Health Services, and Hospitality accounted for 26.1 percent of the city’s economy while the Trades, Transportation and Utilities made up another 18.2 percent.

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 funds renovations and additions at Benson and Leodis V. McDaniel 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.

Leodis V. McDaniel and Kellogg both opened for the school year starting in 2021. Lincoln opened for the school year starting in 2023. Modernization work at Benson began in the summer of 2021. Design and work will continue with health and safety projects that improve accessibility, upgrade fire alarms and fire sprinklers, reduce hazardous materials, repair or replace deteriorating school roofs, upgrade school safety and security and strengthen schools against earthquakes.

A third \$1.2 billion capital bond was passed by voters in November 2020. This bond funds additional health and safety projects across the district, replaces curriculum materials and technology equipment districtwide, modernizes Jefferson High School, completes Benson Polytechnic High School, plans additional neighborhood school projects and continues design and planning to modernize Cleveland and Ida B. Wells-Barnett (formerly known as 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 that flow through the District for schools that local school boards of education have granted a charter. The District had five charter schools in operation during the 2022-23 fiscal year. Due to 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 Annual Comprehensive Financial Report for the fiscal year ended June 30, 2022. This was the 43rd 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 ACFR 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 Annual Comprehensive Financial Report for the fiscal year ended June 30, 2022. This was the 51st consecutive year that the District has earned this significant award. The Certificate of Excellence is recognition that the District has met the highest standards in school financial reporting as adopted by ASBO. The District believes that this report for fiscal year 2022-23, 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 Annual Comprehensive 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,

Myong Leigh
Interim Deputy Superintendent, Business & Operations

SCHOOL DISTRICT NO. 1J, MULTNOMAH COUNTY, OREGON
Principal Officials
At June 30, 2023

SCHOOL BOARD

<u>Member</u>	<u>Zone</u>	<u>Term Expiration</u>	<u>Phone</u>
Andrew Scott	1	June 30, 2027	503-916-3741
Michelle DePass	2	June 30, 2027	503-916-3741
Amy Kohnstamm	3	June 30, 2023	503-916-3741
Herman Greene	4	June 30, 2025	503-916-3741
Gary Hollands	5	June 30, 2025	503-916-3741
Julia Brim-Edwards	6	June 30, 2025	503-916-3741
Eilidh Lowery	7	June 30, 2023	503-916-3741

ADMINISTRATIVE STAFF

Guadalupe Guerrero	Superintendent
Dr. Cheryl Proctor	Deputy Superintendent, Instruction and School Communities
Vacant	Deputy Superintendent, Business and Operations
Liz Large	Contracted General Counsel
Jonathan Garcia	Chief of Staff
Jey Buno	Chief of Student Support Services
Dan Jung	Chief Operating Officer
Freddie Mack	Senior Director Communications
Don Wolff	Chief Technology Officer
Kimberlee Armstrong	Chief Academic Officer
Nolberto Delgadillo	Chief Financial Officer
Rosanne Powell	Board Manager
Sharon Reese	Chief Human Resources Officer
Jon Franco	Chief of Schools
Dr. Renard Adams	Chief of Research, Assessment, and Accountability



ASSOCIATION OF
SCHOOL BUSINESS OFFICIALS
INTERNATIONAL

The Certificate of Excellence in Financial Reporting
is presented to

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

for its Annual Comprehensive Financial Report
for the Fiscal Year Ended June 30, 2022.

The district report meets the criteria established for
ASBO International's Certificate of Excellence in Financial Reporting.



A handwritten signature in black ink, reading 'John W. Hutchison'. The signature is written in a cursive style and is positioned above a horizontal line.

John W. Hutchison
President

A handwritten signature in black ink, reading 'Siobhán McMahon'. The signature is written in a cursive style and is positioned above a horizontal line.

Siobhán McMahon, CAE
Chief Operations Officer/
Interim 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 Annual Comprehensive
Financial Report
For the Fiscal Year Ended

June 30, 2022

Christopher P. Morill

Executive Director/CEO

Introductory

DRAFT 12.21.23



Astor Fiesta Latina October 2022



Benson vs. Roosevelt February 2023

RESERVED FOR AUDIT REPORT

DRAFT 12.21.23

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, 2023. 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 1-8 of this report.

FINANCIAL AND BUDGETARY HIGHLIGHTS

Budget

On June 13, 2022, the Board of Education (the Board) adopted the fiscal year 2022-23 budget by way of Board Resolution No. 6520. The District's fiscal year 2022-23 budget was based on the Oregon Legislature's biennial budget cycle for 2021-2023 that includes a State School Fund allocation of \$9.3 billion, a Student Investment Account (SIA) allocation of \$893.0 million, and a High School Success (Measure 98 or M98) allocation of \$314.5 million.

The fiscal year 2022-23 budget continued to focus available resources on the PPS Strategic Plan and Vision: PPS Reimagined. Five strategic system shifts will be prioritized through 2025: a connected and transformative school District; racial equity aligned systems and structures; cultivating system-wide learning and a diverse workforce; transformative curriculum and pedagogy; and a culture of physical and emotional safety. The fiscal year 2022-23 budget focused on two specific areas: addressing the needs of students and staff returning from the pandemic; and increasing academic achievements and reducing academic disparities.

On May 23, 2023, the Board voted to amend the fiscal year 2022-23 budget, by way of Board Resolution No. 6712. This amendment to the budget revised appropriations and recognized resources to align the budget with updated projections.

- **General Fund:** \$715.0 million to increase resources in Other Local Sources, and adjust appropriations across Instruction, Support Services, Enterprise & Community Services and Debt Service (PERS UAL).
- **Special Revenue Fund:** Resource appropriations were adjusted across Instruction, Support Services, Enterprise & Community Services, Facilities Acquisition and Construction, and Transfers of Funds.
- **Capital Projects Fund:** \$606.8 million to true up beginning fund balance, increase State Sources and All Other Revenue Sources and to updated spending plans accordingly.

Other Highlights

In November 2012, District voters passed an eight-year, \$482.0 million capital bond measure. With the 2012 School Building Improvement Bond, Portland Public Schools began a 30-year effort to modernize every school in the District. The 2012 authorization enabled the district to make improvements in more than 51 schools, including seismic, accessibility and science classroom upgrades. In addition, Franklin, Roosevelt and Grant High schools were modernized and Faubion PK-8 was completely rebuilt.

At June 30, 2023, the 2012 authorization had a remaining balance of \$319 thousand, comprised of proceeds and related investment earnings.

**Summary of Bond Resources as of June 30, 2023
(in thousands)**

Authorization		Issued		Unspent Balance
Year	Amount	Par	Premium	
2012	\$ 482,000	\$ 482,000	\$ 56,937	\$ 319
2017	790,000	790,000	69,408	145,934
2020	1,208,000	785,465	74,406	574,969
	<u>\$ 2,480,000</u>	<u>\$ 2,057,465</u>	<u>\$ 200,751</u>	<u>\$ 721,222</u>

In May 2017, District voters passed an eight-year, \$790.0 million capital bond measure. The 2017 Health, Safety and Modernization Bond includes the modernization of Leodis V. McDaniel and Benson Polytechnic High schools; the construction of a new Kellogg Middle school, a new Lincoln High school and a new Multiple Pathways to Graduation building (on the Benson campus); and district-wide health and safety projects.

The health and safety projects include:

- water quality improvements,
- roof replacements, including roof-level seismic improvements,
- security upgrades at all District schools,
- lead paint, asbestos and radon remediation,
- installation of new fire alarm and sprinkler systems to improve fire safety, and
- ADA upgrades and improvements, including new elevators.

McDaniel High school has been completely modernized and a new Kellogg Middle school has been built. Both schools opened to students in Fall 2021. A new Lincoln High school building was opened in Fall 2022, and the new athletic fields were completed in 2023. Construction for the modernization of Benson Polytechnic High school and a new Multiple Pathways to Graduation building on the Benson campus began in summer 2021 and are scheduled to be completed in Fall 2024.

At June 30, 2023, the 2017 authorization had a remaining balance of \$145.9 million.

In November 2020, District voters passed a \$1.208 billion capital bond measure. The measure included authorization to renovate Jefferson and Benson High schools and add a facility for alternative school programs. Additionally, the measure authorized updates to curriculum materials and technology improvements, master planning for Cleveland and Ida B. Wells-Barnett High schools and for planning/adding additional capacity at Roosevelt High school. The measure also provided for the development of a culturally responsive community plan and to make targeted investments in neighborhood school facilities in North and Northeast Portland.

Continuing health and safety projects include:

- Removal of barriers to accessibility in schools across the District;
- Repair/replacement of leaking or deteriorating school roofs;
- Seismic retrofit at up to three schools;
- Repair/replacement of high priority mechanical systems (heating, cooling and ventilation);
- Strengthening security measures in schools.

In December 2020, the District issued \$365.5 million of the \$1.208 billion authorized. A premium of \$29.6 million was realized on that sale. In April 2023, the District issued an additional \$420.0 million of the 2020 authorization. A premium of \$44.8 million was realized on the sale. At June 30, 2023, \$575.0 million of the amount issued remained unspent.

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 29-31 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 33.

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.

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 for the General Fund, Special Revenue Fund, Debt Service Fund, and the Capital Projects Fund in the Governmental Fund Balance Sheet and the Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balances.

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 33-38 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 41-43 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 45-90 of this report.

Required Supplementary Information (RSI) is located directly after the notes to the basic financial statements on pages 92-104 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 105-108 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 include pension and other post-employment healthcare related balances. The changes in these 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.

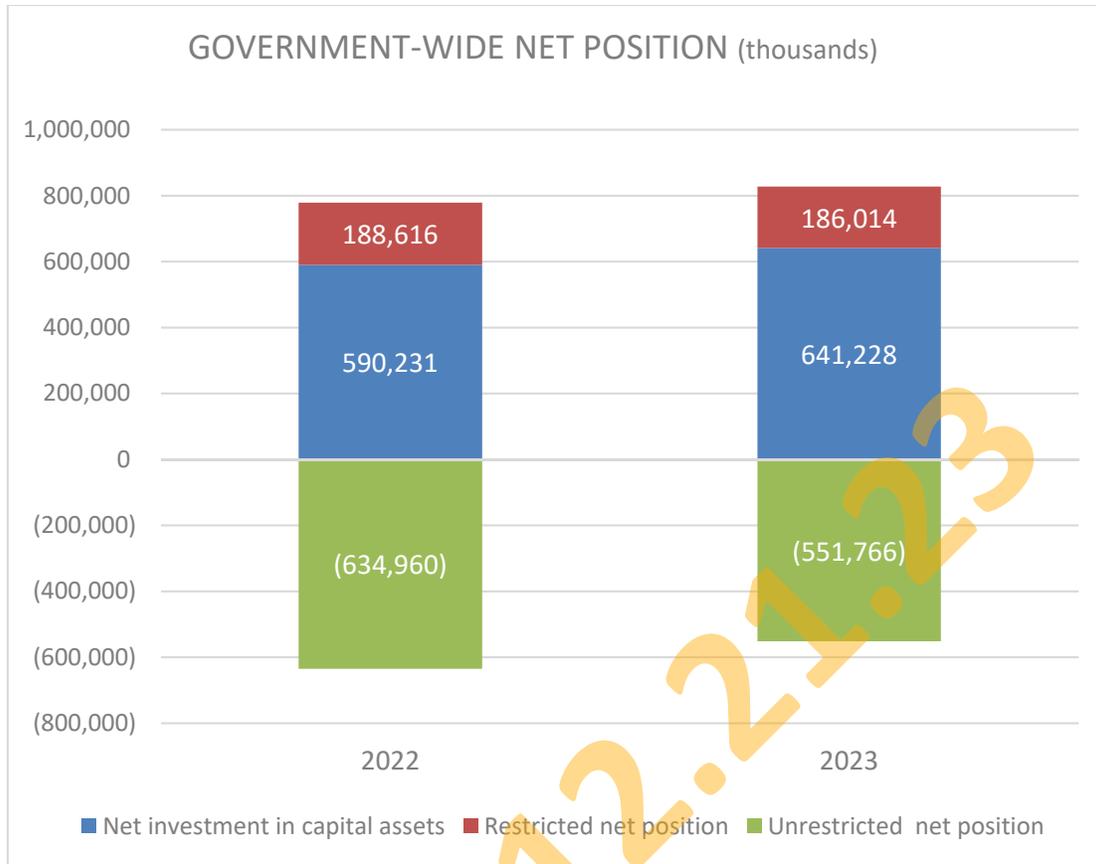
Analysis of Net Position

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: 2022 compared to 2023

Net Position is a primary indicator of financial position. The District’s assets and deferred outflows exceeded liabilities and deferred inflows by \$275.5 million at June 30, 2023. This represents an increase of \$131.6 million in net position from the prior year and is further discussed below.

Net Position	Government-wide (thousands)			
	2022	2023	\$ Change	% change
Assets				
Current or other assets	\$ 871,350	\$ 1,239,627	\$ 368,277	42.3%
Net capital assets	1,384,060	1,629,666	245,606	17.7%
Total Assets	<u>2,255,410</u>	<u>2,869,293</u>	<u>613,883</u>	27.2%
Deferred Outflows of Resources	<u>574,645</u>	<u>395,025</u>	<u>(179,620)</u>	-31.3%
Liabilities				
Long-term liabilities outstanding	2,013,996	2,235,470	221,474	11.0%
Other liabilities	351,179	499,840	148,661	42.3%
Total Liabilities	<u>2,365,175</u>	<u>2,735,310</u>	<u>370,135</u>	15.6%
Deferred Inflows of Resources	<u>320,993</u>	<u>253,532</u>	<u>(67,461)</u>	-21.0%
Net Position				
Net investment in capital assets	590,231	641,228	50,997	8.6%
Restricted	188,616	186,014	(2,602)	-1.4%
Unrestricted	(634,960)	(551,766)	83,194	13.1%
Total Net Position	<u>\$ 143,887</u>	<u>\$ 275,476</u>	<u>\$ 131,589</u>	91.5%



Net Investment in Capital Assets has increased to \$641.2 million, a \$51.0 million increase over prior year. The increase is primarily driven by increases in capital assets related to the capital bond work and payment on related debt, as well as recognition of right-of-use lease and subscription assets as a result of implementation of GASB 87 and 96.

Restricted Net Position represents the unspent portions of capital project funds, debt service funds, and net assets restricted by grants, donations, and post-employment benefits. Restricted Net Position decreased by \$2.6 million to \$186.0 million this year, primarily due to bond-related expenditures.

Unrestricted Net Position consists of all other amounts not included in categories noted above. Unrestricted Net Position at June 30, 2023 is a negative \$551.8 million, an increase of \$83.2 million over the prior year.

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).

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 2022-23 compared to fiscal year 2021-22.

Statement of Activities

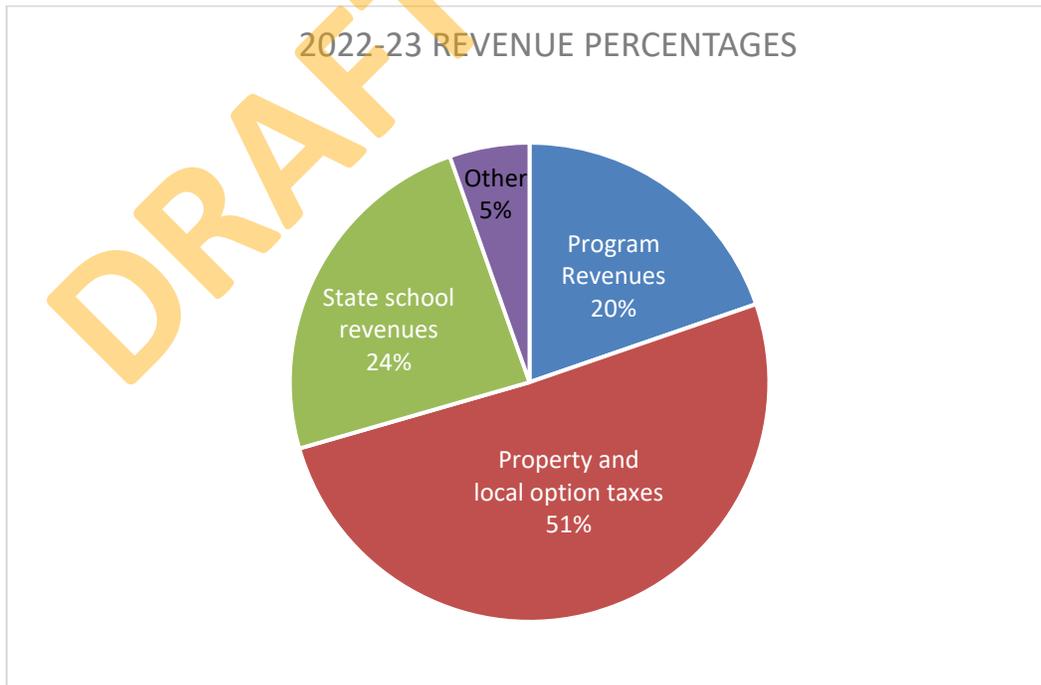
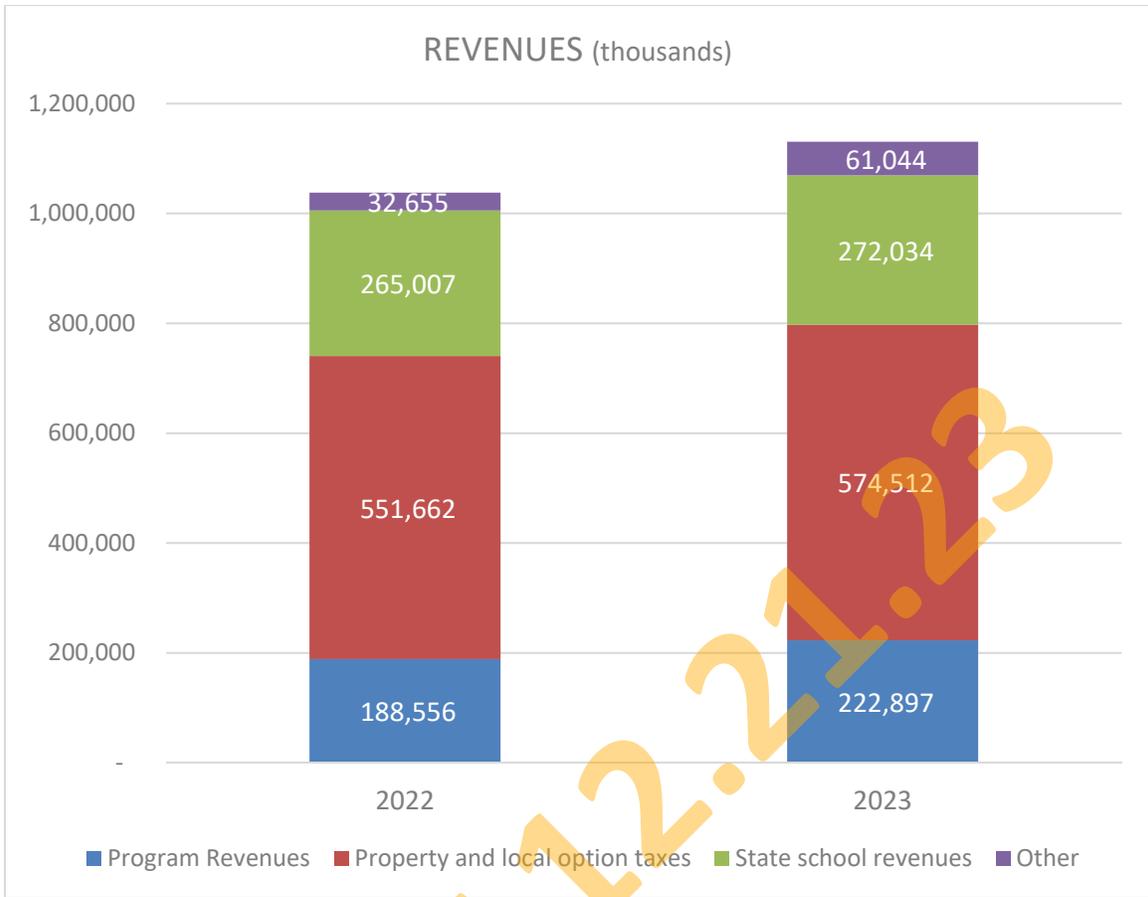
Government-wide (thousands)

	2023-				
	2022	2023	% of Total	\$ Change	% Change
Revenues					
Program Revenues					
Charges for services	\$ 1,997	\$ 5,712	0.5%	\$ 3,715	186.0%
Operating grants & contributions	184,581	215,075	19.1%	30,494	16.5%
Capital grants & contributions	1,978	2,110	0.2%	132	100.0%
Total Program Revenues	188,556	222,897	19.8%	34,341	18.2%
General Revenues					
Property taxes	446,348	464,507	41.0%	18,159	4.1%
Local option taxes	105,314	110,005	9.7%	4,691	4.5%
County & intermediate sources	15,566	11,067	1.0%	(4,499)	-28.9%
Construction excise tax	5,437	4,190	0.4%	(1,247)	-22.9%
State School Fund	259,314	265,672	23.5%	6,358	2.5%
State Common School Fund	5,693	6,362	0.6%	669	11.8%
Investment earnings	984	28,912	2.6%	27,928	2838.2%
Other	10,668	16,875	1.5%	6,207	58.2%
Total General Revenues	849,324	907,590	80.3%	58,266	6.9%
Total Revenues	1,037,880	1,130,487	100.1%	92,607	8.9%
Expenses					
Instruction	470,945	491,393	49.2%	20,448	4.3%
Support services	359,554	414,298	41.5%	54,744	15.2%
Enterprise & community services	29,283	33,374	3.3%	4,091	14.0%
Facilities services	9,576	4,845	0.5%	(4,731)	-49.4%
Interest & fees on long-term debt	63,084	54,988	5.5%	(8,096)	-12.8%
Total Expenses	932,442	998,898	100.0%	66,456	7.1%
Change in net position	105,438	131,589	47.8%	26,151	24.8%
Net position - beginning of year	38,449	143,887	52.2%	105,438	-274.2%
Net position - end of year	\$ 143,887	\$ 275,476	100.0%	\$ 131,589	-91.5%

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 and activities fees. General revenues, primarily property taxes and State School Funds, provide most of the funding required for governmental programs.

Revenue and Expenses: 2022 compared to 2023

Revenues for fiscal year 2022-23 were \$1.130 billion, an increase of \$92.6 million, or 8.9 percent, from prior year revenues of \$1.037 billion. Operating grants and contributions revenues increased by \$30.5 million, the largest source of revenue growth. Capital grants and contributions increased by \$132 thousand. The major increases in federal and state funding were related to the Elementary and Secondary School Emergency Relief Fund (ESSER), Student Investment Account (SIA), Measure 98 (M98), and Student Success Act Summer Learning grants. Property and local option taxes increased \$22.9 million over the prior year as assessed values rose and collection rates were consistent with prior years. State School Fund revenues increased \$7.0 million from the prior year. Investment revenues increased \$27.9 million from the prior year due to improved interest rates and the investment of bond proceeds related to capital projects.



Expenses for the District’s program activities include Instruction, Support Services, Enterprise & Community Services, Facilities Services, and Interest & 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 \$998.9 million, which is an increase of 7.1 percent, or \$66.5 million, over prior year. Instruction expenses increased \$20.4 million, or 4.3 percent, compared to 2021-22. The major components of this change were staffing and other increases due to additional grant funding, plus step and COLA increases. Support Services expenses increased \$54.7 million, or 15.2 percent, from the prior year. The major components of this change were the acquisition of software subscription services and wage increases due to step and COLA increases. Instruction and support services together accounted for 90.7 percent of the District’s total expenses in fiscal year 2022-23, compared to 89.1 percent in fiscal year 2021-22. Interest and fees on long-term debt decreased \$8.1 million.

FINANCIAL ANALYSIS OF THE DISTRICT’S MAJOR FUNDS

As previously noted, the District uses fund accounting to demonstrate and ensure 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 \$6.7 million to \$105.5 million in fiscal year 2022-23. The General Fund saw an increase of \$26.9 million in revenue, largely due to an increase in property and local option taxes, State School Fund and investment earnings. Instructional expenditures increased by \$3.2 million, or 0.8 percent, in fiscal year 2022-23. Support services increased by \$30.2 million, or 8.8 percent. Increases are primarily related to wage and benefit increases; additional staffing for counselors, school administrators, substitutes, and custodians; and the opening of a new school building (Lincoln).

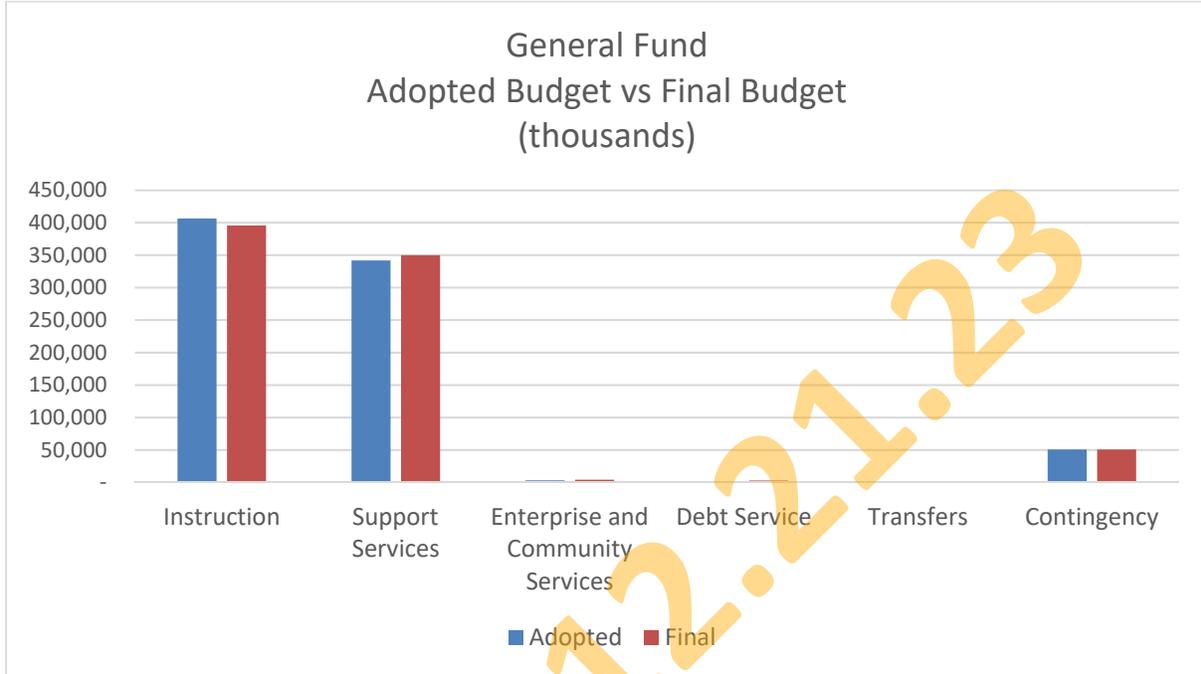
Special Revenue Fund. The Special Revenue Fund ending fund balance increased by \$1.6 million, or 4.6 percent, in fiscal year 2022-23. The Special Revenue Fund saw an increase of \$35.1 million in revenue, largely driven by increases in charges for services, extracurricular activities and federal and state support. Expenditures across the fund increased by \$41.1 million due to increased federal and state funding. The major increases in federal and state funding were related to the Elementary and Secondary School Emergency Relief Fund (ESSER), Student Investment Account (SIA), Measure 98 (M98), and Student Success Act Summer Learning grants.

Debt Service Fund. The Debt Service Fund ending fund balance increased \$4.6 million to \$18.3 million in fiscal year 2022-23, primarily due to increased property tax collections in excess of GO bond debt service. Debt Service expenditures increased \$8.3 million in fiscal year 2022-23.

Capital Projects Fund. The Capital Projects Fund ending fund balance increased \$208.7 million to \$730.6 million in fiscal year 2022-23, primarily due to the issuance of additional GO Bonds in April 2023. Overall spending on GO Bond projects increased \$31.0 million in fiscal year 2022-23 as bond projects continued. Spending on curriculum and technology modernization projects increased \$1.7 million in fiscal year 2022-23.

BUDGETARY HIGHLIGHTS FOR THE GENERAL FUND

Adopted budget compared to final budget. There was one amendment to the fiscal year 2022-23 budget. The amendment allocated funds across Instruction, Support Services, Enterprise & Community Services, Facilities Acquisition & Construction, Debt Service (PERS UAL) and Transfers of Funds to align the budget with updated projections.



Final budget compared to actual results. In fiscal year 2022-23 actual General Fund expenditures before contingency were \$29.5 million below budgeted expenditures, or roughly 3.9 percent. Salaries and associated payroll costs across Instruction and Support Services accounted for \$24.5 million of the variance, while non-personnel expenditures made up the other \$5 million.

Final Budget vs Actual Expenditures (thousands)

	Final Budget	Actual Expenditures	\$ Variance	% of Budget
Instruction	\$ 395,750	\$ 376,733	\$ (19,017)	95.2%
Support Services	349,912	343,006	(6,906)	98.0%
Enterprise and Community Services	4,100	3,114	(986)	76.0%
Debt Service	2,945	405	(2,539)	13.8%
Transfers	1,302	1,282	(20)	98.5%
	<u>754,009</u>	<u>724,541</u>	<u>(29,467)</u>	<u>96.1%</u>
Operating Contingency	50,768	-	(50,768)	0.0%
	<u>\$ 804,777</u>	<u>\$ 724,541</u>	<u>\$ (80,235)</u>	<u>90.0%</u>

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets. The District's investment in capital assets includes land, building and improvements, vehicles and equipment, construction in progress, and right-of-use leases and subscription assets. As of June 30, 2023, the District had invested \$1.63 billion in capital assets, net of depreciation and amortization, as shown in the following table:

Capital assets	Government-wide (thousands)			
	2022	2023	\$ Change	% change
Land	\$ 9,174	\$ 9,174	\$ -	0.0%
Buildings and site improvements	1,267,251	1,306,539	39,288	3.1%
Vehicles and equipment	98,775	101,414	2,639	2.7%
Construction in progress	343,471	565,187	221,716	64.6%
Right-of-use leased equipment	-	958	958	100.0%
Right-of-use subscription asset	-	19,065	19,065	100.0%
	<u>1,718,671</u>	<u>2,002,337</u>	<u>283,666</u>	<u>16.5%</u>
less accumulated depreciation and amortization	<u>(334,611)</u>	<u>(372,671)</u>	<u>(38,060)</u>	<u>11.4%</u>
Capital assets, net of depreciation	<u>\$ 1,384,060</u>	<u>\$ 1,629,666</u>	<u>\$ 245,606</u>	<u>17.7%</u>

District-wide, net capital assets increased by \$245.6 million in fiscal year 2022-23, and the District recognized \$372.7 million of depreciation and amortization. Capital construction accounted for the majority of the increase. Further discussion of capital and right-of-use 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 \$1.97 billion (excluding premiums and discounts), which is comprised of limited tax pension and refunding bonds (\$640.9 million) and debt backed by the full faith and credit of the District (\$1,329.6 billion). During fiscal year 2022-23, the District increased debt by issuing additional GO Bonds of \$420.0 million. Further explanation of debt is shown in Note 10 of the Financial Statements.

Outstanding Debt	Government-wide (thousands)				
	2022	Increases	Decreases	2023	% change
Limited tax pension and refunding bonds	\$ 679,186	\$ -	\$ (38,296)	\$ 640,890	-5.6%
Other debt	1,018,680	420,000	(109,092)	1,329,588	30.5%
Lease payable	-	958	(61)	897	0.0%
Subscription payable	-	2,818	(1,130)	1,688	0.0%
Total Long Term Debt	<u>1,697,866</u>	<u>423,776</u>	<u>(148,579)</u>	<u>1,973,063</u>	
Unamortized Bond Premium/(Discount)	<u>119,244</u>	<u>44,832</u>	<u>(8,128)</u>	<u>155,948</u>	<u>30.8%</u>
Total Long Term Debt, net of Premium (Discount)	<u>\$ 1,817,110</u>	<u>\$ 468,608</u>	<u>\$ (156,707)</u>	<u>\$ 2,129,011</u>	<u>17.2%</u>

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 \$12.5 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 has issued limited tax pension obligation bonds, Series 2002, 2003 and 2021. Proceeds from the bond issues were put into PERS “side accounts” 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 \$35.2 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 2023-24 budget will continue to support the District’s Strategic Plan and Vision: PPS Reimagined as well as the goals set by the Board. The budget coincides with the Oregon Legislature’s biennial budget cycle for 2023-25, which includes a \$10.2 billion State School Fund, and full funding for SIA and M98. The biggest unknown for the District continues to be enrollment. The 2023-24 budget assumes enrollment will remain relatively flat which represents approximately a 7.3 percent decline from pre-pandemic enrollment levels. Enrollment for the District as of October 1, 2022, was 45,456 students, a decline of 4,094 from a pre-pandemic high of 49,550. The enrollment decrease is most significant in PPS Elementary schools, which has been offset somewhat by increases at Middle and High schools, as well as Alternative Programs.

Population and enrollment trends in Portland show increases in the overall population within the PPS boundary. District population has grown steadily, from 374,000 in 1980 to approximately 520,000 in 2020. A mid-range forecast estimates a population of 596,000 by 2040. However, declining fertility rates among the fastest-growing cohort of the population, young adults (20 to 34-year-olds) suggest that the population of school-aged children will continue to decline, not keeping pace with the overall population growth.

The 2023-2024 budget takes steps to institutionalize two forces for equity including plans to launch our Center for Black Student Excellence. Despite gains, our system continues to see achievement gaps among our Black students, and we’re hopeful the Center will help address these. We also intend to hire a civil rights coordinator to ensure students are provided school environments free from discrimination, harassment, and bullying.

And we remain deeply committed to providing multi-tiered systems of support. We will continue to fund increased mental and behavioral health services, school counselors, school-based social workers, school psychologists, and substance abuse support. We will continue funding work to strengthen safety and security and create school-based restorative justice systems that address conflicts in our learning spaces.

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>.

BASIC FINANCIAL STATEMENTS

DRAFT 12.21.23

SCHOOL DISTRICT NO.1J, MULTNOMAH COUNTY, OREGON
Statement of Net Position
June 30, 2023
(amounts expressed in thousands)

	Governmental Activities
ASSETS	
Cash and cash equivalents	\$ 373,934
Cash and cash equivalents held by fiscal agents	4,735
Investments	718,175
Accounts and other receivables	96,170
Property taxes and other taxes receivable	15,241
Leases Receivable	7,751
Inventories	1,812
Prepaid items	3,656
Total current assets	1,221,474
Noncurrent assets:	
Net OPEB asset-RHIA	18,153
Capital assets, not depreciated:	
Land	9,174
Construction in progress	565,187
Capital assets, net of accumulated depreciation and amortization:	
Buildings and capital improvements	992,178
Vehicles and equipment	48,144
Right-of-use lease	878
Right-of-use subscriptions	14,105
Total assets	2,869,293
DEFERRED OUTFLOWS OF RESOURCES	
OPEB contributions subsequent to measurement date	6,852
OPEB differences between expected and actual experience	12,129
OPEB differences due to changes in assumptions	5,341
OPEB changes in employer proportion	132
Pension changes in employer proportion	39,642
Pension differences between expected and actual experience	10,811
Pension differences due to changes in assumptions	31,691
Pension differences employer share, system	283,116
Pension contributions subsequent to measurement date	5,311
Total deferred outflows of resources	395,025

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, 2023
(amounts expressed in thousands)

LIABILITIES

Accounts payable	\$ 76,357
Accrued wages and benefits payable	102,289
Unearned revenues	122,521
Claims payable	7,676
Non-current liabilities:	
Due within one year	
Accrued compensated absences	4,085
Accrued interest payable	2,412
Bonds	183,322
Lease payable	186
Subscription payable	992
Due in more than one year	
Accrued compensated absences	2,937
Bonds	1,943,104
Lease payable	711
Subscription payable	696
Net pension liability-PERS	201,914
Total pension liability-stipend	5,985
Total OPEB liability-RHIS	80,123
Total liabilities	<u>2,735,310</u>

DEFERRED INFLOWS OF RESOURCES

Deferred Lease Resources	7,342
OPEB differences between expected and actual experience	2,245
OPEB differences due to changes in assumptions	5,977
OPEB differences between actual and expected earnings	1,384
OPEB changes in employer proportion	3,721
Pension differences due to changes in assumptions	515
Pension differences between employer contribution and proportionate share of contributions	38,729
Pension difference at experience	1,259
Pension changes in employer proportion	156,262
Pension differences between actual and expected earnings	36,098
Total deferred inflows of resources	<u>253,532</u>

NET POSITION

Net investment in capital assets	641,228
Restricted for:	
Capital projects	125,058
Grants	15,710
Student body activities	4,858
Nutrition services	3,479
Debt service	18,756
Net OPEB asset-RHIA	18,153
Unrestricted (deficit)	(551,766)
Total net position	<u>\$ 275,476</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, 2023
(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				
GOVERNMENTAL ACTIVITIES										
Instruction	\$	491,393	\$	363	\$	126,269	\$	-	\$	(364,761)
Support services		414,298		1,997		78,664		-		(333,637)
Enterprise and Community Services		33,374		3,352		10,142		-		(19,880)
Facilities Services		4,845		-		-		2,110		(2,735)
Interest and fees on long-term debt		54,988		-		-		-		(54,988)
Total governmental activities	\$	<u>998,898</u>	\$	<u>5,712</u>	\$	<u>215,075</u>	\$	<u>2,110</u>		<u>(776,001)</u>
GENERAL REVENUES										
Property taxes levied for general purposes										318,131
Property taxes levied for debt service										146,376
Construction excise tax										4,190
Local option taxes levied for general purposes										110,005
State School Fund - general support										265,672
State Common School Fund - general support										6,362
County and intermediate sources - general support										11,067
Investment earnings										28,912
Other										16,875
Total general revenues										<u>907,590</u>
Change in net position										131,589
Net position - beginning of year										143,887
Net position - end of year										<u>\$ 275,476</u>

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



DRAFT 10.21.23

SCHOOL DISTRICT NO.1J, MULTNOMAH COUNTY, OREGON
Governmental Funds
Balance Sheet
June 30, 2023
(amounts expressed in thousands)

	General Fund	Special Revenue Fund
ASSETS		
Cash and cash equivalents-unrestricted	\$ 101,077	\$ 31,783
Cash and cash equivalents held by fiscal agents	4,341	-
Investments	24,914	15,467
Prepaid items	347	20
Accounts receivable	2,703	89,468
Leases receivable	7,751	-
Property taxes and other taxes receivable	11,684	-
Due from other funds	82,060	744
Inventories	539	1,273
Total assets	<u>\$ 235,416</u>	<u>\$ 138,755</u>
LIABILITIES		
Accounts payable	\$ 17,506	\$ 9,577
Accrued wages and benefits	94,256	7,831
Due to other funds	744	82,060
Unearned revenues	-	2,622
Total liabilities	<u>112,506</u>	<u>102,090</u>
DEFERRED INFLOWS OF RESOURCES		
Unavailable property tax revenue	10,071	-
Unavailable leases revenue	7,342	-
Total deferred inflows of resources	<u>17,413</u>	<u>-</u>
FUND BALANCES		
Nonspendable	886	1,293
Restricted	-	24,048
Committed	-	20,209
Assigned	94,984	-
Unassigned	9,627	(8,885)
Total fund balances	<u>105,497</u>	<u>36,665</u>
Total liabilities, deferred inflows and fund balances	<u>\$ 235,416</u>	<u>\$ 138,755</u>

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

Debt Service Fund	Capital Projects Fund	Total Governmental Funds
\$ 8,798	\$ 223,705	\$ 365,363
394	-	4,735
8,794	669,000	718,175
-	2,914	3,281
-	3,999	96,170
-	-	7,751
3,557	-	15,241
-	-	82,804
-	-	1,812
<u>\$ 21,543</u>	<u>\$ 899,618</u>	<u>\$ 1,295,332</u>
\$ -	\$ 48,967	\$ 76,050
-	202	102,289
-	-	82,804
-	119,899	122,521
-	169,068	383,664
3,240	-	13,311
-	-	7,342
<u>3,240</u>	<u>-</u>	<u>20,653</u>
-	2,914	5,093
15,516	714,254	753,818
2,787	3,012	26,008
-	10,370	105,354
-	-	742
<u>18,303</u>	<u>730,550</u>	<u>891,015</u>
<u>\$ 21,543</u>	<u>\$ 899,618</u>	<u>\$ 1,295,332</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, 2023
(amounts expressed in thousands)

Fund balances - governmental funds (page 34)	\$	891,015
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.		1,629,614
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.		13,311
Assets, deferred outflows, liabilities and deferred inflows of the internal service funds are included in activities in the Statement of Net Position.		4,148
Bonds payable are not due and payable in the current period and therefore are not reported in the governmental funds.		(2,126,426)
Lease payable is not recognized as a liability in the governmental funds.		(897)
Subscription payable is not recognized as a liability in the governmental funds.		(1,636)
Actuarially determined pension activity is not reported in the governmental funds.		(70,192)
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.		(7,022)
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.		(3,185)
Accrued interest payable is not recognized as a liability in the governmental funds.		(2,412)
Actuarially determined OPEB activity is not reported in the governmental funds.		(50,842)
Net position of governmental activities (page 33)	<u>\$</u>	<u>275,476</u>

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



DRAFT 10.21.23

SCHOOL DISTRICT NO.1J, MULTNOMAH COUNTY, OREGON
Governmental Funds
Statement of Revenues, Expenditures, and Changes in Fund Balances
For the year ended June 30, 2023
(amounts expressed in thousands)

	General Fund	Special Revenue Fund
REVENUES		
Property and other taxes	\$ 318,222	\$ 343
State School Fund	265,672	-
State Common School Fund	6,362	-
Federal and state support	21	192,723
Local option taxes	110,472	-
County and intermediate sources	8,987	2,080
Charges for services	2,626	3,031
Extracurricular activities	-	5,727
Investment earnings	8,367	477
Other	9,481	9,848
Total revenues	730,210	214,229
EXPENDITURES		
Current:		
Instruction	376,733	94,771
Support services	343,006	86,095
Enterprise and community services	3,114	31,764
Facilities acquisition and construction	-	164
Debt Service:		
Principal	391	507
Interest and fiscal charges	15	3
Total expenditures	723,259	213,304
Excess (deficit) of revenues over expenditures	6,951	925
OTHER FINANCING SOURCES (USES)		
Transfers in	-	56
Transfers out	(1,282)	-
Issuance from the sale of capital assets	66	-
Issuance of bonds	-	-
Premium on issuance of debt	-	-
Issuance of leases	958	-
Issuance of subscriptions	-	615
Total other financing sources (uses)	(258)	671
Net change in fund balances	6,693	1,596
Fund balances - beginning of year	98,804	35,069
Fund balances - end of year	\$ 105,497	\$ 36,665

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

Debt Service Fund	Capital Projects Fund	Total Governmental Funds
\$ 145,774	\$ 4,190	\$ 468,529
-	-	265,672
-	-	6,362
7	11,414	204,165
-	-	110,472
-	-	11,067
79,818	55	85,530
-	-	5,727
4,503	15,401	28,748
-	1,703	21,032
<u>230,102</u>	<u>32,763</u>	<u>1,207,304</u>
-	-	471,504
-	3,321	432,422
-	-	34,878
-	285,284	285,448
147,389	268	148,555
79,350	2	79,370
<u>226,739</u>	<u>288,875</u>	<u>1,452,177</u>
3,363	(256,112)	(244,873)
1,235	610	1,901
-	(619)	(1,901)
-	-	66
-	420,000	420,000
-	44,832	44,832
-	-	958
-	-	615
<u>1,235</u>	<u>464,823</u>	<u>466,471</u>
4,598	208,711	221,598
13,705	521,839	669,417
<u>\$ 18,303</u>	<u>\$ 730,550</u>	<u>\$ 891,015</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, 2023
(amounts expressed in thousands)

Net change in fund balances - total governmental funds (page 38) \$ 221,598

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 and amortization expense. This is the amount by which capital outlays in the current period of \$311,503 exceeded depreciation, amortization and disposals of \$65,897. 245,606

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. 2,172

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. 1,021

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. (73)

The issuance of long-term debt (e.g., bonds, leases, SBITAs) 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. (311,901)

Pension actuarial liability activity is reported in the Statement of Activities but not in the governmental funds. (47,504)

OPEB actuarial liability activity is reported in the Statement of Activities but not in the governmental funds. 4,974

Change in compensated absences (558)

Change in interest payable 16,254

Change in net position of governmental activities (page 31) \$ 131,589

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



DRAFT 10.21.23

SCHOOL DISTRICT NO.1J, MULTNOMAH COUNTY, OREGON
Proprietary Fund - Internal Service Fund
Statement of Net Position
June 30, 2023
(amounts expressed in thousands)

ASSETS

Current Assets

Cash and cash equivalents	\$ 8,571
Prepaid items	375
Total current assets	8,946

Noncurrent Assets

Capital assets, net of accumulated amortization:

Right-of-use subscription	52
Total assets	8,998

LIABILITIES

Current Liabilities

Accounts payable	307
Claims payable	4,491
Subscription payable	26
Total current liabilities	4,824

Long-term Liabilities

Subscription payable	26
Total long term liabilities	26

Total liabilities	4,850
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NET POSITION

Unrestricted	4,148
Total net position	\$ 4,148

DRAFT 12.21.23

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, 2023
(amounts expressed in thousands)

OPERATING REVENUES	
Charges for services	\$ 3,567
Total operating revenues	<u>3,567</u>
OPERATING EXPENSES	
Materials and services	318
Claims expense	<u>3,028</u>
Total operating expenses	<u>3,346</u>
Operating income (loss)	<u>221</u>
NON-OPERATING REVENUES	
Federal and state support	460
Other revenue	176
Investment earnings	<u>164</u>
Total non-operating revenues	<u>800</u>
Change in net position	1,021
Net position - beginning of year	<u>3,127</u>
Net position - end of year	<u><u>\$ 4,148</u></u>

DRAFT 12.21.23

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, 2023
(amounts expressed in thousands)

CASH FLOWS FROM OPERATING ACTIVITIES

Cash received from interfund services provided and used	\$	3,567
Cash payments for salaries and benefits		(188)
Cash payments for goods and services		(195)
Cash payments for claims		(2,554)
Net cash provided by (used for) operating activities		630

CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES

Principal payments on subscriptions payable		(26)
Net cash provided by (used for) capital financing activities		(26)

CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES

Cash subsidy from state return to work reimbursements		460
Cash from other revenue		176
Net cash provided by (used for) noncapital financing activities		636

CASH FLOWS FROM INVESTING ACTIVITIES

Investment earnings		164
Net cash provided by investing activities		164

Net increase in cash and cash equivalents 1,404

Cash and cash equivalents at beginning of year		7,167
Cash and cash equivalents at end of year	\$	8,571

RECONCILIATION OF OPERATING INCOME TO CASH FROM OPERATING ACTIVITIES

Operating income	\$	221
Adjustments to reconcile operating income to net cash from operating activities:		
Increase in accounts and other payables		97
Increase in claims payable		474
Decrease in accrued wages and benefits		(63)
Amortization of right-of-use subscription		26
Decrease in net pension asset and deferred outflows		41
Decrease in net pension liability and deferred inflows		(152)
Decrease in OPEB asset and OPEB related deferred outflows		7
Decrease in OPEB liability and OPEB related deferred inflows		(21)
Total adjustments		409
Net cash used for operating activities	\$	630

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



DRAFT 10.21.23

School District No. 1J, Multnomah County, Oregon

Notes to the Basic Financial Statements

For the Year Ended June 30, 2023

(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, 2023

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – 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.

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

School District No. 1J, Multnomah County, Oregon

Notes to the Basic Financial Statements

For the Year Ended June 30, 2023

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

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 2023.

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.

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.

School District No. 1J, Multnomah County, Oregon
Notes to the Basic Financial Statements
For the Year Ended June 30, 2023
(Dollar amounts, unless otherwise indicated, are expressed in thousands)

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

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

Lease Assets are assets which the District leases for a term of more than one year. The value of the lease is determined by the net present value of the lease at the District’s incremental borrowing rate at the time of the lease agreement, amortized using straight line method over the term of the agreement.

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.

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.

School District No. 1J, Multnomah County, Oregon

Notes to the Basic Financial Statements

For the Year Ended June 30, 2023

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

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.

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.

School District No. 1J, Multnomah County, Oregon

Notes to the Basic Financial Statements

For the Year Ended June 30, 2023

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

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.

Leases and subscriptions payable are reported in the government-wide financial statements as liabilities. The total contract amount is recognized at the net present value of payments expected to be made during the contract term at a borrowing rate either explicitly described in the agreement or implicitly determined by the District as other financing sources at issuance.

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.

School District No. 1J, Multnomah County, Oregon
Notes to the Basic Financial Statements
For the Year Ended June 30, 2023
(Dollar amounts, unless otherwise indicated, are expressed in thousands)

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

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.

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. Lease Receivable

Lease receivables are recognized at the net present value of the leased assets at a borrowing rate either explicitly described in the agreement or implicitly determined by the District, reduced by principal payments received.

R. 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.

S. 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.

School District No. 1J, Multnomah County, Oregon

Notes to the Basic Financial Statements

For the Year Ended June 30, 2023

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

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.
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.

T. 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.

School District No. 1J, Multnomah County, Oregon

Notes to the Basic Financial Statements

For the Year Ended June 30, 2023

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

U. Fund Balance Policy

Per District board policy 8.10.025P, updated in June 2019, the Board has established a goal to fund and maintain a reserve in the General Fund that shall range from 5.00 percent to 10.00 percent of annual General Fund revenues. The goals for the reserve will be set as part of the District's long-range financial plan, with an expectation that the District will achieve and sustain a 10.00 percent reserve. The Board shall establish an annual operating contingency each fiscal year during the budget process.

V. 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, 2023 is \$19,056.

W. New Accounting Standards Implemented

GASB Statement No. 96 *Subscription-Based Information Technology Arrangements* requires recognition of subscription-based information technology arrangements (SBITAs) for governments. This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset (an intangible asset) and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA.

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.

School District No. 1J, Multnomah County, Oregon

Notes to the Basic Financial Statements

For the Year Ended June 30, 2023

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

NOTE 3 – STATE CONSTITUTIONAL PROPERTY TAX LIMITS - continued

The District’s tax rates for the year ended June 30, 2023 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	\$ 151,000,000 (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, 2023, the District’s cash, cash equivalents, and investments were comprised of the following:

	June 30, 2023	Fair Value Measurements Using
Oregon Local Government Investment Pool	\$ 82,609	N/A
Cash held in trust with LGIP and US Bank	1,467	
Cash in demand deposits	289,852	N/A
Petty cash	6	N/A
Total cash and cash equivalents	<u>373,934</u>	
Cash and cash equivalents held by fiscal agents	4,735	N/A
US Treasury securities	204,084	Level 1
US Government agency securities	227,528	Level 2
Commercial Paper	280,354	Level 2
Municipal Bonds	6,209	Level 2
Total investments	<u>718,175</u>	
Total cash, cash equivalents and investments	<u>\$ 1,096,844</u>	

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.

School District No. 1J, Multnomah County, Oregon

Notes to the Basic Financial Statements

For the Year Ended June 30, 2023

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

NOTE 4 – CASH, CASH EQUIVALENTS AND INVESTMENTS – continued

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 twenty-five 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, 2023 are categorized by Moody’s and Standard and Poor’s ratings as follows:

Moody's Rating	U.S. Government & Agency Obligations	Corporate Notes	Municipal Bonds	Total
Aaa	\$ 399,366	\$ 93,305	\$ 6,209	\$ 498,879
Aa2	-	9,670	-	9,670
Aa3	-	53,780	-	53,780
A1	-	89,143	-	89,143
P1	-	34,456	-	34,456
NR	32,246	-	-	32,246
	<u>\$ 431,612</u>	<u>\$ 280,354</u>	<u>\$ 6,209</u>	<u>\$ 718,175</u>

Weighted Average Maturity (Yrs)	0.85	0.51	0.42	0.71
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S&P Rating	U.S. Government & Agency Obligations	Corporate Notes	Municipal Bonds	Total
AAA	\$ -	\$ 44,474	\$ -	\$ 44,474
AA+	399,366	48,830	6,209	454,405
AA	-	14,752	-	14,752
AA-	-	14,839	-	14,839
A+	-	60,341	-	60,341
A	-	74,392	-	74,392
A1	-	22,726	-	22,726
NR	32,246	-	-	32,246
	<u>\$ 431,612</u>	<u>\$ 280,354</u>	<u>\$ 6,209</u>	<u>\$ 718,175</u>

Weighted Average Maturity (Yrs)	0.85	0.51	0.42	0.71
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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.

School District No. 1J, Multnomah County, Oregon

Notes to the Basic Financial Statements

For the Year Ended June 30, 2023

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

NOTE 4 – CASH, CASH EQUIVALENTS AND INVESTMENTS – continued

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, 2023 the District held the following individual non-federal assets that exceeded 5.00 percent of total invested funds:

	Value	Percentage of Total Investments
Apple Inc	\$ 48,831	6.80%

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, 2023, 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, 2023, the carrying amount of the District's balance was \$289,852 and the bank balance was \$293,834.

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, 2023

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

NOTE 5 – RECEIVABLES

Receivables at June 30, 2023 are summarized as follows:

	General Fund	Special Revenue Fund	Debt Service Fund	Capital Projects Fund	Total
Accounts and other receivables:					
Interest Receivable	\$ 15	\$ 146	\$ -	\$ 2,124	\$ 2,285
Accounts receivable	2,688	3,831	-	1,875	8,394
Federal, state and local grants	-	85,491	-	-	85,491
Total accounts and other receivables	2,703	89,468	-	3,999	96,170
Property and other taxes receivable	11,684	-	3,557	-	15,241
Total	\$ 14,387	\$ 89,468	\$ 3,557	\$ 3,999	\$ 111,411

Lease Receivables at June 30, 2023 are summarized as follows:

	Original Amount	Outstanding at June 30, 2022	Additions	Decreases	Outstanding at June 30, 2023
Riverdale Land Lease, interest at 2.583%, principal and interest ranges from \$19 to \$46 monthly, due 2051	\$ 7,328	\$ 7,267	\$ -	\$ (54)	\$ 7,213
Trillium Building Lease, interest at 0.972%, principal and interest ranges from \$14 to \$16 monthly, due 2026	809	703	-	(165)	538
Total	\$ 8,137	\$ 7,970	\$ -	\$ (219)	\$ 7,751

School District No. 1J, Multnomah County, Oregon

Notes to the Basic Financial Statements

For the Year Ended June 30, 2023

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

NOTE 6 – PREPAID ITEMS

A summary of changes in prepaid items for the year ended June 30, 2023 is as follows:

	Beginning Balance	Additions	Reductions	Ending Balance
Postage	\$ 280	\$ 160	\$ (392)	\$ 48
Insurance	2,730	2,480	(2,409)	2,801
Workers Compensation Prefund	375	-	-	375
Other	1,947	452	(1,967)	432
Total Prepaid Assets	<u>\$ 5,332</u>	<u>\$ 3,092</u>	<u>\$ (4,768)</u>	<u>\$ 3,656</u>

Prepaid insurance consists of Owner Controlled Insurance Program (OCIP), which provide liability coverage for major construction contracts, and builders risk insurance for high school rebuilds. The District has two OCIP policies being amortized over five years. OCIP I is being amortized April 2019 to April 2024. OCIP II is being amortized June 2020 to June 2025. The District has two builder’s risk policies for Benson High School. One being amortized over 22 months, August 2022 to May 2024 and the other being amortized over 22 months, December 2022 to September 2024.

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.

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School District No. 1J, Multnomah County, Oregon

Notes to the Basic Financial Statements

For the Year Ended June 30, 2023

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

NOTE 7 – CAPITAL AND RIGHT-OF-USE ASSETS

A summary of changes in capital assets for the year ended June 30, 2023 is as follows:

	Beginning Balance	Additions	Deletions	Transfers	Ending Balance
Capital assets not being depreciated or amortized					
Land	\$ 9,174	\$ -	\$ -	\$ -	\$ 9,174
Construction in progress	343,471	286,135	(15,224)	(49,195)	565,187
Total capital assets not being depreciated or amortized	<u>352,645</u>	<u>286,135</u>	<u>(15,224)</u>	<u>(49,195)</u>	<u>574,361</u>
Capital assets being depreciated or amortized					
Buildings and site improvements	1,267,251	2,613	(12,220)	48,895	1,306,539
Vehicles and equipment	98,775	2,732	(393)	300	101,414
Right-of-use leased equipment	-	958	-	-	958
Right-of-use subscription asset	-	19,065	-	-	19,065
Total capital assets being depreciated or amortized	<u>1,366,026</u>	<u>25,368</u>	<u>(12,613)</u>	<u>49,195</u>	<u>1,427,976</u>
Total general capital assets	<u>1,718,671</u>	<u>311,503</u>	<u>(27,837)</u>	<u>-</u>	<u>2,002,337</u>
Less accumulated depreciation and amortization					
Buildings and site improvements	(294,181)	(29,735)	9,555	-	(314,361)
Vehicles and equipment	(40,430)	(13,228)	388	-	(53,270)
Right-of-use leased equipment	-	(80)	-	-	(80)
Right-of-use subscription asset	-	(4,960)	-	-	(4,960)
Total accumulated depreciation and amortization	<u>(334,611)</u>	<u>(48,003)</u>	<u>9,943</u>	<u>-</u>	<u>(372,671)</u>
Total capital assets, net of accumulated depreciation	<u>\$ 1,384,060</u>	<u>\$ 263,500</u>	<u>\$ (17,894)</u>	<u>\$ -</u>	<u>\$ 1,629,666</u>

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

Instruction	\$ 40,549
Supporting services	2,248
Enterprise and Community Services	166
	<u>\$ 42,963</u>

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

Instruction	\$ 177
Supporting services	1,220
Enterprise and Community Services	3,643
	<u>\$ 5,040</u>

As of June 30, 2023 the District has one school that was closed and idle: Smith elementary school. As of June 30, 2023, the carrying value of this school is \$410 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, 2023

(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, 2023 are as follows:

	Due From	Due To
General Fund	\$ 82,060	\$ 744
Special Revenue Fund	744	82,060
	<u>\$ 82,804</u>	<u>\$ 82,804</u>

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 was advanced \$82,060 by the General Fund to cover unbilled expenditures.

The composition of interfund transfers as of June 30, 2023, is as follows:

	Transfers In	Transfers Out
General Fund	\$ -	\$ 1,282
Special Revenue Fund	56	-
Debt Service Fund	1,235	-
Capital Projects Fund	610	619
	<u>\$ 1,901</u>	<u>\$ 1,901</u>

The District's General Fund made debt service transfers totaling \$616 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 \$56 to the Special Revenue Fund to cover write-offs. The District's General Fund made transfers of \$610 to the Capital Asset Fund for capital asset renewals. The Capital Projects Fund made transfers of \$619 to the Debt Service Fund for principal and interest payments on the District's Full Faith & Credit and QZAB 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, 2022	Increases	Payments	Outstanding June 30, 2023	Due Within One Year
\$ 6,464	\$ 5,538	\$ (4,980)	\$ 7,022	\$ 4,085

School District No. 1J, Multnomah County, Oregon

Notes to the Basic Financial Statements

For the Year Ended June 30, 2023

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

NOTE 10 – BONDED DEBT AND OTHER FINANCING SOURCES

Changes in District long-term debt during fiscal year 2023 were as follows:

	Original Amount	Beginning Balance	Additions	Matured and Redeemed	Ending Balance	Due Within One Year
Pension debt:						
Limited tax pension bonds						
Series 2002	\$ 210,104	\$ 126,680	\$ -	\$ (17,945)	\$ 108,735	\$ 20,155
Series 2003	281,170	163,906	-	(7,536)	156,370	28,665
Series 2021	399,390	388,600	-	(12,815)	375,785	13,420
Total pension debt (Note 11)	<u>890,664</u>	<u>679,186</u>	-	<u>(38,296)</u>	<u>640,890</u>	<u>62,240</u>
Other Debt:						
Recovery Zone Economic Development Bonds	11,000	607	-	(607)	-	-
General Obligation Bonds Series 2013B	68,575	3,160	-	(3,160)	-	-
General Obligation Bonds Series 2015B	244,700	110,410	-	(6,340)	104,070	6,980
QZAB Series 2016	4,000	3,000	-	(200)	2,800	200
Full Faith and Credit Obligations Series 2016	5,048	3,613	-	(315)	3,298	325
General Obligation Bonds Series 2017B	241,890	175,380	-	(2,650)	172,730	2,985
General Obligation Bonds Series 2020	441,320	344,765	-	(36,945)	307,820	40,430
General Obligation Bonds Series 2020B	365,465	325,225	-	(57,970)	267,255	-
General Obligation Bonds Series 2020C	53,965	52,520	-	(905)	51,615	4,070
General Obligation Bonds Series 2023	420,000	-	420,000	-	420,000	56,785
Total other debt	<u>1,855,963</u>	<u>1,018,680</u>	<u>420,000</u>	<u>(109,092)</u>	<u>1,329,588</u>	<u>111,775</u>
Total long-term debt	<u>\$ 2,746,627</u>	<u>1,697,866</u>	<u>420,000</u>	<u>(147,388)</u>	<u>1,970,478</u>	<u>174,015</u>
Unamortized bond premium (discount)		<u>119,244</u>	<u>44,832</u>	<u>(8,128)</u>	<u>155,948</u>	<u>9,307</u>
Total long-term debt, net of premiums (discounts)		<u>\$ 1,817,110</u>	<u>\$ 464,832</u>	<u>\$ (155,516)</u>	<u>\$ 2,126,426</u>	<u>\$ 183,322</u>

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.

School District No. 1J, Multnomah County, Oregon

Notes to the Basic Financial Statements

For the Year Ended June 30, 2023

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

NOTE 10 – BONDED DEBT AND OTHER FINANCING SOURCES – continued

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.

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 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 July 15, 2021 the District issued \$399,390 in Limited Tax Pension Bonds, Series 2021. The interest rate is fixed at rates ranging from 0.30 to 2.50 percent and interest payments on the bonds are payable semiannually in June and December. The bonds mature on June 30, 2040 if not redeemed earlier pursuant to optional early redemption. The Series 2021 bonds maturing in years 2022 through 2031 are not subject to optional redemption. The Series 2021 bonds maturing on or after June 30, 2032 are subject to optional prepayment in whole or in part at the option of the District.

Under the terms of the borrowing agreements for the 2002 and 2003 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. Under the terms of the borrowing agreement for the 2021 Limited Tax Pension Bonds, the District is bound by an intercept agreement whereby U.S. Bank NA, as Trustee, directly receives specified amounts that have been withheld from the District's State School Fund support payments that are deposited in trust with U.S. Bank NA. Wells Fargo Bank Northwest NA and U.S. Bank NA then make the scheduled semi-annual debt service payments from the LGIP or U.S. Bank NA trust accounts respectively.

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 on the outstanding Bonds is fixed at 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,

School District No. 1J, Multnomah County, Oregon

Notes to the Basic Financial Statements

For the Year Ended June 30, 2023

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

NOTE 10 – BONDED DEBT AND OTHER FINANCING SOURCES – continued

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 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 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 \$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.

As part of a \$1,208 million capital bond measure passed by District voters in 2020, the District has issued the following General Obligation debt to finance school renovation and replacement:

On December 30, 2020 the District issued \$365,465 in General Obligation Bonds, Series 2020B. The interest rate is fixed at rates ranging from 1.50 to 5.00 percent. Interest payments on the bonds are payable semiannually in June and December, beginning December 15, 2021. The Series 2020B 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, 2046 with principal payments due annually on June 15. The bonds were issued at a premium of \$29,574 which is being amortized over the life of the bonds.

On December 30, 2020 the District issued \$53,965 in General Obligation Bonds, Series 2020C. The interest rate is fixed at rates ranging from 1.05 to 2.00 percent. Interest payments on the bonds are payable semiannually in June and December, beginning June 15, 2021. The Series 2020C 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

School District No. 1J, Multnomah County, Oregon

Notes to the Basic Financial Statements

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

NOTE 10 – BONDED DEBT AND OTHER FINANCING SOURCES – continued

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, 2033 with principal payments due annually on June 15. The bonds were issued at a premium of \$1,631 which is being amortized over the life of the bonds.

On April 27, 2023 the District issued \$420,000 in General Obligation Bonds, Series 2023. The interest rate is fixed at rates ranging from 4.00 to 5.00 percent. Interest payments on the bonds are payable semiannually in June and December, beginning December 15, 2023. The Series 2023 Bonds maturing on June 15, 2034 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, 2033 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, 2049 with principal payments due annually on June 15. The bonds maturing on June 15, 2049 are subject to partial mandatory redemption on June 15, 2047 and June 15, 2048. The bonds were issued at a premium of \$44,832 which is being amortized over the life of the bonds.

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 made semi-annual interest payments and annual principal payments, and the bonds matured on December 1, 2022. The bond's interest payments of 5.05 percent were 42.4 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, 2017B, 2020, 2020B, 2020C and 2023 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, 2023.

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Notes to the Basic Financial Statements

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NOTE 10 – BONDED DEBT AND OTHER FINANCING SOURCES – continued

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.

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

Fiscal Year	Limited Tax Pension Bonds	Other Full Faith & Credit	General Obligation Bonds	QZAB	Total
Principal:					
2024	\$ 62,240	\$ 325	\$ 111,250	\$ 200	\$ 174,015
2025	68,320	335	124,315	200	193,170
2026	76,755	345	55,205	200	132,505
2027	83,940	355	60,690	200	145,185
2028	50,670	365	66,345	200	117,580
2029-2033	104,840	1,573	304,660	1,000	412,073
2034-2038	142,605	-	230,065	800	373,470
2039-2043	51,520	-	197,160	-	248,680
2044-2048	-	-	147,275	-	147,275
2049-2053	-	-	26,525	-	26,525
Total Principal	640,890	3,298	1,323,490	2,800	1,970,478
Interest:					
2024	\$ 22,440	\$ 94	\$ 54,320	\$ -	\$ 76,854
2025	19,626	84	46,220	-	65,930
2026	16,447	74	40,133	-	56,654
2027	12,818	63	37,509	-	50,390
2028	8,811	52	34,802	-	43,665
2029-2033	29,950	95	132,062	-	162,107
2034-2038	16,733	-	81,318	-	98,051
2039-2043	1,711	-	44,480	-	46,191
2044-2048	-	-	18,611	-	18,611
2049-2053	-	-	1,061	-	1,061
Total Interest	128,536	462	490,516	-	619,514
Total Debt Service	\$ 769,426	\$ 3,760	\$ 1,814,006	\$ 2,800	\$ 2,589,992

D. Lease Payables

Per GASB 87, lease payables are recognized at the net present value of payments expected to be made during the lease term at a borrowing rate either explicitly described in the agreement or implicitly determined by the District.

On February 1, 2023 the District entered into a long-term agreement as the lessee to lease print shop equipment. The lease amount is \$17 per month for a term of 120 months including interest at a rate of 2.68 percent. The final lease payment is due January 31, 2033. The lease agreement provides for up to five extension options of twelve months each. The District has a termination period of one month as of the lease commencement date.

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Notes to the Basic Financial Statements

For the Year Ended June 30, 2023

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NOTE 10 – BONDED DEBT AND OTHER FINANCING SOURCES – continued

Changes in lease payable are as follows:

Description	Outstanding July 1, 2022	Increases	Decreases	Outstanding June 30, 2023
Print shop equipment	\$ -	\$ 958	\$ (61)	\$ 897
Total lease payables	<u>\$ -</u>	<u>\$ 958</u>	<u>\$ (61)</u>	<u>\$ 897</u>

Future lease payments are as follows:

Fiscal Year	Principal	Interest	Total
2024	\$ 186	\$ 22	\$ 208
2025	192	16	208
2026	197	11	208
2027	202	6	208
2028	120	1	121
	<u>\$ 897</u>	<u>\$ 56</u>	<u>\$ 953</u>

E. Subscription Based Information Technology Agreement (SBITA) Payables

Per GASB 96, SBITA Payables are recognized at the net present value of payments expected to be made during the agreement term at a borrowing rate either explicitly described in the agreement or implicitly determined by the District. The District has multiple agreements with various entities. SBITA expenses totaled approximately \$18,449 for the year ended June 30, 2023.

Changes in SBITA payables are as follows:

Description	July 1, 2022	Increases	Decreases	June 30, 2023
Total SBITA payables	\$ -	\$ 2,818	\$ (1,130)	\$ 1,688

School District No. 1J, Multnomah County, Oregon

Notes to the Basic Financial Statements

For the Year Ended June 30, 2023

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

NOTE 10 – BONDED DEBT AND OTHER FINANCING SOURCES – continued

The District has previously entered into multiple subscription-based information technology arrangements (SBITA) for software licenses that extend over a year. All SBITAs either had an initial payment for the entire period or have a schedule of payments over the contract period.

The breakdown of the SBITAs are as follows:

Commencement	End Date	Initial Asset Value	Net Asset Value as of June 30, 2023	Initial Subscription Liability	Associated Interest Rate	Subscription Liability as of June 30, 2023
7/1/2022	7/31/2023	\$ 82	\$ 6	\$ -	N/A	\$ -
7/1/2022	9/14/2023	115	20	-	N/A	-
7/1/2022	9/18/2023	186	33	-	N/A	-
7/1/2022	9/30/2023	74	15	-	N/A	-
7/1/2022	11/30/2023	230	68	230	1.7103%	115
7/1/2022	3/31/2024	250	107	-	N/A	-
7/1/2022	6/30/2024	404	202	404	2.0237%	200
7/1/2022	7/31/2024	2,417	1,257	-	N/A	-
7/1/2022	9/23/2024	87	48	87	2.0237%	43
7/1/2022	9/30/2024	145	81	145	2.0237%	72
7/1/2022	6/30/2025	388	258	388	2.1843%	260
7/1/2022	6/30/2025	154	103	154	2.1843%	102
7/1/2022	6/30/2025	476	317	476	2.1843%	230
7/1/2022	6/30/2025	615	410	615	2.1843%	406
7/1/2022	6/30/2026	133	100	-	N/A	-
7/1/2022	1/31/2027	61	48	61	2.3657%	60
7/1/2022	3/31/2027	258	204	258	2.3657%	200
7/1/2022	5/24/2028	4,839	4,019	-	N/A	-
7/1/2022	6/14/2028	4,944	4,114	-	N/A	-
8/10/2022	8/9/2025	448	315	-	N/A	-
8/10/2022	8/9/2025	755	530	-	N/A	-
8/10/2022	8/9/2028	794	676	-	N/A	-
8/18/2022	9/14/2028	55	47	-	N/A	-
5/24/2023	5/23/2029	341	335	-	N/A	-
6/11/2023	6/12/2025	815	792	-	N/A	-
			<u>\$ 14,105</u>			<u>\$ 1,688</u>

Future subscription payments are as follows:

Fiscal Year	Principal	Interest	Total
2024	\$ 992	\$ 37	\$ 1,029
2025	591	15	606
2026	93	2	95
2027	12	-	12
	<u>\$ 1,688</u>	<u>\$ 54</u>	<u>\$ 1,742</u>

School District No. 1J, Multnomah County, Oregon

Notes to the Basic Financial Statements

For the Year Ended June 30, 2023

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

NOTE 10 – BONDED DEBT AND OTHER FINANCING SOURCES – continued

F. Accrued Interest Payable

Changes in District accrued interest during fiscal year 2023 were as follows:

Accrued Interest:	Beginning Balance	Additions	Payments and Reductions	Ending Balance
Current Portion				
Bond	\$ 18,666	63,066	\$ (79,350)	\$ 2,382
Lease	-	10	(8)	2
Subscriptions	-	39	(11)	28
Total Accrued Interest	<u>\$ 18,666</u>	<u>\$ 63,115</u>	<u>\$ (79,369)</u>	<u>\$ 2,412</u>

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	\$ (201,914)	\$ (5,985)	\$ (207,899)
Total Pension Expense	\$ 49,890	\$ 586	\$ 50,476
Pension Deferred Outflows of Resources	\$ 368,727	\$ 1,844	\$ 370,571
Pension Deferred Inflows of Resources	\$ (232,637)	\$ (226)	\$ (232,863)

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>.

School District No. 1J, Multnomah County, Oregon

Notes to the Basic Financial Statements

For the Year Ended June 30, 2023

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

NOTE 11 – PENSION PLANS – continued

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.

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 fair 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.

School District No. 1J, Multnomah County, Oregon

Notes to the Basic Financial Statements

For the Year Ended June 30, 2023

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NOTE 11 – PENSION PLANS – continued

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.
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, 2019 actuarial valuation. The rates based on a percentage of payroll, first became effective July 1, 2021. 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, 2023 were:

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

The District contributed approximately \$4,486 for the year ended June 30, 2023.

School District No. 1J, Multnomah County, Oregon

Notes to the Basic Financial Statements

For the Year Ended June 30, 2023

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

NOTE 11 – PENSION PLANS – continued

Actuarial Valuations:

The employer contribution rates effective July 1, 2021 through June 30, 2023, were set using the entry age normal actuarial cost method. For the Tier One / Tier Two component of the 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.

Actuarial Methods and Assumptions:

Valuation Date	December 31, 2020
Measurement Date	June 30, 2022
Experience Study	2020, published July 20, 2021
Actuarial Assumptions:	
Actuarial cost method	Entry Age Normal
Inflation rate	2.40 percent
Long-term expected rate of return	6.90 percent
Discount rate	6.90 percent
Projected salary increases	3.40 percent
COLA	Blend of 2.00% COLA and graded COLA (1.25%/0.15%) in accordance with Moro decision; blend based on service
Mortality	<p>Healthy retirees and beneficiaries: Pub-2010 Healthy Retiree, sex distinct, generational with Unisex, Social Security Data Scale, with job category adjustments and set-backs as described in the valuation</p> <p>Active members: Pub-2010 Employee, sex distinct, generational with Unisex, Social Security Data Scale, with job category adjustments and set-backs as described in the valuation</p> <p>Disabled retirees: Pub-2010 Disabled Retiree sex distinct, generational with Unisex, Social Security Data Scale, with job category adjustments and set-backs as described in the valuation</p>

Source: OPERS Annual Comprehensive Financial Report, For the Fiscal Year Ended June 30, 2022

School District No. 1J, Multnomah County, Oregon

Notes to the Basic Financial Statements

For the Year Ended June 30, 2023

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NOTE 11 – PENSION PLANS – continued

Actuarial valuations of an ongoing plan involve estimates of the value of projected benefits and assumptions about the probability of events far into the future. Actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. Experience studies are performed as of December 31 of even numbered years. The methods and assumptions shown above are based on the 2020 Experience Study.

Discount Rate:

The discount rate used to measure the total pension liability was 6.90 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.

Depletion Date Projection:

GASB 68 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 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 the plan:

- PERS has a formal written policy to calculate an Actuarially Determined Contribution (ADC), which is articulated in the actuarial valuation report.
- The ADC is based on a closed, layered amortization period, which means that payment of the full ADC each year will bring the plan to a 100% funded position by the end of the amortization period if future experience follows assumption.
- GASB 68 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 PERS' independent actuary's opinion that the detailed depletion date projections outlined in GASB 68 would clearly indicate that the Fiduciary Net Position is always projected to be sufficient to cover benefit payments and administrative expenses.

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Notes to the Basic Financial Statements

For the Year Ended June 30, 2023

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NOTE 11 – PENSION PLANS – continued

Assumed Asset Allocation:

Asset Class/Strategy	Low Range	High Range	OIC Target Allocation
Debt Securities	15.0 %	25.0 %	20.0 %
Public Equity	25.0	35.0	30.0
Real Estate	7.5	17.5	12.5
Private Equity	15.0	27.5	20.0
Risk Parity	0.0	3.5	2.5
Real Assets	2.5	10.0	7.5
Diversifying Strategies	2.5	10.0	7.5
Opportunity Portfolio	0.0	5.0	0.0
Total			100.0 %

Source: OPERS Annual Comprehensive Financial Report, For the Fiscal Year Ended June 30, 2022

Long-Term Expected Rate of Return:

To develop an analytical basis for the selection of the long-term expected rate of return assumption, in June 2021 the 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	20-Year Annualized Geometric Mean
Global Equity	30.62 %	5.85 %
Private Equity	25.50	7.71
Core Fixed Income	23.75	2.73
Real Estate	12.25	5.66
Master Limited Partnerships	0.75	5.71
Infrastructure	1.50	6.26
Commodities	0.63	3.10
Hedge Fund of Funds - Multistrategy	1.25	5.11
Hedge Fund Equity - Hedge	0.63	5.31
Hedge fund - Macro	5.62	5.06
US Cash	-2.50	1.76
Assumed Inflation – Mean		2.40 %

Source: OPERS Annual Comprehensive Financial Report, For the Fiscal Year Ended June 30, 2022

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Notes to the Basic Financial Statements

For the Year Ended June 30, 2023

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NOTE 11 – PENSION PLANS – 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 6.90 percent, as well as what the District’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (5.90 percent) or one percentage point higher (7.90 percent) than the current rate:

	1% Decrease (5.90%)	Discount Rate (6.90%)	1% Increase (7.90%)
Proportionate share of the net pension liability	\$358,077	\$201,914	\$71,213

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, 2023, the District reported a liability of \$201,914 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2020. The District’s proportion of the net pension liability was based on the District’s projected long-term contribution effort as compared to the total projected long-term contribution effort of all employers. At June 30, 2023, the District’s proportion was 1.32 percent, which is a decrease of 0.92 from the District’s proportion of 2.24 percent for the year ended June 30, 2022.

For the year ended June 30, 2023, the District recognized pension expense of \$49.9 million for the defined benefit portion of the pension plan. At June 30, 2023, 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	\$ 39,642	\$ (156,262)
Pension differences between employer contribution and proportionate share of contributions	283,116	(38,729)
Pension differences between expected and actual experience	9,801	(1,259)
Pension differences due to changes in assumptions	31,682	(289)
Pension differences between expected and actual earnings	-	(36,098)
Total (prior to post-measurement date contributions)	364,241	(232,637)
Pension contributions subsequent to measurement date	4,486	-
Net Deferred Outflow/(Inflow) of Resources	\$ 368,727	\$ (232,637)

Source: OPERS Schedule of Pension Amounts under GASB 68, June 30, 2022

School District No. 1J, Multnomah County, Oregon

Notes to the Basic Financial Statements

For the Year Ended June 30, 2023

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

NOTE 11 – PENSION PLANS – continued

The deferred outflow of resources of \$4.5 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, 2024. 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 2024	\$ 21,774
Fiscal Year 2025	29,909
Fiscal Year 2026	13,647
Fiscal Year 2027	48,361
Fiscal Year 2028	17,911
Total	\$ 131,602

Source: OPERS Schedule of Pension Amounts under GASB 68, June 30, 2022

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.

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.

School District No. 1J, Multnomah County, Oregon

Notes to the Basic Financial Statements

For the Year Ended June 30, 2023

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

NOTE 11 – PENSION PLANS – continued

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, 2023. Included in accrued liabilities at June 30, 2023 are \$2.1 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 \$6.0 million was measured as of June 30, 2022, rolled forward to June 30, 2023, and was determined by an actuarial valuation as of July 1, 2022.

School District No. 1J, Multnomah County, Oregon

Notes to the Basic Financial Statements

For the Year Ended June 30, 2023

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

NOTE 11 – PENSION PLANS – continued

Actuarial Assumptions and Other Inputs

The total Stipend liability in the June 30, 2023 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Valuation Date	July 1, 2022
Measurement Date	June 30, 2022
Inflation	2.40%
Projected salary growth	3.40%
Discount rate	3.54%
Withdrawal, retirement, and mortality rates	December 31, 2020 Oregon PERS valuation
Lapse rates	5% annual lapse rate
Actuarial cost method	Entry Age Normal Level Percent of Pay
Demographic Assumptions	
Mortality	Pub-2010 sex-distinct base tables, as specified below. Male retiree: Blend 80% Teachers and 20% general Employees, no set back Male spouse: General Employees, set back 12 months Female retiree: Teachers, no set back Female spouse: General Employees, 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, 2023 reporting date is 3.54 percent, reflecting the Bond Buyer 20-Year General Obligation Bond Index.

School District No. 1J, Multnomah County, Oregon

Notes to the Basic Financial Statements

For the Year Ended June 30, 2023

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

NOTE 11 – PENSION PLANS – continued

Changes in the Total Stipend Liability:

	<u>Total Stipend Liability</u>	
Balance at 6/30/2022	\$	5,468
Changes for the year:		
Service cost		185
Interest		113
Effect of economic/demographic gains or losses		1,285
Effect of assumptions changes or inputs		(274)
Benefit payments		(792)
Net changes		517
Balance at 6/30/2023	\$	<u>5,985</u>

Changes in assumptions and other inputs reflect a change in the discount rate from 2.16% in 2022 to 3.54% in 2023.

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 (2.54 percent) or 1-percentage-point higher (4.54 percent) than the current discount rate:

	1% Decrease	Discount Rate	1% Increase
	<u>(2.54%)</u>	<u>(3.54%)</u>	<u>(4.54%)</u>
Total Stipend Liability	\$ 6,200	\$ 5,985	\$ 5,767

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

For the year ended June 30, 2023, the District recognized stipend benefit of \$586. At June 30, 2023, the District reported deferred outflows of resources and deferred inflows of resources related to the stipend from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Pension differences between expected and actual experience	\$ 1,010	\$ -
Pension differences due to changes in assumptions	10	(226)
Total (prior to post-measurement date contributions)	1,020	(226)
Pension contributions subsequent to measurement date	824	-
Net Deferred Outflow/(Inflow) of Resources	<u>\$ 1,844</u>	<u>\$ (226)</u>

School District No. 1J, Multnomah County, Oregon
Notes to the Basic Financial Statements
For the Year Ended June 30, 2023
(Dollar amounts, unless otherwise indicated, are expressed in thousands)

NOTE 11 – PENSION PLANS – continued

Deferred outflows of resources related to the stipend of \$824 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, 2024.

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 2024	\$ 272
Fiscal Year 2025	250
Fiscal Year 2026	247
Fiscal Year 2027	25
Total	<u>\$ 794</u>

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School District No. 1J, Multnomah County, Oregon

Notes to the Basic Financial Statements

For the Year Ended June 30, 2023

(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:

	<u>RHIS</u>	<u>RHIA</u>	<u>Net</u>
Total OPEB Liability	\$ (80,123)	\$ -	\$ (80,123)
Net OPEB Asset	\$ -	\$ 18,153	\$ 18,153
Total OPEB Expense	\$ (6,705)	\$ (4,827)	\$ (11,532)
OPEB Deferred Outflows of Resources	\$ 24,122	\$ 332	\$ 24,454
OPEB Deferred Inflows of Resources	\$ (7,125)	\$ (6,202)	\$ (13,327)

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 6,011 active and 399 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, 2023, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	290
Inactive employees entitled to but not yet receiving benefit payments	109
Active employees	<u>6,011</u>
	<u><u>6,410</u></u>

School District No. 1J, Multnomah County, Oregon

Notes to the Basic Financial Statements

For the Year Ended June 30, 2023

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

NOTE 12 - OTHER POST-EMPLOYMENT BENEFITS - continued

Total RHIS Liability

The District's total RHIS liability of \$80.1 million was measured as of June 30, 2022, rolled forward to June 30, 2023, and was determined by an actuarial valuation as of June 30, 2022.

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 to 6.75 percent in the first year and reach an eventual ultimate rate of 3.75 percent. These trends are based on a long-term medical trend model published and updated by the Society of Actuaries. Known as the “Getzen model”, it produces long-range trend assumptions built on assumed long-term relationships between certain key economic factors. 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.

Changes in the Total RHIS Liability

	Increase (Decrease) in Total RHIS Liability
Balance at 6/30/2022	\$ 75,893
Changes for the year:	
Service cost	3,200
Interest	1,630
Effect of economic/demographic gains or losses	11,881
Effect of assumptions changes or inputs	(5,227)
Benefit payments	(7,254)
Net changes	<u>4,230</u>
Balance at 6/30/2023	<u>\$ 80,123</u>

Changes in assumptions and other inputs reflect a change in the discount rate 2.16% in 2022 to 3.54% in 2023.

School District No. 1J, Multnomah County, Oregon

Notes to the Basic Financial Statements

For the Year Ended June 30, 2023

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

NOTE 12 - OTHER POST-EMPLOYMENT BENEFITS - continued

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 (2.54 percent) or 1-percentage-point higher (4.54 percent) than the current discount rate:

	<u>1% Decrease</u> <u>(2.54%)</u>	<u>Discount Rate</u> <u>(3.54%)</u>	<u>1% Increase</u> <u>(4.54%)</u>
Total RHIS Liability	\$ 84,924	\$ 80,123	\$ 75,519

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:

	<u>1% Decrease</u>	<u>Current Trend</u> <u>Rate</u>	<u>1% Increase</u>
Total RHIS Liability	\$ 73,818	\$ 80,123	\$ 87,284

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

For the year ended June 30, 2023, the District recognized RHIS expense of \$6.7 million. At June 30, 2023, the District reported deferred outflows of resources and deferred inflows of resources related to RHIS from the following sources:

	<u>Deferred Outflows</u> <u>of Resources</u>	<u>Deferred Inflows</u> <u>of Resources</u>
OPEB differences between expected and actual experience	\$ 12,129	\$ (1,753)
OPEB differences due to changes in assumptions	5,199	(5,372)
Total (prior to post-measurement date contributions)	17,328	(7,125)
OPEB contributions subsequent to measurement date	6,794	-
Total as of June 30, 2021	<u>\$ 24,122</u>	<u>\$ (7,125)</u>

Deferred outflows of resources related to RHIS of \$6.8 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, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to RHIS will be recognized in RHIS expense as follows:

School District No. 1J, Multnomah County, Oregon

Notes to the Basic Financial Statements

For the Year Ended June 30, 2023

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

NOTE 12 - OTHER POST-EMPLOYMENT BENEFITS - continued

Employer subsequent fiscal years	Deferred Outflow/(Inflow) of Resources (prior to post-measurement date contributions)	
Fiscal Year 2024	\$	1,875
Fiscal Year 2025		1,875
Fiscal Year 2026		2,191
Fiscal Year 2027		1,518
Fiscal Year 2028		708
Thereafter		2,036
Total	\$	10,203

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.

School District No. 1J, Multnomah County, Oregon
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(Dollar amounts, unless otherwise indicated, are expressed in thousands)

NOTE 12 - OTHER POST-EMPLOYMENT BENEFITS – continued

The District’s rates in effect for the fiscal year ended June 30, 2023 were:

Tier One / Tier Two	0.05%
OPSRP General Service	0.00%

District contributions for the year ended June 30, 2023 were \$58.

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

At June 30, 2023, the District reported an asset of \$18.2 million for its proportionate share of the OPERS net RHIA asset. The net RHIA asset was measured as of June 30, 2022, and the total RHIA liability used to calculate the net RHIA asset was determined by an actuarial valuation as of December 31, 2020. 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, 2023, the District’s proportionate share was 5.11%, which is an increase of 2.44% from its proportion of 2.67% as of June 30, 2022.

For the year ended June 30, 2023, the District recognized RHIA benefit from this plan of \$4,822. At June 30, 2023, 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
RHIA differences between expected and actual experience	\$ -	\$ (492)
RHIA differences due to changes in assumptions	142	(605)
RHIA net difference between projected and actual earnings on investments	-	(1,384)
RHIA changes in employer proportion	132	(3,721)
	274	(6,202)
RHIA contributions subsequent to measurement date	58	-
Total	\$ 332	\$ (6,202)

Source: OPERS Schedule of OPEB Amounts under GASB 75, June 30, 2022

School District No. 1J, Multnomah County, Oregon

Notes to the Basic Financial Statements

For the Year Ended June 30, 2023

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

NOTE 12 - OTHER POST-EMPLOYMENT BENEFITS – continued

Deferred outflows of resources related to RHIA of \$58 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, 2024. 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 2023	\$ (3,415)
Fiscal Year 2024	(2,083)
Fiscal Year 2025	(873)
Fiscal Year 2026	443
Total	<u>\$ (5,928)</u>

Source: OPERS Schedule of OPEB Amounts under GASB 75, June 30, 2022

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.

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 (5.90 percent) or 1-percentage-point higher 7.90 percent) than the current discount rate:

	1% Decrease (5.90%)	Discount Rate (6.90%)	1% Increase (7.90%)
Net RHIA liability (asset)	\$ (16,361)	\$ (18,153)	\$ (19,689)

RHIA Plan Fiduciary Net Position

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

School District No. 1J, Multnomah County, Oregon

Notes to the Basic Financial Statements

For the Year Ended June 30, 2023

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

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 \$3.6 million of revenues from other governmental funds for the year ended June 30, 2023.

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, 2021 through 2023. There have been no reductions to the District's insurance coverage during the year ended June 30, 2023. The District anticipates that all accrued claims losses will be paid within twelve months.

The total claims payable at June 30, 2023 of \$7.7 million was made up of approximately \$4.5 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, 2021, through June 30, 2023, were as follows:

Fiscal Year	Beginning Balance	New Claims	Payments on Claims	Ending Balance
2021	6,853	2,516	(3,795)	5,574
2022	5,574	5,540	(3,985)	7,129
2023	7,129	4,726	(4,179)	7,676

NOTE 14 – COMMITMENTS AND CONTINGENT LIABILITIES

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	Commitment
Andersen Construction Co of Oregon LLC	\$ 132,236
Inline Commercial Construction Inc	34,858
Bora Architects Inc	18,923
Hoffman Construction Company of Oregon	11,225
Rosemary Anderson High School	7,419
Skyward Construction	6,089
Portland Community College	5,510
First Cascade Corp	4,427
OH Planning Design Architecture	3,445
Falcrum Company NW	3,424
	<u>\$ 227,556</u>

School District No. 1J, Multnomah County, Oregon
Notes to the Basic Financial Statements
For the Year Ended June 30, 2023
(Dollar amounts, unless otherwise indicated, are expressed in thousands)

NOTE 14 – COMMITMENTS AND CONTINGENT LIABILITIES - continued

Future District service commitments by fund are as follows:

	Commitments
General Fund	\$ 12,929
Capital Projects Fund	214,627
	\$ 227,556

Dr. Matthew Prophet Education Center (PEC)

In June 2000, Multnomah County leased a portion of the District’s headquarters 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, 2023 the Multnomah County Reserve balance held in the Facilities Capital Fund, a sub-fund of the Capital Projects Fund, was \$541.

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, 2023

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

NOTE 15 – FUND BALANCES

Fund balances by classification for the year ended June 30, 2023 are as follows:

	General Fund	Special Revenue Fund	Debt Service Fund	Capital Projects Fund	Total Governmental Funds
Nonspendable					
Prepaid items	\$ 347	\$ 20	\$ -	\$ 2,914	\$ 3,281
Inventories	539	1,273	-	-	1,812
	<u>886</u>	<u>1,293</u>	<u>-</u>	<u>2,914</u>	<u>5,093</u>
Restricted	-	24,048	15,516	714,254	753,818
Committed	-	20,209	2,787	3,012	26,008
Assigned	94,984	-	-	10,370	105,354
Unassigned	9,627	(8,885)	-	-	742
Total fund balances	<u>\$ 105,497</u>	<u>\$ 36,665</u>	<u>\$ 18,303</u>	<u>\$ 730,550</u>	<u>\$ 891,015</u>

NOTE 16 – RELATED ORGANIZATIONS

The District includes five charter schools that are legally separate, tax-exempt organizations. The most recent data available indicates charter school total students were 1,294 (representing 2.8% of the District’s total enrollment); and that charter schools’ Net Position was \$4,574. 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, 2023 are recorded in the General Fund as follows:

	Arts Tax Revenues	Arts Tax Expenditures ¹	FTE Funded	Number of Schools Funded
Non-Charter Schools	\$ 4,792	\$ 5,479	61.50	60
Charter Schools	163	174	3.60	5
District Total	<u>\$ 4,955</u>	<u>\$ 5,653</u>	<u>65.1</u>	<u>65</u>

¹ 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, 2023

(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.

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.

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.

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.

Housing Authority Partnership (ORS 456.225)

The property of a housing authority is declared to be public property used for essential public and governmental purposes. The property and the housing authority are exempt from all taxes and special assessments of the city, the county, the state or any political subdivision of the city, county or state.

School District No. 1J, Multnomah County, Oregon

Notes to the Basic Financial Statements

For the Year Ended June 30, 2023

(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 2022-2023. 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	\$ 4,205
Day Care Centers, Student Housing & Religious Schools	3,019
Transit Oriented Development, Portland	1,973
Historic Property	1,006
Housing Authority Partnership	657
All other exemption programs	1,484
Total Abatements	<u>\$ 12,344</u>

NOTE 19 – SUBSEQUENT EVENTS

The date to which events occurring after June 30, 2023, the date of the most recent statement of net position, has been evaluated for possible adjustment to the financial statements or disclosure is **December xx, 2023**, which is the date on which the financial statements were available to be issued.

On November 26, 2023, Portland Public Schools and the Portland Association of Teachers (PAT) reached a contract agreement for the period July 1, 2023 to June 30, 2026. The contract agreement includes increases in cost of living adjustments and stipends for specific PAT groups. The cost of living adjustment for fiscal year 2024 is 6.25%. At December 29, 2023, the District will make compensation payments, retroactive to July 1, 2023. The estimated cost of these payments, including fringe benefits, is \$5.8M.



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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.

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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 ¹
(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	-
Change of economics/demographic gains/losses	N/A	-	-	-
Changes of assumptions or other inputs	N/A	(2,848)	8,157	1,744
Benefit payments	N/A	(8,575)	(8,024)	(8,697)
Net change in total OPEB liability	N/A	(6,714)	11,518	(983)
Total OPEB liability - beginning	N/A	77,498	70,784	82,302
Total OPEB liability - ending	<u>\$ 77,498</u>	<u>\$ 70,784</u>	<u>\$ 82,302</u>	<u>\$ 81,319</u>
Covered-employee payroll	\$ 327,668	\$ 344,646	\$ 356,540	\$ 375,041
Total OPEB liability as a percentage of covered-employee payroll	23.65%	20.54%	23.08%	21.68%

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

² Assets are not accumulated in a trust that meets the criteria of GASB codification P22.101 or P52.101 to pay related benefits for the OPEB plan.

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.

2021	2022	2023
\$ 3,141	\$ 3,105	\$ 3,200
2,818	1,720	1,630
722	-	-
(2,676)	-	-
-	-	11,881
1,151	212	(5,227)
<u>(7,894)</u>	<u>(7,725)</u>	<u>(7,254)</u>
(2,738)	(2,688)	4,230
81,319	78,581	75,893
<u>\$ 78,581</u>	<u>\$ 75,893</u>	<u>\$ 80,123</u>
\$ 386,877	\$ 435,531	\$ 435,224
20.31%	17.43%	18.41%

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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 ¹

(amounts expressed in thousands)

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

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

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

² 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

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

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/2022/GASB75-Letter-from-Actuary-2022.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 20, 2021, and can be found at:

<https://www.oregon.gov/pers/Documents/Financials/Actuarial/2021/2020-Experience-Study.pdf>

<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
3.312%	2.928%	2.666%	5.109%
\$ (6,400)	\$ (5,966)	\$ (9,155)	\$ (18,153)
\$ 356,540	\$ 375,041	\$ 386,877	\$ 435,531
-1.8%	-1.6%	-2.4%	-4.2%
144.34%	150.05%	183.86%	194.65%
6/30/2019	6/30/2020	6/30/2021	6/30/2022

<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
\$ 209	\$ 71	\$ 126	\$ 58
209	71	126	58
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 375,041	\$ 386,877	\$ 435,531	\$ 435,224
0.06%	0.02%	0.03%	0.01%

SCHOOL DISTRICT NO.1J, MULTNOMAH COUNTY, OREGON
Required Supplementary Information
Schedule of the District's Proportionate Share
Net Pension Liability (Asset) and District Contributions
Last 10 Fiscal Years ¹
(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>
District's proportion of the net pension liability/asset	0.254%	0.254%	0.299%	1.380%
District's proportionate share of the net pension liability (asset)	\$ 12,953	\$ (5,754)	\$ 17,185	\$ 207,203
District's covered payroll ²	\$ 256,741	\$ 264,386	\$ 283,935	\$ 316,998
District's proportionate share of net pension liability (asset) as a percent of covered payroll	5.0%	(2.2%)	6.1%	65.4%
Plan fiduciary net position as a percentage of the total pension liability	92.0%	103.6%	91.9%	80.5%
OPERS Measurement Date	6/30/2013	6/30/2014	6/30/2015	6/30/2016

¹

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

²

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 ³</u>	<u>2017 ³</u>
Contractually required contribution	\$ 4,785	\$ 4,895	\$ -	\$ -
Contributions in relation to the contractually required contribution	4,785	4,895	-	-
Contribution (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	\$ 264,386	\$ 283,935	\$ 316,998	\$ 327,668
Contributions as a percentage of covered payroll	1.81%	1.72%	0.00%	0.00%

³ 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.

⁴ OPERS side account resources were used to satisfy all contribution requirements.

⁵ Contribution excess reflects issuance of PERS pension bonds

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

<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
2.102%	2.286%	1.770%	2.389%	2.238%	1.318%
\$ 283,305	\$ 346,266	\$ 306,140	\$ 521,329	\$ 267,828	\$ 201,914
\$ 327,668	\$ 344,646	\$ 356,540	\$ 375,041	\$ 386,877	\$ 435,531
86.5%	100.5%	85.9%	139.0%	69.2%	46.4%
83.12%	82.07%	80.23%	75.79%	87.57%	84.55%
6/30/2017	6/30/2018	6/30/2019	6/30/2020	6/30/2021	6/30/2022

<u>2018⁴</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022⁵</u>	<u>2023</u>
\$ -	\$ 8,351	\$ 24,834	\$ 17,684	\$ 2,724	\$ 2,106
-	8,351	24,834	17,684	401,390	4,486
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 398,666</u>	<u>\$ 2,380</u>
\$ 344,646	\$ 356,540	\$ 375,041	\$ 386,877	\$ 435,531	435,224
0.00%	2.34%	6.62%	4.57%	92.16%	1.03%

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 ¹
(amounts expressed in thousands)

Total Pension Liability

	2016	2017	2018
Service cost	N/A	\$ 174	\$ 212
Interest	N/A	304	211
Change in benefit terms	N/A	-	-
Differences between expected and actual experience	N/A	-	-
Changes of assumptions or other inputs	N/A	235	(158)
Benefit payments	N/A	(1,301)	(1,389)
Net change in total pension liability	N/A	(587)	(1,124)
Total pension liability - beginning	N/A	8,465	7,877
Total pension liability - ending	\$ 8,465	\$ 7,877	\$ 6,753
Covered-employee payroll	N/A	\$ 70,988	68,838
Total pension liability as a percentage of covered-employee payroll	N/A	11.10%	9.81%

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

² 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.

2019	2020	2021	2022	2023
\$ 194	\$ 188	\$ 207	\$ 180	\$ 185
228	250	209	128	113
797	-	264	-	-
94	-	145	-	1,285
(68)	79	(69)	9	(274)
(1,174)	(1,132)	(875)	(939)	(792)
71	(615)	(119)	(622)	517
6,753	6,824	6,209	6,090	5,468
<u>\$ 6,824</u>	<u>\$ 6,209</u>	<u>\$ 6,090</u>	<u>\$ 5,468</u>	<u>\$ 5,985</u>
63,301	58,067	68,456	28,623	80,482
10.78%	10.69%	8.90%	19.10%	7.44%

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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, 2023
(amounts expressed in thousands)

	Budgeted Amounts		Actual Amounts	Variance from Final Budget Positive/ (Negative)
	Original	Final		
REVENUES				
Property and other taxes	\$ 318,899	\$ 318,899	\$ 318,222	\$ (677)
State School Fund	242,531	242,531	265,672	23,141
Local option taxes	111,407	111,407	110,472	(935)
County and intermediate sources	12,101	12,101	8,987	(3,114)
Federal and state support	15	15	21	6
State Common School Fund	4,875	4,875	6,362	1,487
Charges for services	1,900	2,615	2,626	11
Investment earnings	1,371	1,371	8,367	6,996
Other	9,535	9,535	9,481	(54)
Total revenues	<u>702,634</u>	<u>703,349</u>	<u>730,210</u>	<u>26,861</u>
EXPENDITURES				
Current:				
Instruction:				
Regular programs:				
Salaries and benefits	285,953	276,394	273,817	2,577
Materials and services	8,557	8,183	8,257	(74)
Total regular programs	<u>294,510</u>	<u>284,577</u>	<u>282,074</u>	<u>2,503</u>
Special programs:				
Salaries and benefits	79,267	79,415	67,367	12,048
Materials and services	30,604	29,677	26,820	2,857
Total special programs	<u>109,871</u>	<u>109,092</u>	<u>94,187</u>	<u>14,905</u>
Summer school programs:				
Salaries and benefits	323	343	437	(94)
Materials and services	1,633	1,738	35	1,703
Total summer school programs	<u>1,956</u>	<u>2,081</u>	<u>472</u>	<u>1,609</u>
Total instruction	<u>406,337</u>	<u>395,750</u>	<u>376,733</u>	<u>19,017</u>
Support services:				
Students:				
Salaries and benefits	72,557	71,752	70,924	828
Materials and services	6,638	6,493	5,690	803
Total students	<u>79,195</u>	<u>78,245</u>	<u>76,614</u>	<u>1,631</u>
Instructional staff:				
Salaries and benefits	37,254	37,971	34,387	3,584
Materials and services	3,898	4,551	5,907	(1,356)
Total instructional staff	<u>41,152</u>	<u>42,522</u>	<u>40,294</u>	<u>2,228</u>
General administration:				
Salaries and benefits	9,585	9,318	8,314	1,004
Materials and services	5,998	5,765	4,785	980
Total general administration	<u>15,583</u>	<u>15,083</u>	<u>13,099</u>	<u>1,984</u>

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, 2023
(amounts expressed in thousands)

	Budgeted Amounts		Actual Amounts	Variance from Final Budget Positive/ (Negative)
	Original	Final		
Support services (continued):				
School administration:				
Salaries and benefits	\$ 51,766	\$ 51,547	\$ 51,424	\$ 123
Materials and services	1,008	645	473	172
Total school administration	<u>52,774</u>	<u>52,192</u>	<u>51,897</u>	<u>295</u>
Business:				
Salaries and benefits	63,536	62,125	60,129	1,996
Materials and services	50,654	61,946	69,391	(7,445)
Total business	<u>114,190</u>	<u>124,071</u>	<u>129,520</u>	<u>(5,449)</u>
Central:				
Salaries and benefits	25,562	25,700	22,825	2,875
Materials and services	13,316	12,099	8,757	3,342
Total central	<u>38,878</u>	<u>37,799</u>	<u>31,582</u>	<u>6,217</u>
Total support services	<u>341,772</u>	<u>349,912</u>	<u>343,006</u>	<u>6,906</u>
Enterprise and community services:				
Food services:				
Salaries and benefits	126	126	6	120
Materials and services	70	-	(1)	1
Total food services	<u>196</u>	<u>126</u>	<u>5</u>	<u>121</u>
Community services:				
Salaries and benefits	694	721	681	40
Materials and services	2,210	3,253	2,428	825
Total community services	<u>2,904</u>	<u>3,974</u>	<u>3,109</u>	<u>865</u>
Total enterprise and community services	<u>3,100</u>	<u>4,100</u>	<u>3,114</u>	<u>986</u>
Other expenditures:				
Debt Service				
Principal	706	2,652	391	2,261
Interest and fiscal charges	77	293	15	278
Total debt service	<u>783</u>	<u>2,945</u>	<u>406</u>	<u>2,539</u>
Total current expenditures	<u>751,992</u>	<u>752,707</u>	<u>723,259</u>	<u>29,448</u>
Operating contingency	<u>50,768</u>	<u>50,768</u>	<u>-</u>	<u>50,768</u>
Total expenditures	<u>802,760</u>	<u>803,475</u>	<u>723,259</u>	<u>80,216</u>
Excess (deficit) of revenues over expenditures	<u>(100,126)</u>	<u>(100,126)</u>	<u>6,951</u>	<u>107,077</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	<u>(1,302)</u>	<u>(1,302)</u>	<u>(1,282)</u>	<u>20</u>
Proceeds from the sale of capital assets	50	50	66	16
Issuance of debt	-	-	-	-
Issuance of leases	1,400	1,400	958	(442)
Issuance of subscriptions	-	-	-	-
Total other financing sources and (uses)	<u>148</u>	<u>148</u>	<u>(258)</u>	<u>(406)</u>
Net change in fund balance	(99,978)	(99,978)	6,693	106,671
Fund balance - beginning of year	99,978	99,978	98,804	(1,174)
Fund balance - end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 105,497</u>	<u>\$ 105,497</u>

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, 2023
(amounts expressed in thousands)

	<u>Budgeted Amounts</u>		<u>Actual</u> <u>Amounts</u>	<u>Variance from</u> <u>Final Budget</u> <u>Positive/</u> <u>(Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Property and other taxes	\$ 342	\$ 342	\$ 343	\$ 1
Federal and state support	248,551	248,551	192,723	(55,828)
County and intermediate sources	3,213	3,213	2,080	(1,133)
Charges for services	3,209	3,209	3,031	(178)
Investment earnings	40	40	477	437
Extracurricular activities	7,500	7,500	5,727	(1,773)
Other	4,097	4,097	9,848	5,751
Total revenues	266,952	266,952	214,229	(52,723)
EXPENDITURES				
Current:				
Instruction:				
Regular programs:				
Salaries and benefits	50,785	45,245	40,873	4,372
Materials and services	13,764	12,764	11,182	1,582
Total regular programs	64,549	58,009	52,055	5,954
Special programs:				
Salaries and benefits	28,047	28,847	27,061	1,786
Materials and services	27,493	24,893	10,793	14,100
Total special programs	55,540	53,740	37,854	15,886
Summer school programs:				
Salaries and benefits	5,094	5,094	2,181	2,913
Materials and services	5,095	5,095	2,681	2,414
Total summer school programs	10,189	10,189	4,862	5,327
Total instruction	130,278	121,938	94,771	27,167
Support services:				
Students:				
Salaries and benefits	30,232	30,232	27,684	2,548
Materials and services	29,081	28,205	13,292	14,913
Total students	59,313	58,437	40,976	17,461
Instructional staff:				
Salaries and benefits	13,135	13,135	19,581	(6,446)
Materials and services	3,243	3,169	5,819	(2,650)
Total instructional staff	16,378	16,304	25,400	(9,096)
General administration:				
Salaries and benefits	-	-	22	(22)
Materials and services	257	257	644	(387)
Total general administration	257	257	666	(409)
School administration:				
Salaries and benefits	5,835	5,835	7,026	(1,191)
Materials and services	20	20	764	(744)
Total school administration	5,855	5,855	7,790	(1,935)

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, 2023
(amounts expressed in thousands)

	Budgeted Amounts		Actual Amounts	Variance from Final Budget Positive/ (Negative)
	Original	Final		
Support services (continued):				
Business:				
Salaries and benefits	\$ 436	\$ 436	\$ 73	\$ 363
Materials and services	15,095	14,835	7,589	7,246
Total business	<u>15,531</u>	<u>15,271</u>	<u>7,662</u>	<u>7,609</u>
Central:				
Salaries and benefits	1,518	5,709	1,719	3,990
Materials and services	17,470	6,279	1,882	4,397
Total central	<u>18,988</u>	<u>11,988</u>	<u>3,601</u>	<u>8,387</u>
Total support services	<u>116,322</u>	<u>108,112</u>	<u>86,095</u>	<u>22,017</u>
Enterprise and community services:				
Food Services:				
Salaries and benefits	11,158	11,158	9,889	1,269
Materials and services	11,000	10,871	11,835	(964)
Total food services	<u>22,158</u>	<u>22,029</u>	<u>21,724</u>	<u>305</u>
Community services:				
Salaries and benefits	3,321	3,321	2,480	841
Materials and services	7,470	11,699	7,560	4,139
Total community services	<u>10,791</u>	<u>15,020</u>	<u>10,040</u>	<u>4,980</u>
Total enterprise and community services	<u>32,949</u>	<u>37,049</u>	<u>31,764</u>	<u>5,285</u>
Facilities acquisition & construction:				
Materials and services	89	12,089	164	11,925
Total facilities acquisition and construction	<u>89</u>	<u>12,089</u>	<u>164</u>	<u>11,925</u>
Other expenditures:				
Debt Service				
Principal	166	558	507	51
Interest and other charges	33	91	3	88
Total debt service	<u>199</u>	<u>649</u>	<u>510</u>	<u>139</u>
Total expenditures	<u>279,837</u>	<u>279,837</u>	<u>213,304</u>	<u>66,533</u>
Excess (deficit) of revenues over expenditures	<u>(12,885)</u>	<u>(12,885)</u>	<u>925</u>	<u>13,810</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	75	75	56	(19)
Issuance of leases	900	900	-	(900)
Issuance of subscriptions	-	-	615	615
Total other financing sources (uses)	<u>975</u>	<u>975</u>	<u>671</u>	<u>(304)</u>
Net change in fund balance	(11,910)	(11,910)	1,596	13,506
Fund balance - beginning of year	43,351	43,351	35,069	(8,282)
Fund balance - end of year	<u>\$ 31,441</u>	<u>\$ 31,441</u>	<u>\$ 36,665</u>	<u>\$ 5,224</u>

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

SUPPLEMENTARY INFORMATION

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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, 2023
(amounts expressed in thousands)

	Budgeted Amounts		Actual Amounts	Variance from Final Budget Positive/ (Negative)
	Original	Final		
REVENUES				
Property and other taxes	\$ 146,945	\$ 146,945	\$ 145,774	\$ (1,171)
Federal and state support	6	6	7	1
Charges for services	79,105	79,105	79,818	713
Investment earnings	297	297	4,503	4,206
Other	1,758	1,758	-	(1,758)
Total revenues	228,111	228,111	230,102	1,991
EXPENDITURES				
Current:				
Debt service:				
Principal	147,964	147,964	147,389	575
Interest and fiscal charges	79,352	79,352	79,350	2
Total debt service	227,316	227,316	226,739	577
Total expenditures	227,316	227,316	226,739	577
Excess (deficit) of revenues over expenditures	795	795	3,363	2,568
OTHER FINANCING SOURCES (USES)				
Transfers in	1,238	1,238	1,235	(3)
Total other financing sources (uses)	1,238	1,238	1,235	(3)
Net change in fund balance	2,033	2,033	4,598	2,565
Fund balance - beginning of year	13,061	13,061	13,705	644
Fund balance - end of year	\$ 15,094	\$ 15,094	\$ 18,303	\$ 3,209

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, 2023
(amounts expressed in thousands)

	Budgeted Amounts		Actual Amounts	Variance from Final Budget Positive/ (Negative)
	Original	Final		
REVENUES				
Property and other taxes	\$ 5,505	\$ 5,505	\$ 4,190	\$ (1,315)
Federal and state support	6,941	126,941	11,414	(115,527)
Charges for services	100	100	55	(45)
Investment earnings	526	2,526	15,401	12,875
Other	1,310	1,310	1,703	393
Total revenues	14,382	136,382	32,763	(103,619)
EXPENDITURES				
Current:				
Business:				
Salaries and benefits	138	138	146	(8)
Materials and services	2,144	1,970	1,190	780
Bond Issuance Cost	-	3,500	1,811	1,689
Total business	2,282	5,608	3,147	2,461
Central:				
Salaries and benefits	-	-	174	(174)
Total central	-	-	174	(174)
Total support services	2,282	5,608	3,321	2,287
Facilities acquisition & construction:				
Salaries and benefits	7,067	7,067	6,177	890
Materials and services	506,895	1,109,425	279,107	830,318
Total facilities acquisition and construction	513,962	1,116,492	285,284	831,208
Debt service:				
Principal	-	848	268	580
Interest and fiscal charges	-	94	2	92
Total debt service	-	942	270	672
Total expenditures	516,244	1,123,042	288,875	834,167
Excess (deficit) of revenues over expenditures	(501,862)	(986,660)	(256,112)	730,548
OTHER FINANCING SOURCES (USES)				
Transfers in	610	610	610	-
Transfers out	(621)	(621)	(619)	2
Issuance of bonds	-	420,000	420,000	-
Premium on issuance of debt	-	44,832	44,832	-
Issuance of subscriptions	-	-	-	-
Total other financing sources (uses)	(11)	464,821	464,823	2
Net change in fund balance	(501,872)	(521,839)	208,711	730,550
Fund balance - beginning of year	501,872	521,839	521,839	-
Fund balance - end of year	\$ -	\$ -	\$ 730,550	\$ 730,550

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, 2023
(amounts expressed in thousands)

	Budgeted Amounts		Actual Amounts	Variance from Final Budget Positive/ (Negative)
	Original	Final		
OPERATING REVENUES				
Charges for services	\$ 3,567	\$ 3,567	\$ 3,567	\$ -
Total operating revenues	<u>3,567</u>	<u>3,567</u>	<u>3,567</u>	<u>-</u>
OPERATING EXPENSES				
Support services:				
Salaries and benefits	339	347	-	347
Materials and services	512	504	319	185
Claims expense	2,539	2,539	3,027	(488)
Total support services	<u>3,390</u>	<u>3,390</u>	<u>3,346</u>	<u>44</u>
Operating contingency	<u>5,256</u>	<u>5,256</u>	-	<u>5,256</u>
Total operating expenses	8,646	8,646	3,346	5,300
Operating income (loss)	<u>(5,079)</u>	<u>(5,079)</u>	221	<u>5,300</u>
NON OPERATING REVENUES (EXPENSES)				
Investment income	13	13	164	151
Federal and state support	-	-	460	460
Issuance of subscriptions	-	-	-	-
Total non-operating revenues	<u>13</u>	<u>13</u>	<u>624</u>	<u>611</u>
Change in net position	(5,066)	(5,066)	845	5,911
Beginning net position - budgetary basis	5,066	5,066	3,303	(1,763)
Ending net position - budgetary basis	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,148</u>	<u>\$ 4,148</u>
Reconciliation:				
Subscription Asset			52	
Subscription Liability			(52)	
Net position - GAAP basis			<u>\$ 4,148</u>	

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

Statistical

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Faubion Middle School March 2023



Kelly Elementary October 2022



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Statistical Section

This part of the District's Annual Comprehensive 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.

<u>Contents</u>	<u>Page</u>
<i>Financial Trends (Schedules 1-4)</i> These schedules contain trend information to help the reader understand how the District's financial performance and well-being have changed over time.	109
<i>Revenue Capacity (Schedules 5-9)</i> These schedules contain information to help the reader assess the District's most significant local revenue source, the property tax.	117
<i>Debt Capacity (Schedules 10-12)</i> District's current levels of outstanding debt and the District's ability to issue additional debt in the future.	123
<i>Demographic and Economic Information (Schedules 13-14)</i> These schedules offer demographic and economic indicators to help the reader understand the environment within which the District's financial activities take place.	127
<i>Operating Information (Schedules 15-17)</i> 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.	129

Sources:

Unless otherwise noted, the information in these schedules is derived from the Annual Comprehensive 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)

	Government-wide Activities			
	<u>2014- restated</u>	<u>2015</u>	<u>2016</u>	<u>2017-restated</u>
Assets				
Current and other assets	\$ 304,224	\$ 579,805	\$ 487,394	\$ 364,732
Prepaid pension & other prepaid items	2,149	5,754	1,628	1,080
Net capital assets	233,265	273,957	382,401	506,612
Total assets	<u>539,638</u>	<u>859,516</u>	<u>871,423</u>	<u>872,424</u>
Deferred Outflows of Resources				
Pension & OPEB	<u>4,785</u>	<u>6,801</u>	<u>3,200</u>	<u>163,562</u>
Liabilities				
Other current liabilities	90,983	105,763	121,321	181,480
Other long-term liabilities	244,301	495,290	453,679	359,702
Limited tax pension bonds payable	407,499	395,958	384,075	372,249
Pension	-	-	17,185	215,080
Other post employment benefits	35,579	32,900	29,933	78,390
Total liabilities	<u>778,362</u>	<u>1,029,911</u>	<u>1,006,193</u>	<u>1,206,901</u>
Deferred Inflows of Resources				
Pension & OPEB	-	11,102	6,062	12,845
Net Position				
Net investment in capital assets	183,584	230,251	260,146	297,914
Restricted	119,224	394,845	283,176	172,880
Unrestricted	(536,747)	(799,792)	(680,955)	(654,554)
Total Net Position	<u>\$ (233,939)</u>	<u>\$ (174,696)</u>	<u>\$ (137,633)</u>	<u>\$ (183,760)</u>

Government-wide Activities

<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
\$ 715,738	\$ 590,288	\$ 941,719	\$ 1,092,171	\$ 866,018	\$ 1,235,971
884	3,377	6,200	5,098	5,332	3,656
594,103	735,002	917,372	1,173,371	1,384,060	1,629,666
<u>1,310,725</u>	<u>1,328,667</u>	<u>1,865,291</u>	<u>2,270,640</u>	<u>2,255,410</u>	<u>2,869,293</u>
<u>173,727</u>	<u>207,186</u>	<u>158,473</u>	<u>249,580</u>	<u>574,645</u>	<u>395,025</u>
278,587	298,417	298,341	328,566	351,179	499,840
591,262	467,836	854,165	1,131,855	985,621	1,306,558
360,172	348,223	336,062	314,159	679,186	640,890
290,058	353,090	312,349	527,419	273,296	207,899
70,784	82,302	81,319	78,581	75,893	80,123
<u>1,590,863</u>	<u>1,549,868</u>	<u>1,882,236</u>	<u>2,380,580</u>	<u>2,365,175</u>	<u>2,735,310</u>
30,419	64,329	111,145	101,191	320,993	253,532
379,871	477,058	585,214	492,345	590,231	641,228
486,336	353,527	681,328	199,303	188,616	186,014
(1,003,037)	(908,929)	(1,236,159)	(653,199)	(634,960)	(551,766)
<u>\$ (136,830)</u>	<u>\$ (78,344)</u>	<u>\$ 30,383</u>	<u>\$ 38,449</u>	<u>\$ 143,887</u>	<u>\$ 275,476</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)

	Government-wide Activities			
	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
Expenses				
Instruction	\$ 308,652	\$ 326,935	\$ 364,964	\$ 380,939
Support services	200,750	212,213	241,016	272,816
Enterprise and community services	19,164	20,445	21,326	20,712
Facilities services	1,470	2,617	1,230	12,672
Interest and fees on long-term debt	33,546	31,600	40,116	39,094
Total expenses	<u>563,582</u>	<u>593,810</u>	<u>668,652</u>	<u>726,233</u>
Program Revenues				
Charges for services:				
Instruction	5,989	6,457	996	533
Support services	2,857	2,916	3,157	4,424
Enterprise and community services	4,420	4,214	4,521	3,471
Operating grants and contributions:				
Instruction	58,418	65,409	58,619	57,608
Support services	17,693	21,638	22,356	22,758
Enterprise and community services	2,240	2,704	3,085	2,934
Capital grants and contributions:				
Facilities services	-	-	-	-
Total program revenues	<u>91,617</u>	<u>103,338</u>	<u>92,734</u>	<u>91,728</u>
Net Expenses	<u>(471,965)</u>	<u>(490,472)</u>	<u>(575,918)</u>	<u>(634,505)</u>
General Revenues:				
Property taxes levied for general purposes	213,115	222,872	233,548	242,899
Property taxes levied for debt service	44,765	46,568	48,985	49,384
Construction excise tax	4,889	6,076	5,886	7,542
Local option taxes levied for general purposes	55,709	62,923	76,467	83,853
State School Fund - general support	184,690	179,505	211,253	207,182
State Common School Fund - general support		4,721	5,810	6,191
County and intermediate sources - general support	15,736	15,202	15,772	17,270
Investment earnings	774	1,285	3,140	4,007
Other	11,253	10,563	12,120	17,501
Total general revenues	<u>535,358</u>	<u>549,715</u>	<u>612,981</u>	<u>635,829</u>
Change in Net Position	<u>\$ 63,393</u>	<u>\$ 59,243</u>	<u>\$ 37,063</u>	<u>\$ 1,324</u>

Government-wide Activities

<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
\$ 421,311	\$ 428,454	\$ 429,149	\$ 465,995	\$ 470,945	\$ 491,393
283,984	310,546	324,513	376,660	359,554	414,298
24,218	22,785	21,821	23,731	29,283	33,374
8,531	6,030	3,492	10,844	9,576	4,845
46,416	44,166	45,409	54,640	63,084	54,988
<u>784,460</u>	<u>811,981</u>	<u>824,384</u>	<u>931,870</u>	<u>932,442</u>	<u>998,898</u>
406	749	251	288	77	363
4,741	4,818	4,095	1,472	1,195	1,997
4,006	4,239	3,925	154	725	3,352
					-
57,116	56,796	57,806	56,627	112,774	126,269
22,871	30,196	29,504	52,678	61,135	78,664
3,019	2,969	2,762	4,530	10,672	10,142
					-
-	4,500	11,368	1,319	1,978	2,110
<u>92,159</u>	<u>104,267</u>	<u>109,711</u>	<u>117,068</u>	<u>188,556</u>	<u>222,897</u>
<u>(692,301)</u>	<u>(707,714)</u>	<u>(714,673)</u>	<u>(814,802)</u>	<u>(743,886)</u>	<u>(776,001)</u>
248,281	262,657	273,860	286,437	304,451	318,131
116,468	125,486	126,343	131,791	141,897	146,376
8,201	5,991	4,291	3,446	5,437	4,190
88,163	95,173	98,033	101,539	105,314	110,005
239,804	225,135	266,607	263,622	259,314	265,672
5,155	5,493	5,012	5,628	5,693	6,362
17,662	17,362	19,072	17,185	15,566	11,067
3,473	20,229	12,534	3,107	984	28,912
12,024	8,674	17,648	10,113	10,668	16,875
<u>739,231</u>	<u>766,200</u>	<u>823,400</u>	<u>822,868</u>	<u>849,324</u>	<u>907,590</u>
<u>\$ 46,930</u>	<u>\$ 58,486</u>	<u>\$ 108,727</u>	<u>\$ 8,066</u>	<u>\$ 105,438</u>	<u>\$ 131,589</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)

	Governmental Activities			
	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
General Fund				
Nonspendable	\$ 200	\$ 247	\$ 386	\$ 360
Restricted	560	-	-	-
Assigned	50,914	34,195	37,449	19,744
Unassigned	-	-	-	-
Total general fund	<u>51,674</u>	<u>34,442</u>	<u>37,835</u>	<u>20,104</u>
All Other				
Governmental Funds				
Nonspendable	2,370	2,452	2,286	1,417
Restricted	127,176	393,179	281,089	170,614
Committed	16,342	17,590	16,400	17,454
Assigned	-	5,549	6,182	7,164
Unassigned	-	-	-	-
Total all other governmental funds	<u>145,888</u>	<u>418,770</u>	<u>305,957</u>	<u>196,649</u>
Total Governmental Fund Balances	<u>\$ 197,562</u>	<u>\$ 453,212</u>	<u>\$ 343,792</u>	<u>\$ 216,753</u>

Governmental Activities

<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
\$ 343	\$ 570	\$ 511	\$ 945	\$ 2,589	\$ 886
-	-	-	-	-	-
37,939	39,317	63,963	87,746	96,215	94,984
-	-	-	-	-	9,627
<u>38,282</u>	<u>39,887</u>	<u>64,474</u>	<u>88,691</u>	<u>98,804</u>	<u>105,497</u>
1,017	3,383	6,940	5,664	3,832	4,207
484,006	347,179	671,974	788,139	551,563	753,818
19,116	18,185	18,921	20,246	21,314	26,008
10,400	10,470	14,785	10,204	4,716	10,370
-	(29)	-	(12,768)	(10,812)	(8,885)
514,539	379,188	712,620	811,485	570,613	785,518
<u>\$ 552,821</u>	<u>\$ 419,075</u>	<u>\$ 777,094</u>	<u>\$ 900,176</u>	<u>\$ 669,417</u>	<u>\$ 891,015</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)

	Governmental Activities			
	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
Revenues				
Property and other taxes	\$ 260,872	\$ 274,219	\$ 287,035	\$ 298,114
State School Fund	184,690	179,505	211,253	207,182
State Common School Fund	4,427	4,721	5,810	6,191
Federal and state support	65,231	75,793	71,024	70,667
Local option taxes	56,013	63,274	76,593	84,106
County and intermediate sources	15,736	15,201	15,771	17,270
Federal stimulus	155	-	-	-
Charges for services	51,874	54,233	49,312	52,953
Extracurricular activities	8,308	8,276	7,904	7,489
Investment earnings	757	1,255	3,096	3,930
Other	13,138	15,414	16,215	22,414
Total revenues	<u>661,201</u>	<u>691,891</u>	<u>744,013</u>	<u>770,316</u>
Expenditures				
Current:				
Instruction	323,921	349,667	362,126	369,841
Support services	202,233	229,254	248,377	266,961
Enterprise and community services	20,059	21,902	21,925	22,838
Facilities acquisition and construction	31,105	54,830	127,491	149,868
PERS UAL lump sum payment	-	-	-	-
Debt Service:				
Principal	51,500	55,033	47,020	50,065
Interest and fiscal charges	34,921	33,811	46,610	46,867
Total expenditures	<u>663,739</u>	<u>744,497</u>	<u>853,549</u>	<u>906,440</u>
Excess (deficit) of revenues over expenditures	<u>(2,538)</u>	<u>(52,606)</u>	<u>(109,536)</u>	<u>(136,124)</u>
Other Financing Sources (Uses)				
Transfers in	9,013	14,409	7,407	16,141
Transfers out	(9,013)	(14,409)	(7,407)	(16,141)
PERS Bond Proceeds	-	-	-	-
Proceeds from the sale of capital assets	2,007	44	116	37
Issuance of debt, including premium/discount	-	308,212	-	9,048
Issuance of refunding bonds	-	-	-	-
Premium on issuance of debt	-	-	-	-
Issuance of leases	-	-	-	-
Issuance of subscriptions	-	-	-	-
Total other financing sources (uses)	<u>2,007</u>	<u>308,256</u>	<u>116</u>	<u>9,085</u>
Net change in fund balances	<u>\$ (531)</u>	<u>\$ 255,650</u>	<u>\$ (109,420)</u>	<u>\$ (127,039)</u>
Debt service as a percentage of noncapital expenditures	13.7%	12.9%	12.9%	12.6%

Governmental Activities

<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
\$ 377,578	\$ 398,930	\$ 403,864	\$ 421,602	\$ 452,027	\$ 468,529
239,804	225,135	266,607	263,622	259,314	265,672
5,155	5,493	5,012	5,628	5,693	6,362
69,771	81,482	90,493	108,683	175,128	204,165
89,663	97,188	98,789	102,417	106,124	110,472
17,663	17,362	19,072	17,185	15,566	11,067
-	-	-	-	-	-
56,836	56,311	59,597	57,059	78,343	85,530
7,304	7,191	4,914	1,237	4,020	5,727
3,392	19,954	12,400	3,018	969	28,748
15,471	13,074	12,717	14,628	17,540	21,032
<u>882,637</u>	<u>922,120</u>	<u>973,465</u>	<u>995,079</u>	<u>1,114,724</u>	<u>1,207,304</u>
386,975	394,080	408,759	417,112	460,824	471,504
278,758	300,421	319,604	347,414	379,062	432,422
22,961	22,830	21,936	23,914	30,630	34,878
113,043	164,764	207,452	287,538	256,688	285,448
-	-	-	-	398,666	-
109,874	114,537	117,984	119,759	129,626	148,555
57,598	59,304	59,750	72,016	90,940	79,370
<u>969,209</u>	<u>1,055,936</u>	<u>1,135,485</u>	<u>1,267,753</u>	<u>1,746,436</u>	<u>1,452,177</u>
<u>(86,572)</u>	<u>(133,816)</u>	<u>(162,020)</u>	<u>(272,674)</u>	<u>(631,712)</u>	<u>(244,873)</u>
6,997	6,125	1,931	2,466	1,825	1,901
(6,997)	(6,125)	(1,931)	(2,466)	(1,825)	(1,901)
-	-	-	-	399,390	-
740	70	10,517	152	114	66
421,900	-	509,522	365,465	-	420,000
-	-	-	53,965	-	-
-	-	-	31,205	1,449	44,832
-	-	-	-	-	958
-	-	-	(55,031)	-	615
<u>422,640</u>	<u>70</u>	<u>520,039</u>	<u>395,756</u>	<u>400,953</u>	<u>466,471</u>
<u>\$ 336,068</u>	<u>\$ (133,746)</u>	<u>\$ 358,019</u>	<u>\$ 123,082</u>	<u>\$ (230,759)</u>	<u>\$ 221,598</u>
19.7%	19.5%	19.2%	23.8%	14.8%	20.0%

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)

Assessed Value (not including exempt property)						
Fiscal Year Ending June 30,	Personal		Manufactured	Public Utility		Total Assessed
	Real Property	Property	Structures			Value
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
2021	58,784,786	2,344,506	22,738	2,437,442		63,589,472
2022	60,776,757	2,359,964	24,851	2,485,712		65,647,284
2023	63,253,507	2,405,740	24,540	2,696,487		68,380,274

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 2014-2023: 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/gov-research/pages/research-reports-and-statistics.aspx>

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

Add: Non-Profit Housing	Less: Urban Renewal Excess	Total Net Assessed Value	Total Direct Tax Rate	Amount tax rate will raise	Less: Reduction and Adjustments	Total Taxes Imposed (Net Levy)
\$ 21,566	\$ 4,833,326	\$ 41,746,865	\$ 8.3571	\$ 348,883	\$ 27,190	\$ 321,693
22,213	4,907,733	43,636,788	8.3535	364,520	23,132	341,388
22,880	5,237,111	45,575,692	8.3632	381,159	12,569	368,590
23,566	5,882,588	47,344,869	8.3304	394,402	7,687	386,715
21,662	6,457,719	49,705,614	9.6863	481,463	4,666	476,797
22,055	6,891,397	51,112,491	9.7571	498,710	3,065	495,645
22,459	7,148,348	53,703,209	9.6734	519,493	4,575	514,918
23,246	7,567,172	56,045,546	9.6698	541,949	5,578	536,371
23,660	6,056,382	59,614,562	9.6016	572,395	5,011	567,384
24,101	5,910,772	62,493,603	9.5681	597,945	5,407	592,538

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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		
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		
2021	5.2781	1.9900	2.4017	9.6698		
2022	5.2781	1.9900	2.3335	9.6016		
2023	5.2781	1.9900	2.3000	9.5681		

Fiscal Year	Multnomah County	Port of Portland	Metro	City of Portland	Portland Community College	Multnomah Education Service District
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
2021	4.3434	0.0701	0.0966	4.5770	0.2828	0.4576
2022	4.3434	0.0701	0.0966	4.5770	0.2828	0.4576
2023	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	2022 ¹			2013		
	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value
Pacifcorp (PP&L)	\$ 612,545	1	1.03 %	\$ 282,543	1	0.70 %
Portland General Electric Co	485,821	2	0.81	280,838	2	0.70
Lumen Technologies Inc	281,143	3	0.47	-	-	-
Weston Investment Co LLC	269,090	4	0.45	229,181	3	0.57
Port of Portland	245,959	5	0.41	183,837	6	0.46
Verizon Communications Inc	210,812	6	0.35	-	-	-
Comcast Corporation	189,005	7	0.32	225,285	4	0.56
111 SW 5th Avenue Investors LLC	183,980	8	0.31	-	-	-
AAT Lloyd District LLC	165,335	9	0.28	-	-	-
Northwest Natural Gas Co	160,830	10	0.27	-	-	-
Evraz Inc NA	-	-	-	218,521	5	0.54
Capref Lloyd Center LLC	-	-	-	157,227	7	0.39
AT&T Inc	-	-	-	155,565	8	0.39
CenturyLink	-	-	-	149,090	9	0.37
555 SW Oak LLC	-	-	-	138,509	10	0.34
Subtotal of Ten Largest Taxpayers	2,804,520		4.70	2,020,596		5.02
All Other Taxpayers	56,810,042		95.30	38,321,288		94.98
Total All Taxpayers	\$ 59,614,562		100.00 %	\$ 40,341,884		100.00 %

Notes

¹ 2023 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	2022 ¹			2013		
	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value
Portland General Electric Co	\$ 797,053	1	0.86 %	\$ 447,185	2	0.70 %
Port of Portland	737,510	2	0.80	547,181	1	0.85
Pacifcorp (PP&L)	692,992	3	0.75	316,652	4	0.49
Boeing Company	463,664	4	0.50	171,248	9	0.27
Alaska Airlines Inc	371,871	5	0.40	181,860	7	0.28
Lumen Technologies Inc	328,167	6	0.35	-	-	-
Weston Investment Co LLC	306,030	7	0.33	256,447	5	0.40
Verizon Communications Inc	274,503	8	0.30	-	-	-
Comcast Corporation LLC	263,963	9	0.29	407,218	3	0.64
Northwest Natural Gas Co	228,630	10	0.25	-	-	-
Evrax Inc NA	-	-	-	218,521	6	0.34
Centurylink	-	-	-	175,920	8	0.27
AT&T Inc	-	-	-	170,751	10	0.27
Subtotal of Ten Largest Taxpayers	4,464,383		4.83	2,892,983		4.51
All Other Taxpayers	88,072,065		95.17	61,108,110		95.49
Total All Taxpayers	\$ 92,536,448		100.00 %	\$ 64,001,093		100.00 %

Notes

¹ 2023 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 ¹	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years ²	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2014	\$ 321,693	\$ 304,458	94.64%	\$ 8,428	\$ 312,886	97.26%
2015	341,388	323,906	94.88	8,236	332,142	97.29
2016	368,590	350,212	95.01	6,985	357,197	96.91
2017	386,715	368,085	95.18	6,588	374,673	96.89
2018	476,797	451,059	94.60	7,855	458,914	96.25
2019	495,645	474,602	95.75	7,711	482,313	97.31
2020	514,918	490,715	95.30	8,009	498,724	96.86
2021	536,371	512,270	95.51	5,347	517,617	96.50
2022	567,384	544,882	96.03	2,812	547,694	96.53
2023	592,538	565,245	95.39	-	565,245	95.39

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.

¹ 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.

² 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 Assessed Taxable Value of Property ¹	Per Student ²	General Obligation Debt Per Capita ⁴
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	647
2020	832,405	(13,568)	106,051	924,888	1.72%	18,693	1,134
2021	1,105,125	(10,482)	125,762	1,220,405	2.18%	25,794	1,496
2022	1,011,460	(11,780)	117,985	1,117,665	1.87%	24,566	N/A
2023	1,323,490	(15,516)	156,056	1,464,030	2.34%	32,208	N/A

Other Governmental Activities Debt					
Fiscal Year	Limited Tax Pension Bonds ⁵	Full Faith & Credit Obligations	Recovery Zone Bond	Qualified Zone Academy Bond (QZAB)	Leases and Subscriptions Payable
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	-
2021	314,159	3,918	1,700	3,200	-
2022	679,186	3,613	607	3,000	-
2023	640,890	3,298	-	2,800	2,585

Notes

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

¹ See Schedule 5 for property value data. The actual value of taxable property cannot be reasonably estimated so assessed value is used here.

² Student enrollment data can be found in Schedule 17.

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

⁴ 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 2022 and 2023 not available at time of printing.

⁵ 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
\$ (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	1,103
(142)	1,284,750	25,966	1,575
(131)	1,553,733	32,839	1,904
1,259	1,817,110	39,939	N/A
(108)	2,129,011	46,837	N/A

Schedule 11
SCHOOL DISTRICT NO.1J, MULTNOMAH COUNTY, OREGON
Direct and Overlapping Governmental Activities Debt
June 30, 2023
(dollars in thousands)

Overlapping Issuer	Net Property-tax Backed Debt ¹	Percent Overlapping	Overlapping Debt ²
Burlington Water District	\$ 1,031	100.00 %	\$ 1,031
City of Beaverton	30,045	1.70	511
City of Lake Oswego	85,050	4.35	3,697
City of Milwaukie	54,893	0.66	360
City of Portland	392,915	88.09	338,242
Clackamas County	105,100	0.09	95
Clackamas Cty RFPD 1	23,489	0.10	22
Clackamas Soil & Water Conservation Metro	5,416	0.09	5
Mt Hood Community College	822,714	36.94	303,883
Multnomah County	73,420	0.07	49
Multnomah County Drainage Dist 1	583,001	74.73	435,666
Multnomah Cty RFPD 10	8,432	100.00	8,432
Multnomah ESD	881	0.20	2
Portland Community College	60,233	74.13	44,654
Tualatin Hills Park & Rec District	669,475	46.45	310,943
Tualatin Valley Fire & Rescue District	47,826	1.21	578
Valley View Water District	55,780	1.72	959
Washington County	918	100.00	918
	164,629	0.59	965
 Subtotal, overlapping debt			<u>1,451,012</u>
 Direct District debt (PERS) ³			640,782
Direct District debt (other) ³			1,489,098
Subtotal, Direct debt			<u>2,129,880</u>
 Total direct and overlapping debt			<u><u>\$ 3,580,892</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.

¹ 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.

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

³ 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 2023

Real Market Value	\$ 157,078,161
Debt Limit (7.95% of Real Market Value) ¹	\$ 12,487,714
Amount of Debt Applicable to Debt Limit:	
General Obligation Bonded Debt	1,479,546
Less: Amount Available in Debt Service Funds	(15,516)
Amount of Debt Applicable to Debt Limit	1,464,030
Legal Debt Margin	\$ 11,023,684

	Debt Limit	Total net debt applicable to limit	Legal debt margin	Total net debt applicable to the limit as a percentage of debt limit
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
2021	11,149,825	1,220,405	9,929,420	10.95
2022	11,707,470	1,117,665	10,589,805	9.55
2023	12,487,714	1,464,030	11,023,684	11.72

Allowable Percentage of Real Market Value:

^A Kindergarten through eighth grade, 9 x .0055	4.95%
^B Ninth through twelfth, 4 x .0075	3.00%
Allowable Percentage	7.95% ¹

Notes

¹ 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:

^A 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.

^B 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

Year	Population	Personal Income (thousands of dollars)	Per Capita Personal Income (dollars)	Unemployment Rate²
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	812,855	49,399,774	60,773	4.0
2020	815,637	52,080,033	63,852	11.6
2021	815,871	56,502,646	70,331	5.6
2022	- ¹	- ¹	- ¹	3.5
2023	- ¹	- ¹	- ¹	3.5

Notes

¹ Data for 2022 and 2023 not available at time of printing.

² 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	2023			2014		
	Employees	Rank	Percentage of Total Employment	Employees	Rank	Percentage of Total Employment
Ten Largest Employers						
Intel	22,328	1	1.77 %	16,700	1	1.56 %
Providence	19,687	2	1.56	14,132	2	1.32
Oregon Health & Science University	19,136	3	1.52	14,106	3	1.32
Nike Inc	15,125	4	1.20	7,000	10	0.65
Legacy Health	13,087	5	1.04	9,835	7	0.92
Kaiser Permanente	12,262	6	0.97	9,896	6	0.92
Fred Meyer Stores	9,374	7	0.74	10,176	5	0.95
Portland Public Schools	6,814	8	0.54			
City of Portland	6,483	9	0.51	9,318	8	0.87
Multnomah County	5,307	10	0.42			
US Federal Government				13,900	4	1.30
State of Oregon				7,559	9	0.71
Subtotal of Ten Largest Employers	129,603		10.27	112,622		10.52
All Other Employers	1,130,997		89.73	958,578		89.48
Total Portland MSA¹ Employment	1,260,600²		100.00 %	1,071,200		100.00 %

Notes

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

² As of June 2023, not seasonally adjusted.

Sources

Portland Business Journal, Book of Lists, published December 2013 and December 2022

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				
<u>Assignment/Function</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
Teachers	2,384.0	2,606.8	2,632.5	2,737.7
Educational Assistants	509.8	582.1	667.8	674.3
School Level Administration	142.3	155.0	151.0	166.5
District Level Administration ¹	11.0	17.0	22.0	21.0
Other Staff	<u>1,720.0</u>	<u>2,056.5</u>	<u>1,959.4</u>	<u>2,123.1</u>
Total FTE	<u><u>4,767.1</u></u>	<u><u>5,417.4</u></u>	<u><u>5,432.7</u></u>	<u><u>5,722.6</u></u>

Notes

¹ Beginning in fiscal year 2020, Special Education staff previously shown as District Level Administration were reclassified to School Level Administration

Sources

Internal: System Planning and Performance - Analytics

2018	2019	2020	2021	2022	2023
2,684.2	2,697.3	2,709.3	2,749.2	2,720.8	2,685.6
680.8	647.1	688.5	640.1	647.5	675.9
167.3	165.5	172.5	174.5	184.5	179
19.2	16.0	4.0	4.0	7.0	4.0
<u>2,275.2</u>	<u>2,048.1</u>	<u>2,234.4</u>	<u>2,330.2</u>	<u>2,383.0</u>	<u>2,595.8</u>
<u>5,826.7</u>	<u>5,574.0</u>	<u>5,808.7</u>	<u>5,898.0</u>	<u>5,942.8</u>	<u>6,140.3</u>

DRAFT 12.21.23

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

	<u>2014</u>		<u>2015</u>		<u>2016</u>		<u>2017</u>	
Nutrition Services								
Number of Meals Served ¹								
Paid Meals	1,313,005	25%	1,071,048	19%	1,114,504	20%	1,372,455	29%
Reduced Meals	375,796	7%	194,558	3%	209,753	4%	180,707	4%
Free Meals	3,560,251	68%	4,315,732	77%	4,141,824	76%	3,225,700	67%
Total meals served	<u>5,249,052</u>	<u>100%</u>	<u>5,581,338</u>	<u>100%</u>	<u>5,466,081</u>	<u>100%</u>	<u>4,778,862</u>	<u>100%</u>
Average Daily Breakfast Served	10,380		10,846		10,724		9,831	
Average Daily Lunch Served	18,668		19,710		19,083		18,173	
Student Participation ²	45.80%		44.00%		44.40%		42.00%	

Transportation								
Number of buses	254		269		245		260	
Total miles traveled	3,156,795		3,127,505		3,273,739		4,174,150	
Cost per mile	\$ 5.89		\$ 5.97		\$ 5.91		\$ 4.88	
Area encompassed by District (sq mi)	160		160		160		160	

	<u>2018</u>		<u>2019</u>		<u>2020</u>		<u>2021</u>	
Nutrition Services								
Number of Meals Served ¹								
Paid Meals ³	1,466,345	32%	1,621,312	34%	1,191,926	29%	-	0%
Reduced Meals ³	261,833	6%	292,962	6%	199,756	5%	-	0%
Free Meals	2,877,750	62%	2,877,464	60%	2,767,579	67%	4,370,010	100%
Total meals served	<u>4,605,928</u>	<u>100%</u>	<u>\$ 4,791,738</u>	<u>100%</u>	<u>\$ 4,159,261</u>	<u>100%</u>	<u>4,370,010</u>	<u>100%</u>
Average Daily Breakfast Served	8,985		9,010		8,192		5,316	
Average Daily Lunch Served	17,793		17,356		13,830		5,332	
Student Participation ²	38.67%		37.78%		37.36%		12.76%	

Transportation								
Number of buses	270		270		257		289	
Total miles traveled	3,506,305		3,587,525		2,993,965		851,568	
Cost per mile	\$ 6.69		\$ 7.51		\$ 8.62		\$ 26.57	
Area encompassed by District (sq mi)	160		160		160		160	

	<u>2022</u>		<u>2023</u>	
Nutrition Services				
Number of Meals Served ¹				
Paid Meals ³	-	0%	2,036,421	46%
Reduced Meals ³	-	0%	46,519	1%
Free Meals	4,651,199	100%	2,354,745	53%
Total meals served	<u>4,651,199</u>	<u>100%</u>	<u>4,437,685</u>	<u>100%</u>
Average Daily Breakfast Served	6,712		7,627	
Average Daily Lunch Served	18,437		17,188	
Student Participation ²	45.25%		39.87%	

Transportation				
Number of buses	220		286	
Total miles traveled ⁴	2,744,944		3,429,840	
Cost per mile	\$ 11.68		\$ 12.33	
Area encompassed by District (sq mi)	160		160	

Notes

- ¹ Number of meals served includes breakfast, lunch, snack, and supper.
- ² 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.
- ³ Per USDA guidance, free meals were available to all students during the 2020-2021 & 2021-2022 school years.
- ⁴ Due to COVID and Comprehensive Distance Learning, fewer students were transported to school sites during the 2020-2021 & 2021-2022 school years.

Sources

Internal: District Nutrition Services and Transportation departments

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

School or Program Type	BUILDING			STUDENT ENROLLMENT									
	Year	Age	Square Footage	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Abernethy	1924	99	45,464	528	511	513	519	516	520	507	451	374	353
Ainsworth	1912	111	53,483	576	582	600	605	638	625	644	594	553	563
Alameda	1921	102	72,748	773	760	730	747	734	730	704	623	525	538
Arleta	1929	94	98,245	476	454	456	457	454	490	526	485	269	256
Astor	1949	74	29,472	500	497	493	455	425	434	416	394	393	368
Atkinson	1953	70	53,170	441	428	435	432	420	419	391	390	342	337
Beach	1928	95	82,155	620	607	631	464	442	428	436	382	351	346
Beverly Cleary	1959	64	96,900	814	834	859	884	897	782	742	692	657	604
Boise-Eliot / Humboldt	1926	97	93,629	506	540	540	532	499	325	343	334	340	356
Bridger	1951	72	75,786	435	415	476	500	531	504	516	514	337	329
Bridlemile	1956	67	54,157	450	442	480	511	535	518	508	437	435	458
Buckman	1922	101	99,875	452	444	481	459	474	450	427	446	400	395
Capitol Hill	1917	106	49,621	405	460	437	448	442	443	416	346	324	333
César Chávez	1928	95	104,371	483	451	522	551	540	550	549	544	485	467
Chapman	1923	100	78,102	646	674	643	584	532	484	484	375	341	350
Chief Joseph	1948	75	43,215	642	627	604	326	363	358	351	305	269	261
Creative Science School Program	1955	68	48,651	425	444	476	492	479	466	468	450	419	423
Creston	1948	75	77,144	350	350	392	356	372	361	375	385	250	260
Duniway	1926	97	104,760	437	505	494	519	499	504	512	468	436	422
East Sylvan (Odyssey)	1932	91	24,875	-	-	-	-	-	-	-	244	219	225
Faubion	2017	6	133,576	487	511	479	532	710	767	786	740	703	684
Forest Park	1998	25	59,634	490	486	449	455	443	418	402	348	333	328
Glencoe	1923	100	61,457	502	503	500	492	489	451	449	395	373	394
Grout	1927	96	87,080	377	389	376	384	392	382	370	350	340	316
Harrison Park	1955	68	107,735	742	742	729	676	638	658	637	601	529	575
Hayhurst	1954	69	48,918	415	484	499	552	592	629	640	380	351	350
Irvington	1932	91	67,340	478	485	493	446	459	339	325	320	248	228
James John	1929	94	67,638	461	445	429	405	368	347	351	316	332	337
Kelly	1952	71	75,233	622	631	610	604	532	498	476	419	372	356
King	1925	98	153,475	331	370	400	386	389	321	341	324	315	334
Laurelhurst	1923	100	56,555	673	671	691	684	698	692	698	688	649	674
Lee	1952	71	61,161	493	431	456	447	425	276	269	262	236	276
Lent	1948	75	73,479	604	560	564	523	530	507	475	476	277	284
Lewis	1952	71	45,745	414	382	382	412	389	390	410	368	337	320
Llewellyn	1928	95	74,326	570	518	531	517	489	484	509	460	395	415
Maplewood	1948	75	37,713	333	329	359	384	378	383	374	347	291	310
Markham	1950	73	76,805	393	386	377	418	456	445	430	416	424	426
Marysville	1921	102	51,553	416	405	390	381	403	392	383	402	248	313
Peninsula	1952	71	59,957	376	396	374	266	279	267	265	237	201	225
Richmond	1908	115	82,254	687	677	629	649	647	632	627	600	551	539
Rieke	1959	64	32,886	388	388	402	410	386	379	368	329	313	300
Rigler	1931	92	78,199	463	480	451	472	441	308	307	268	237	223
Rosa Parks	2006	17	65,697	405	341	329	298	272	276	280	266	214	197
Rose City Park	2018	5	69,082	-	-	-	-	-	532	538	529	464	468
Roseway Heights				606	668	697	643	661	-	-	-	-	-
Sabin	1927	96	66,567	485	514	568	524	551	452	418	360	340	312
Scott	1949	74	65,425	507	481	473	512	521	459	485	460	429	453
Sitton	1949	74	57,289	376	399	390	401	364	367	374	337	307	346
Skyline	1939	84	35,760	265	309	300	300	293	274	248	181	205	215
Stephenson	1964	59	39,652	320	308	322	340	352	347	371	322	320	307
Sunnyside Environmental	1925	98	76,671	587	586	574	602	604	581	549	522	469	465
Vernon	1931	92	88,010	394	386	407	471	522	545	607	569	517	555
Vestal	1929	94	111,481	402	399	412	381	341	272	249	228	207	232
Whitman	1954	69	55,559	349	316	271	287	283	254	220	185	152	153
Winterhaven	1930	93	61,453	356	346	350	353	354	321	299	291	292	313
Woodlawn	1926	97	99,840	449	443	426	342	346	354	327	315	283	288
Woodmere	1954	69	50,130	371	338	312	303	286	310	273	269	253	235
Woodstock	1955	68	63,752	505	487	496	527	552	548	543	526	479	491
Elementary Schools Total			3,984,910	27,051	27,015	27,159	26,620	26,627	25,248	24,988	23,265	20,705	20,881

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			STUDENT ENROLLMENT									
	Year	Age	Square Footage	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Beaumont	1926	97	81,381	584	554	571	569	591	571	573	518	467	448
da Vinci	1928	95	72,063	468	465	458	461	457	456	450	443	415	434
George	1950	73	85,038	373	359	369	360	417	421	438	432	385	387
Gray	1951	72	82,744	464	527	566	546	536	542	566	509	478	483
Harriett Tubman	1952	71	83,673	-	-	-	-	-	491	430	443	388	361
Hosford	1925	98	74,964	576	591	640	631	621	588	651	676	629	566
Jackson	1964	59	218,118	533	548	606	597	659	746	793	803	752	793
Kellogg ²	2022	2	108,112	-	-	-	-	-	-	-	-	684	661
Lane	1926	97	79,824	505	471	481	443	454	433	432	416	363	336
Mt. Tabor	1952	71	84,785	628	662	694	730	718	741	724	721	645	607
Ockley Green	1925	98	66,338	-	-	-	626	531	505	487	487	485	483
Roseway Heights	1921	102	99,825	-	-	-	-	-	588	614	617	589	583
Sellwood	1913	110	81,470	483	545	560	583	589	612	588	549	553	563
West Sylvan	1953	70	96,171	945	958	966	911	876	822	833	802	727	759
Middle Schools Total			1,314,506	5,559	5,680	5,911	6,457	6,449	7,516	7,579	7,416	7,560	7,464
Benson	1917	106	412,855	830	879	914	994	1,026	1,035	1,055	1,005	895	827
Cleveland	1929	94	260,463	1,523	1,516	1,600	1,609	1,586	1,651	1,560	1,581	1,623	1,547
Franklin	1915	108	292,223	1,460	1,552	1,570	1,612	1,745	1,856	1,936	2,010	2,014	1,968
Grant	1923	100	328,425	1,486	1,503	1,481	1,476	1,512	1,638	1,813	1,965	2,126	2,159
Ida B. Wells-Barnett	1954	69	274,040	1,230	1,257	1,324	1,413	1,512	1,535	1,558	1,540	1,597	1,558
Jefferson	1909	114	330,332	511	493	524	590	677	656	641	620	588	607
Lincoln	2022	1	295,912	1,565	1,583	1,696	1,703	1,705	1,698	1,588	1,481	1,462	1,528
Leodis V McDaniel	1955	68	315,482	1,066	1,077	1,134	1,070	1,146	1,157	1,079	1,173	1,369	1,443
Marshall	1959	64	283,343	-	-	-	-	-	-	-	-	-	-
Roosevelt	1921	102	274,942	914	947	940	881	859	994	1,195	1,292	1,376	1,488
High Schools Total			3,068,017	10,585	10,807	11,183	11,348	11,768	12,220	12,425	12,667	13,050	13,125
PPS Alternative Programs Total			302,529	1,699	1,716	1,817	1,760	1,659	1,631	1,632	1,243	1,795	1,553
School and Alternative Programs Total			8,669,962	44,894	45,218	46,070	46,185	46,503	46,615	46,624	44,591	43,110	43,023
Community-Based Alternative Programs Total			-	1,055	1,034	964	968	1,035	912	973	872	637	683
Special Services Total			89,443	485	443	451	451	455	529	496	408	455	456
Public Charter Schools Total			16,755	1,664	1,764	1,590	1,585	1,564	1,494	1,385	1,443	1,295	1,294
Total All			8,776,160	48,098	48,459	49,075	49,189	49,557	49,550	49,478	47,314	45,497	45,456
Enrollment and Square Footage Summary by Category													
Regular Programs			Square Footage	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Elementary Schools			3,984,910	27,051	27,015	27,159	26,620	26,627	25,248	24,988	23,265	20,705	20,881
Middle Schools			1,314,506	5,559	5,680	5,911	6,457	6,449	7,516	7,579	7,416	7,560	7,464
High Schools			3,068,017	10,585	10,807	11,183	11,348	11,768	12,220	12,425	12,667	13,050	13,125
PPS Alternative Programs			302,529	1,699	1,716	1,817	1,760	1,659	1,631	1,632	1,243	1,795	1,553
Plus enrollment not normally within PPS facilities:													
Community Based Programs			-	1,055	1,034	964	968	1,035	912	973	872	637	683
Special Services			89,443	485	443	451	451	455	529	496	408	455	456
Public Charter Programs			16,755	1,664	1,764	1,590	1,585	1,564	1,494	1,385	1,443	1,295	1,294
Other or vacant facilities			1,156,926	-	-	-	-	-	-	-	-	-	-
			9,933,086	48,098	48,459	49,075	49,189	49,557	49,550	49,478	47,314	45,497	45,456
ADMw³				54,281	54,986	57,491	57,876	57,779	57,823	57,825	57,825	55,688	51,335
Age of Buildings			Median										
Elementary Schools			84										
Middle Schools			84										
High Schools			97										
Focus/Alternative Schools			88										
Inactive or Other Facilities			63										

¹ 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.

² Kellogg School opened in Fall 2022.

³ 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.



MLK Jr Project Community Care August 2022



Duniway Elementary November 2022

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

DRAFT 12.21.23

RESERVED FOR AUDIT REPORT

DRAFT 12.21.23

RESERVED FOR AUDIT REPORT

DRAFT 12.21.23

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 prohibits discrimination and harassment on any basis protected by law, including but not limited to, an individual's perceived or actual race, color, religion, sex, sexual orientation, gender expression or identity, national or ethnic origin, marital status, age, mental or physical disability, pregnancy, familial status, economic status, veteran's status, or because of the perceived or actual race, color, religion, sex, sexual orientation, national or ethnic origin, marital status, age, mental or physical disability, pregnancy, familial status, economic status, or veterans' status or any other persons with whom the individual associates.

Board of Education Policy 1.80.020-P

Contact Information for Civil Rights Matters

District Title VI: Gillian Murr	Phone: 503-916-6499
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

2022-23 ACFR Preparation

Vacant, Chief Financial Officer
Alexandra Martin, Finance Project Manager

Accounting

Tracy Pinder, Sr. Director- Financial Services
Melissa Ensminger, Sr. Manager- General Ledger
Kiran Markos, Manager- General Ledger
J Cooper, Accountant/Analyst- Student Body Funds
Chad Hepner, Bond Accountant
Michael Johnson, Sr. Accountant/Analyst
Shannon Sinclair, Sr. Accountant/Analyst

Budget & Grant Accounting

Junho Chang, Sr. Manager Budget
Kristin Johnson, Manager- Grant Accounting
Zeb Petterborg, Manager- Budget Systems
Mark Davenport, Grant Accountant
Abdullah Elmadhoun, Sr. Grant Accountant
Stacey Hoang, Sr. Budget Analyst
Abigail Jorgenson, Sr. Budget Analyst
Premila Kumar, Sr. Budget Analyst
Jeeranan McKee, Sr. Grant Accountant
Aaron Musk, Sr. Grant Accountant
Alysha Rayford, Sr. Grant Accountant
Patrick Rodeman, Sr. Budget Analyst
Rachel Spires, Sr. Grant Accountant
David Stone, Fiscal Services Associate III

Financial Systems

Kathleen Hiigel, Manager- Financial Systems
Rona Galarza, Sr. Financial Systems Analyst
Matthew Howe, Sr. Financial Systems Analyst

Payroll

Ondra Matthews, Sr. Manager- Payroll
Megan Gremer, Manager- Payroll Systems
Debbie Chan, Accountant/Analyst
Deborah Finzo, Fiscal Services Clerk
Marisha Reese, Financial Services Associate III
Marina Vlasenko, Financial Services Associate III
James Young, Financial Services Associate III

Treasury / Accounts Receivable

Michael Nixon, Sr. Treasury Manager
Teresa Eckblad, Finance Clerk
Gary Stamps, AR Accountant

Accounts Payable

Rebecca Dingman, Manager- Accounts Payable
Kristen Barsotti, Fiscal Services Associate II
Michael DeVeto, Fiscal Services Associate I
Shawna DeWitt, Fiscal Services Associate II
Jamie Farrington, Fiscal Services Associate II- Bond
Suzanne Rademacher, Fiscal Services Associate II
Gisela Rodriguez Lopez, Fiscal Services Associate I

School District No. 1J, Multnomah County, Oregon

PORTLAND PUBLIC SCHOOLS



REPORT ON REQUIREMENTS FOR FEDERAL AWARDS (UNIFORM GUIDANCE)

For the year ended June 30, 2023



DRAFT 12.05.23

Portland Public Schools

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

For the year ended June 30, 2023

School District No. 1J, Multnomah County, Oregon

Portland, Oregon

Prepared by the Finance Department



DRAFT 12.05.23

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

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Community Care at MLK Jr. – August 2022



First Day of School Da Vinci Arts – August 2022



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First Day of School at Lincoln HS – August 2022



Kelly Elementary – October 2022



DRAFT 12.05.23

MULTNOMAH COUNTY, OREGON
Schedule of Expenditures of Federal Awards
For the year ended June 30, 2023

ALN/ Grant	Grant Description	Pass-Through Grantor's No.	Period Covered	Direct or Pass-Thru	Award Amount	Expenditures	Agency Total
Department of Agriculture							
Food and Nutrition Service							
Child Nutrition Cluster							
10.553	School Breakfast Program						
202	School Breakfast Program	N/A	07/01/22-06/30/23	Pass-Thru	\$	2,370,848	
10.555	National School Lunch Program						
202	Donated Foods					1,633,906	
202	National School Lunch Program	N/A	07/01/22-06/30/23	Pass-Thru		8,474,945	
10.559	Summer Food Service Program for Children						
202	Donated Foods					43,422	
202	Summer Food Service Program for Children	N/A	07/01/22-06/30/23	Pass-Thru		527,506	
10.582	Fresh Fruit and Vegetable Program						
202	Fresh Fruit and Vegetable Grants	Multiple	07/01/22-06/30/23	Pass-Thru		567,314	
Total Child Nutrition Cluster						13,617,941	
10.558	Child and Adult Care Food Program						
202	Child and Adult Care Food Program	N/A	07/01/22-06/30/23	Pass-Thru		626,707	
Pass-Thru from Oregon Department of Education						14,244,648	
Department of Agriculture Total							\$14,244,648
Department of The Interior							
US Geological Survey							
15.808	US Geological Survey Research and Data Collection						
G2119	FED- UGGS Mt Tabor	N/A	10/01/21-09/30/22	Direct	29,000	7,152	
Direct Funding						7,152	
Department of The Interior Total							\$7,152
Federal Communication Commission							
32.009	Emergency Connectivity Fund Program						
G2221	FED-ECF-Emergency Connectivity	N/A	07/01/21-06/30/23	Direct	9,303,600	9,303,600	
Direct Funding						9,303,600	
Federal Communication Commission Total							\$9,303,600
National Science Foundation							
47.076	STEM Education						
G1923	FED- Developing Leaders, Transforming Practice	1906565	09/01/19-08/31/23	Direct	1,088,014	86,475	
Direct Funding						86,475	
National Science Foundation Total							\$86,475
Department of Education							
Office of Career, Technical, and Adult Education							
84.048	Career and Technical Education - Basic Grants to States						
G2089	FED- Carl Perkins 21/22	66151	07/01/21-09/30/22	Pass-Thru	443,721	116,602	
G2253	FED- Carl Perkins 22/23	72340	07/01/22-06/30/23	Pass-Thru	511,848	368,689	
						485,291	
84.051	Career and Technical Education - National Programs						
G1928	FED - Perkins Innovation	V051F190033	10/01/19-09/30/22	Direct	500,001	182,545	
Office of Elementary and Secondary Education							
84.010	Title I Grants to Local Educational Agencies						
G1991	FED- Title IA- Central	58346	07/01/20-09/30/22	Pass-Thru	3,190,619	67,623	
G2004	FED- ESSA Partnerships 20/21	60419	07/01/20-09/30/22	Pass-Thru	970,600	600	
G2050	FED- Title IA- School Budgets	67054	07/01/20-09/30/23	Pass-Thru	6,391,778	168,595	
G2051	FED- Title IA- Central	67054	07/01/21-09/30/23	Pass-Thru	1,618,697	2,600,039	
G2052	FED- Title IA- Focus/Priority	67054	07/01/21-09/30/23	Pass-Thru	1,865,714	166,063	
G2056	FED- Title ID	66907	07/01/21-09/30/23	Pass-Thru	193,514	95,288	
G2064	FED- ESSA 19-20 Supplement	65142	07/01/21-09/30/22	Pass-Thru	974,345	808,814	
G2107	FED- ESSA Partnerships 21/22	68002	10/01/21-09/30/23	Pass-Thru	965,325	743,250	
G2230	FED- Title IA- School Budgets	72595	07/01/22-09/30/23	Pass-Thru	6,319,680	6,001,683	
G2231	FED- Title IA- Central	72595	07/01/22-09/30/23	Pass-Thru	2,090,030	1,519,790	
G2232	FED- Title IA- Focus/Priority	72595	07/01/22-09/30/23	Pass-Thru	1,522,014	745,368	
G2236	FED- Title ID	73063	07/01/22-09/30/23	Pass-Thru	216,786	2,424	
						12,919,537	

MULTNOMAH COUNTY, OREGON
Schedule of Expenditures of Federal Awards
For the year ended June 30, 2023

ALN/ Grant	Grant Description	Pass-Through Grantor's No.	Period Covered	Direct or Pass-Thru	Award Amount	Expenditures	Agency Total
Department of Education (Continued)							
84.011	<i>Migrant Education State Grant Program</i>						
G1993	FED- Title IC- Migrant Education	58942	07/01/20-09/30/23	Pass-Thru	468,536	\$ 10,676	
G1995	FED- Title IC- Migrant Education Summer	66116	07/01/20-09/30/23	Pass-Thru	127,669	24,548	
G2053	FED- Title IC- Migrant Education	68116	07/01/21-09/30/23	Pass-Thru	536,294	54,771	
G2054	FED- Title IC- Migrant Education Preschool	68145	07/01/21-09/30/22	Pass-Thru	344	344	
G2055	FED- Title IC- Migrant Education Summer	70946	04/01/22-09/30/23	Pass-Thru	138,885	93,632	
G2233	FED- Title IC- Migrant Education	73283	07/01/22-09/30/23	Pass-Thru	488,675	460,930	
G2234	FED- Title IC- Migrant Education Preschool	73265	07/01/22-09/30/23	Pass-Thru	8,311	6,362	
						<u>651,263</u>	
84.013	<i>Title I State Agency Program for Neglected and Delinquent Children and</i>						
G2079	FED- Title ID - Portland DART Schools	15642	07/01/21-06/30/23	Pass-Thru	269,000	120,175	
84.060	<i>Indian Education Grants to Local Educational Agencies</i>						
G2242	FED- Indian Education Title VI	S060A220938	07/01/22-09/30/23	Direct	100,241	99,656	
84.184	<i>School Safety National Activities</i>						
G2262	FED-SBMH	S184H220169	01/01/23-12/31/27	Direct	200,473	3,430	
84.196	<i>Education for Homeless Children and Youth</i>						
G2063	FED- McKinney Vento Homeless	66238	07/01/21-09/30/23	Pass-Thru	1,924	1,924	
G2243	FED- McKinney Vento Homeless	74848	07/01/22-09/30/23	Pass-Thru	40,500	38,954	
						<u>40,878</u>	
84.365	<i>English Language Acquisition State Grants</i>						
G1877	FED- Title III - English Language Acquisition	53453	07/01/19-09/30/22	Pass-Thru	994,894	26,296	
G1999	FED- Title III - English Language Acquisition	58501	07/01/20-09/30/23	Pass-Thru	559,315	180,987	
G2059	FED- Title III - English Language Acquisition	67160	07/01/21-09/30/23	Pass-Thru	536,667	117,391	
G2239	FED- Title III - English Language Acquisition	73119	07/01/22-09/30/23	Pass-Thru	529,400	2,077	
						<u>326,751</u>	
84.367	<i>Supporting Effective Instruction State Grants</i>						
G1879	FED- Title IIA- Private School Allocation	53612	07/01/19-09/30/22	Pass-Thru	23,535	18,834	
G1998	FED- Title IIA- Private School Allocation	58838	07/01/20-09/30/23	Pass-Thru	191,507	91,796	
G2057	FED- Title IIA- Teacher Quality	67488	07/01/21-09/30/23	Pass-Thru	1,196,937	281,197	
G2058	FED- Title IIA- Private School Allocation	67488	07/01/21-09/30/23	Pass-Thru	216,231	102,390	
G2237	FED- Title IIA- Teacher Quality	72792	07/01/22-09/30/23	Pass-Thru	1,161,055	734,496	
G2238	FED- Title IIA- Private School Allocation	72792	07/01/22-09/30/23	Pass-Thru	206,283	34,989	
						<u>1,263,702</u>	
84.411	<i>Education Innovation and Research</i>						
G1716	FED-PREP Education Innovation	U411C170253	10/01/17-06/30/23	Direct	3,918,325	813,790	
84.424	<i>Student Support and Academic Enrichment Program</i>						
G1899	FED- Title IV-A Student Support 19/20 Private	54602	07/01/19-11/09/22	Pass-Thru	123,547	18,388	
G2000	FED- Title IV-A Student Support 20/21	58648	07/01/20-09/30/23	Pass-Thru	629,461	23,859	
G2060	FED- Title IV-A Student Support 21/22	66844	07/01/21-09/30/23	Pass-Thru	199,040	97,504	
G2061	FED- Title IV-A Student Support 21/22 Private	66844	07/01/21-09/30/23	Pass-Thru	199,040	38,417	
G2240	FED- Title IV-A Student Support 22/23	72989	07/01/22-09/30/23	Pass-Thru	652,366	145,853	
G2241	FED- Title IV-A Student Support 22/23 Private	72989	07/01/22-09/30/23	Pass-Thru	115,905	21,814	
						<u>345,835</u>	
Office Of Special Education and Rehabilitative Services							
Special Education Cluster (IDEA)							
84.027	<i>Special Education Grants to States</i>						
G2082	FED-IDEA Sec 611 2021-22 Formu	68708	07/01/21-09/30/23	Pass-Thru	8,501,827	685,598	
G2111	FED- IDEA Part B, Section 611	68459	07/01/21-09/30/23	Pass-Thru	2,041,028	789,687	
G2120	FED- IDEA Part B, Section 611 Equipment	75372	07/01/22-09/30/23	Pass-Thru	544,028	426,495	
G2121	FED- IDEA Part B, Section 611	74104	07/01/22-09/30/23	Pass-Thru	8,896,408	8,496,975	
G2071	FED - CRP 611	11046-A6	07/01/21-06/30/23	Pass-Thru	12,354,200	5,938,809	
G2072	FED- CRP - Audiology	11046-A6	07/01/21-06/30/23	Pass-Thru	907,838	453,919	
G2073	FED- CRP - TBI	11046-A6	07/01/21-06/30/23	Pass-Thru	42,500	21,250	
G2074	FED- CRP - Addition	11046-A6	07/01/21-06/30/23	Pass-Thru	400,000	200,000	
G2077	FED- Providence Nursing	15286	07/01/21-06/30/23	Pass-Thru	42,878	42,878	
G2081	FED- DART IDEA	15642	07/01/21-06/30/23	Pass-Thru	58,600	56,515	
						<u>17,112,126</u>	
84.173	<i>Special Education Preschool Grants</i>						
G2083	FED- IDEA Part B, Section 619 21/22	68983	07/01/21-09/30/23	Pass-Thru	97,055	91,761	
G2112	FED- IDEA Part B, Section 619 22/23	69227	07/01/21-09/30/23	Pass-Thru	50,179	11,049	
G2116	FED- CRP 619	11046-A6	07/01/21-06/30/23	Pass-Thru	130,862	92,498	
						<u>195,308</u>	
Total Special Education (IDEA) Cluster						17,307,434	
84.126	<i>Rehabilitation Services Vocational Rehabilitation Grants to States</i>						
G1790	FED-YTP Vocational Rehabilitation Grant	160741	07/01/19-06/01/23	Pass-Thru	825,996	156,124	
G2250	FED- OR Commission for the Blind	101-22	07/01/22-09/30/23	Pass-Thru	190,340	141,596	
						<u>297,720</u>	

MULTNOMAH COUNTY, OREGON
Schedule of Expenditures of Federal Awards
For the year ended June 30, 2023

ALN/ Grant	Grant Description	Pass-Through Grantor's No.	Period Covered	Direct or Pass-Thru	Award Amount	Expenditures	Agency Total
Department of Education (Continued)							
<i>Education Stabilization Fund</i>							
84.425D	<i>Elementary and Secondary School Emergency Relief Fund</i>						
G1984	FED- ESSER	57893	03/13/20-09/30/22	Pass-Thru	8,354,389	\$ 252,475	
G2041	FED- ESSER II	64664	01/26/21-09/30/23	Pass-Thru	32,836,859	17,356,025	
						17,608,500	
84.425U	<i>American Rescue Plan Elementary and Secondary School Emergency Relief Fund</i>						
G2094	FED- ESSER III	64968	03/13/20-09/30/24	Pass-Thru	73,817,944	22,272,669	
G2104	FED- ARP-HCY I	69308	07/01/21-06/30/24	Pass-Thru	62,142	3,743	
G2114	FED- ARP-HCY II	69389	04/23/21-09/30/24	Pass-Thru	254,510	142,601	
G2118	FED- Proof of Concept Literacy Grant	21396	07/01/22-09/30/23	Pass-Thru	500,000	287,955	
G2229	FED-CRP ESSER II	73155	03/13/20-09/30/23	Pass-Thru	1,287,669	712,432	
						23,419,400	
Total Education Stabilization Fund						41,027,900	
<i>Office of Postsecondary Education</i>							
<i>Gaining Early Awareness and Readiness for Undergraduate Programs</i>							
84.334	FED- E3 - Engage, Empower, Elevate	P334A180117	10/01/18-09/30/25	Direct	6,265,600	1,898,671	
G1827							
Direct Funding						2,998,092	
Pass-Thru from Oregon Department of Education						74,488,766	
Pass-Thru from Oregon Commission for the Blind						141,596	
Pass-Through from Oregon Department of Human Services						156,124	
Department of Education Total							\$77,784,578
Department of Health and Human Services							
<i>Administration for Children and Families</i>							
<i>Head Start Cluster</i>							
93.600	<i>Head Start</i>						
G2021	FED-Head Start COVID19	10CH01071902C3	01/01/20-10/31/22	Direct	39,301	39,301	
G2065	FED- Head Start 21/22	10CH010719-04-00	11/01/21-10/31/22	Direct	5,686,462	2,304,233	
G2097	FED- HS American Rescue Plan	10HE00042601-C6	04/01/21-03/31/23	Direct	355,361	120,475	
G2245	FED- Head Start 22/23	10CH01071905	11/01/22-10/31/23	Direct	5,830,128	3,731,420	
Total Head Start Cluster						6,195,429	
<i>Centers for Disease Control and Prevention</i>							
<i>Cooperative Agreements to Promote Adolescent Health through School-Based HIV/STD Prevention and School-Based Surveillance</i>							
G1770	FED- SAY Wellness	NU87PS004369-01-0C	08/01/18-07/31/23	Direct	1,846,994	336,404	
G2030	FED- SAY Wellness COVID	NU87PS004369C3	08/01/20-07/31/23	Direct	549,606	261,155	
						597,559	
93.136	<i>Injury Prevention and Control Research and State and Community Based Programs</i>						
G2559	FED-Crime Prevention	HD-IGA-E-14121-202	03/01/22-06/30/23	Pass-Thru	3,557	3,557	
93.297	<i>Teenage Pregnancy Prevention Program</i>						
G1985	FED- MultiCo Teen Pregnancy	HD-IGA-E-12731-2021	07/01/20-06/30/23	Pass-Thru	158,467	158,467	
<i>Centers for Medicare and Medicaid Services</i>							
<i>Medicaid Cluster</i>							
93.778	<i>Medical Assistance Program</i>						
G2023	FED- Medicaid - CRP Audiology	N/A	07/01/20-06/30/25	Pass-Thru	104,215	32,578	
G2025	FED- Medicaid - SPED	N/A	07/01/20-06/30/25	Pass-Thru	212,288	1,976	
Total Medicaid Cluster						34,554	
<i>Substance Abuse and Mental Health Services Administration</i>							
93.788	<i>Opioid STR</i>						
G1912	FED-Health for K-5	159879	04/15/19-12/31/23	Pass-Thru	17,935	17,935	
Direct Funding						6,792,988	
Pass-Thru from Multnomah County						162,024	
Pass-Thru from Oregon Department of Human Services						52,489	
Department of Health and Human Services Total							\$7,007,501
Department of Homeland Security							
<i>Federal Emergency Management Agency</i>							
97.036	<i>Disaster Grants - Public Assistance</i>						
G2027	FED-FEMA Covid 19 Reimbursement	N/A	03/20/20-Ongoing	Pass-Thru	1,889,873	1,889,873	
Pass-Thru from Oregon Office of Emergency Management						1,889,873	
Department of Homeland Security Total							\$1,889,873
Grand Total						\$ 110,323,828	\$110,323,828

This schedule is prepared on the modified accrual basis of accounting.
1 Donated food is valued at estimated fair value.

SCHOOL DISTRICT NO. 1J, MULTNOMAH COUNTY, OREGON
Notes to Schedule of Expenditures of Federal Awards
For the year ended June 30, 2023

Purpose of the Schedule

The accompanying Schedule of Expenditures of Federal Awards (the "Schedule") includes the federal award activity of the District under programs of the federal government for the year ended June 30, 2023. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards ("Uniform Guidance"). Because the Schedule presents only a selected portion of the operations of the District, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the District.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

Expenditures reported on the Schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance for State, Local and Indian Tribal Governments, where applicable, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

Indirect Cost Rate

The District has not elected to use the 10 percent de minimis indirect cost rate as allowed under Uniform Guidance.

Federal Financial Assistance

Pursuant to Uniform Guidance, federal financial assistance is defined as assistance provided by a federal agency, either directly or indirectly, in the form of grants, contracts, cooperative agreements, loans, loan guarantees, property, interest subsidies, insurance or direct appropriations. Accordingly, non-monetary federal assistance, including federal surplus property, is included in federal financial assistance and, therefore, is reported on the Schedule, if applicable. Federal financial assistance does not include direct federal cash assistance to individuals. Solicited contracts between the state and federal government for which the federal government procures tangible goods or services are not considered to be federal financial assistance.

Major Programs

Uniform Guidance establishes criteria to be used in defining major federal financial assistance programs. Major programs for the District are those programs selected for testing by the auditor using a risk-assessment model, as well as certain minimum expenditure requirements, as outlined in Uniform Guidance. Programs with similar requirements may be grouped into a cluster for testing purposes.

Reporting Entity

The reporting entity is fully described in notes to the financial statements. The Schedule includes all federal programs administered by the District for the year ended June 30, 2023.

Expenditure Recognition

Expenditures of federal awards are accounted for under the modified accrual basis of accounting. Expenditures are recorded when the liability is incurred. Donated commodities are valued at their estimated fair value.

Subrecipients

The District does not pass-through federal awards to any subrecipients.



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Grant HS Dance Collective – Fall 2022



Duniway Elementary – November 2022

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SCHOOL DISTRICT NO. 1J, MULTNOMAH COUNTY, OREGON
Summary of Prior Year Findings and Questioned Costs
For Non-Compliance with Federal and State Requirements
For the Year Ended June 30, 2023

Prior Year Audit Findings

The District did not have any prior year audit findings reported

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Woodlawn Elementary – March 2023



Roosevelt Theatre, Failure a Love Story – February 2023

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 prohibits discrimination and harassment on any basis protected by law, including but not limited to, an individual's perceived or actual race, color, religion, sex, sexual orientation, gender expression or identity, national or ethnic origin, marital status, age, mental or physical disability, pregnancy, familiar status, economic status, veteran's status, or because of the perceived or actual race, color, religion, sex, sexual orientation, national or ethnic origin, marital status, age, mental or physical disability, pregnancy, familiar status, economic status, or veterans' status or any other persons with whom the individual associates.

Board of Education Policy 1.80.020-P

Contact Information for Civil Rights Matters

District Title VI: Gillian Murr	Phone: 503-916-6499
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

2022-23 ACFR Preparation

Vacant, Chief Financial Officer
Alexandra Martin, Finance Project Manager

Accounting

Tracy Pinder, Sr. Director- Financial Services
Melissa Ensminger, Sr. Manager- General Ledger
Kiran Markos, Manager- General Ledger
J Cooper, Accountant/Analyst- Student Body Funds
Chad Hepner, Bond Accountant
Michael Johnson, Sr. Accountant/Analyst
Shannon Sinclair, Sr. Accountant/Analyst

Budget & Grant Accounting

Junho Chang, Sr. Manager Budget
Kristin Johnson, Manager- Grant Accounting
Zeb Petterborg, Manager- Budget Systems
Mark Davenport, Grant Accountant
Abdullah Elmadhoun, Sr. Grant Accountant
Stacey Hoang, Sr. Budget Analyst
Abigail Jorgenson, Sr. Budget Analyst
Premila Kumar, Sr. Budget Analyst
Jeeranan McKee, Sr. Grant Accountant
Aaron Musk, Sr. Grant Accountant
Alysha Rayford, Sr. Grant Accountant
Patrick Rodeman, Sr. Budget Analyst
Rachel Spires, Sr. Grant Accountant
David Stone, Fiscal Services Associate III

Financial Systems

Kathleen Hiigel, Manager- Financial Systems
Rona Galarza, Sr. Financial Systems Analyst
Matthew Howe, Sr. Financial Systems Analyst

Payroll

Ondra Matthews, Sr. Manager- Payroll
Megan Gremer, Manager- Payroll Systems
Debbie Chan, Accountant/Analyst
Deborah Finzo, Fiscal Services Clerk
Marisha Reese, Financial Services Associate III
Marina Vlasenko, Financial Services Associate III
James Young, Financial Services Associate III

Treasury / Accounts Receivable

Michael Nixon, Sr. Treasury Manager
Teresa Eckblad, Finance Clerk
Gary Stamps, AR Accountant

Accounts Payable

Rebecca Dingman, Manager- Accounts Payable
Kristen Barsotti, Fiscal Services Associate II
Michael DeVeto, Fiscal Services Associate I
Shawna DeWitt, Fiscal Services Associate II
Jamie Farrington, Fiscal Services Associate II- Bond
Suzanne Rademacher, Fiscal Services Associate II
Gisela Rodriguez Lopez, Fiscal Services Associate I

Contracts Audit Implementation Plan
Presentation to the Audit Committee on 12/21/23 @ 4pm

2020 Contracts Audit Recommendations					Status	
#	Abbreviated Recommendation	Response	Responsible Administrator / Manager	Status:	OIPA Comments	District Response:
1	1. Re-evaluate internal controls to ensure all District staff who manage or work with contracts complete the mandatory contracting training course prior to the established deadline.	Agree	Emily Courtnege, Director of Purchasing & Contracting	Completed	Confirmed	NA
2	2. Maximize the benefit of the training course, by requiring the training course applicable for the contract term, to be completed by the required staff prior to initiating the contract.	Agree	Emily Courtnege, Director of Purchasing & Contracting	Completed	Confirmed	NA
2 a)	Consider changing the deadline for the required training course to August 1st of the applicable year.	Partly Agree	Emily Courtnege, Director of Purchasing & Contracting	Completed	Confirmed	NA
3	Develop and implement internal controls that will ensure a thorough and robust review and evaluation of the contracts performance is completed and documented prior to deciding whether or not a similar contract should be negotiated in the future	Agree	Instructional Leadership, RESJ leadership	Completed	Please provide a copy of the completed contract performance evaluation for of the following contracts for the 2022-23 school year (the performance evaluation would be for the 2021-2022 contract) 1. Open School 2. Self Enhancement 3. Latino Network	
3 a)	Update the contracting training course to include additional guidance and expectations related to review and evaluations	Agree	Emily Courtnege, Director of Purchasing & Contracting	Completed	Confirmed	NA
3 b)	Utilize the content of the Board Cover Memo to create a template for Contract Managers to document the review and evaluation for all contracts.	Agree	Jonathan	On Target		The District is working collaboratively with impacted departments to establish a detailed process and set of templates for contract managers to complete that will detail clear deliverables, rationale, evaluation and supervisor approval (e.g. Board Cover Memo). The focus for the spring and early summer will be on clearly establishing and communicating processes and building capacity for contract managers and supervisors through training. Implementation will begin July 1, 2023.
3 c)	Require the review and evaluation be reviewed and approved by the Contract Manager's supervisor and submitted to the P&C Department for record keeping.	Partly Agree	RESJ Leadership & Instructional Leadership	On Target	OIPA Note/Question: A review and evaluation of a contract's performance was required at the time we did the audit, however our testing showed they were not being completed as required. The intent of the recommendation was to add a layer of accountability (by requiring the supervisors approval) to ensure the review and evaluation of a contract's performance is completed, as required, before contracting for the services again. Please provide a narrative response to how the district ensures the required review and evaluation is completed before contracting for the services again.	In the aforementioned process and required templates, the District will ensure there is clear approval from the contract manager's supervisor. Internal controls will include a monthly summary report provided to the Office of the Superintendent to monitor fidelity of implementation

3 d)	d) Increase transparency by saving all review and evaluations in a central and accessible location so they can be easily accessed and reviewed by stakeholders	Partly Agree	Emily Courtnage, Director of Purchasing & Contracting	On Target	OIPA Note: Not requesting anything at this time. We may have a follow-up question depending on the District's response to some of the other recommendations above.	Within Purchasing & Contracting, this is complete. PPS has implemented Cobblestone, which allows users to add reviews and evaluations and other docs to the central contract file, and Purchasing & Contracting instructs people in Cobblestone trainings as well as the annual contracting trainings to do so.
4	Develop and implement internal controls that will ensure all contracts include appropriate and specific deliverables, performance measures, expected outcomes, how the performance of the contract will be measured, and reporting requirements tailored to the particular contract.	Agree	Instructional Leadership & RESJ Leadership	Completed	OIPA Background Info: Personal service contracts should include appropriate and specific deliverables, performance measures, expected outcomes, how the performance of the contract will be measured, and reporting requirements tailored to the particular contract. This was required at the time we did the audit, however our testing showed not all contracts included this content. The intent of the recommendation was to have the district develop and implement an internal control to ensure appropriate and specific deliverables, performance measures, expected outcomes, how the performance of the contract will be measured, and reporting requirements tailored to the particular contract. Recommendations 4a, 4b, and 4c were made to indicate ways the district could implement this recommendation. For example: when asked "how does the district ensure all personal service contracts include appropriate and specific deliverables, performance measures, expected outcomes, how the performance of the contract will be measured, and reporting requirements tailored to the particular contract?" The district could respond by saying: 1. We require the use of the Specialized SOW template that has required fields for inputting this content into the contract. (recommendation 4a) 2. We require the appropriateness of the specific deliverables, performance measures, expected outcomes, how the performance will be measured, and reporting requirements tailored to the particular contract be reviewed and approved by a qualified Educational Specialist who is not involved with the management of the contract. (recommendation 4b) and 3. We required the completed Specialized SOW template to be uploaded into Cobblestone so it is easily assessable to stakeholders. OIPA Request: Please provide a narrative response to how the district ensures appropriate and specific deliverables, performance measures, expected outcomes, how the performance of the contract will be measured, and reporting requirements tailored to the particular contract. Please provide a copy of the following three contracts: 1. Open School 2. Self Enhancement 3. Latino Network	
4 a)	Require the use of the Specialized SOW template	Agree	Emily Courtnage, Director of Purchasing & Contracting	Completed	See OIPA notes above related to recommendation 4.	
4 b)	Require the appropriateness of the specific deliverables, performance measures, expected outcomes, how the performance will be measured, and reporting requirements tailored to the particular contract be reviewed and approved by a qualified Educational Specialist who is not involved with the management of the contract.	Partly Agree	Jonathan Garcia	On Target	See OIPA notes above related to recommendation 4.	As previously mentioned, the District is implementing internal controls that includes, but is not limited to, a monthly summary report provided to the Office of the Superintendent to monitor fidelity of implementation in FY2024.
4 c)	Increase transparency by saving the completed Specialized SOW template in a central and accessible location so they can be easily accessed and reviewed by stakeholders.	Agree	Emily Courtnage, Director of Purchasing & Contracting	Completed	Confirmed	NA

5	Provide an update to the Board to communicate the District's phased implementation of the mandatory training requirements for contractors and the delay in full implementation.	Partly Agree	Legal - Mary Kane	Completed	<p>OIPA Background Information: In a memo to the Board of Education (Board), dated October 29, 2019, District Management reported to the Board that all contracts with community partners who work with PPS students are required to complete the mandatory training modules, same as required of District staff. However our testing found contracts that should have included the mandatory training requirements did not include the requirement.</p> <p>Per the member of the Office of General Counsel leading the district's implementation of this requirement, for the 2019-20 school year, they worked with individual Contract Managers to include mandatory training requirements in contracts that were managed centrally by District administrative staff. The mandatory training courses requirement would be required for all contractors and their employees who interact with PPS students in the 2020-21 school year.</p> <p>OIPA Request: Please provide a copy of what ever documentation what provided to the Board that details the phased implementation of the required training.</p>	
6	Develop and implement internal controls to ensure all mandatory training courses are included in all contracts that require interactions with students.	Partly Agree	Legal - Mary Kane and Emily Courtage, Director of Purchasing & Contracting	Completed	Confirmed	NA
6 a)	District Management develop detailed guidance and expectations related to the mandatory training requirement for contracts that require contractors and their staff to interact with PPS students.	Partly Agree	Legal - Mary Kane	Completed	Confirmed	NA
6 b)	The P&C department communicate the detailed guidance and expectations to Contract Managers throughout the District	Agree	Emily Courtage, Director of Purchasing & Contracting	Completed	Confirmed	NA
6 c)	Update the contracting training course to include guidance and expectations related to the inclusion of the mandatory training courses in applicable contracts; including if or when exceptions can be made and the process for obtaining an exception.	Agree	Emily Courtage, Director of Purchasing & Contracting	Completed	Confirmed	NA
6 d)	Establish a clear and mandatory channel of communication between the P&C department and Contract Managers (in addition to the annual contracting training course) to communicate and distribute guidance and expectation for Contract Managers on topics related to contracting	Disagree	Emily Courtage, Director of Purchasing & Contracting	Completed	NA	NA
7	7. Develop and implement internal controls to ensure the District obtains evidence that the contractors and their employees have completed the mandatory training course as required in the contract.	Agree	Legal - Mary Kane and Emily Courtage, Director of Purchasing & Contracting	Completed	Confirmed	NA
7 a)	Develop adequately detailed guidance and expectations and communicate that content with Contract Managers.	Agree	Legal - Mary Kane and Emily Courtage, Director of Purchasing & Contracting	Completed	Confirmed	NA
7 b)	Include the list of mandatory training courses in applicable RFPs (or ITB).	Agree	Emily Courtage, Director of Purchasing & Contracting	Completed	Confirmed	NA
7 c)	Consult with the Office of Technology & information Services (OTIS) to develop a streamlined process for the activation of the necessary PPS email addresses for the contractor and their staff to access the training courses in Pepper PD.	Agree	Legal - Mary Kane	Completed	Confirmed	NA

8	8. Develop and implement internal controls that will ensure: • Evidence of deliverables identified in the SOW are achieved/delivered, and • Reports obtained by the District as evidence of deliverables include all required information, agree with District data, and all required reports are obtained (i.e. all four of the four reports are obtained).	Agree	Instructional Leadership & RESJ leadership	On Target	OIPA Request: Please provide a narrative on how the district ensures: • Evidence of deliverables identified in the SOW are achieved/delivered, and • Reports obtained by the District as evidence of deliverables include all required information, agree with District data, and all required reports are obtained (i.e. all four of the four reports are obtained).	The District is working collaboratively with stakeholders to review and analyze current processes within departments to identify and scale best practices. After analysis is complete this spring and summer, any adjustments to internal controls will be scaled and implemented with a clear communication and training plan.
9	We also recommend the District management develop and implement internal controls that will ensure contract management responsibilities are being performed.	Agree	Instructional Leadership & RESJ leadership	On Target	OIPA Request: Please provide a narrative on how the district ensures contract management responsibilities are being performed.	The evaluation of responsibilities will be included in the aforementioned analysis and potential revisions to internal control processes.
10	We recommend the District develop and implement internal controls that will ensure the District has received a signed ROI form prior to releasing any student information and continue to prioritize obtaining ROI forms, until a signed ROI form is obtained for each student.	Partly Agree	Legal - Mary Kane and potentially others	Completed	Confirmed	NA
11	We recommend the District perform and document an analysis of the District's obligation to secure student information from unauthorized re-disclosure under FERPA laws.	Agree	Legal - Mary Kane	Completed	Confirmed	NA
11 a)	We recommend the District consider specifically addressing each of the examples identified in the finding in its analysis.	Agree	Legal - Mary Kane	Completed	Confirmed	NA
12	We recommend the District develop a clear criteria for determining when a signed ROI form is required.	Agree	Legal - Mary Kane	Completed	Confirmed	NA
13	Develop and implement internal controls that will ensure the consistent application of a signed ROI form in applicable contracts.	Agree	Legal - Mary Kane and Emily Courtmage, Director of Purchasing & Contracting	Completed	Confirmed	NA
13 a)	We recommend the District consider providing Contract Managers with training that will detail guidance and expectations to ensure they have an adequate understanding of the criteria for which a signed ROI form is required and the District's obligation to secure student information from unauthorized re- disclosure under FERPA laws.	Partly Agree	Legal - Mary Kane	Completed	Confirmed	NA
14	We recommend the District review contract payment processes and procedures for process improvements and efficiencies to ensure payments to contractors are made timely as required in the contract. Additionally, we recommend the District document the date the invoice was received.	Agree	Tracy Pinder, Director of Financial Services	Completed	OIPA Request: Please provide a narrative on how the district ensure it takes advantage of contractors who offer discounts; how they are monitored; and how they are communicated with AP.	Some suppliers may offer an early payment discount. The discount is indicated on the invoice and the payment terms are entered in the supplier maintenance in the financial system. Contract managers are responsible for monitoring potential discounts and taking advantage of contractors who offer discounts.
15	We also recommend the District consider centralizing the receipt of contract invoices.	Partly Agree	Tracy Pinder, Director of Financial Services	Completed	Confirmed	NA
16	To ensure contract management responsibilities are being performed as expected, we recommend the District develop and communicate detailed guidance and expectation related to contract management responsibilities.	Partly Agree	Emily Courtmage, Director of Purchasing & Contracting	Completed	Confirmed	NA
16 a)	a) Identify personal services contracts for student services as complex contracts and increase requirements for those contracts to include: o Develop an additional contract management training course that Contract Managers of complex contracts are required to complete prior to initiating the contract. o Require complex contracts include a contract administration plan (similar to that used by the State of Oregon) that is review and approved by the Contract Manager's supervisor and submitted to P&C for recordkeeping.	Partly Agree	Emily Courtmage, Director of Purchasing & Contracting	Completed	Confirmed	NA

17	Develop and communicate oversight of contract management responsibilities, including how performance of contract management responsibilities will be evaluated. To achieve this, we recommend the District consider updating position descriptions to include contract management responsibilities and include an evaluation of the performance of these responsibilities in the staff member's annual performance evaluation.	Partly Disagree	Jonathan Garcia	On Target	OIPA Request: Please provide a narrative describing how contract management responsibilities are evaluated by the contract manager's supervisor.	The evaluation of contract manager responsibilities will be included in the aforementioned analysis to internal control processes and revisions will be considered based on the analysis.
18	Prior to assigning a Contract Manager, supervisors of the proposed Contract Manager should evaluate the positions' other roles and responsibilities to ensure those assigned contract management responsibilities have adequate time to perform the contract management responsibilities while also performing the roles and responsibilities in their position descriptions	Partly Disagree	Instructional Leadership & RESJ leadership	Completed	OIPA Request: Please provide a narrative from the supervisor of a contract manager that describes the consideration/evaluation of the roles and responsibilities of the contract manager, that ensures those assigned contract management responsibilities have adequate time to perform the contract management responsibilities while also performing the roles and responsibilities in their position descriptions	
19	We recommend the District take additional steps to implement a comprehensive and systematic approach to improve performance management of personal service contracts. To achieve this we recommend the District consider scaling the District's comprehensive and systematic approach to improve performance management of personal service contracts identified by the District as RESJ partnership contracts to include all of the District's personal service contracts with educational partners.	Partly Agree	Instructional Leadership & RESJ leadership	Completed	Confirmed	NA
20	To address the SoS audit's call for increased transparency and oversight for the District's contracts we recommend the District consider publicly posting the review and evaluation of contracts (via the Board Cover Memo) and the SOW for contracts listed on the Board agenda for Board approval. This could increase transparency in contracting decisions while still safeguarding the majority of the content related to contractor payments.	Partly Agree	Jonathan	On Target		



PORTLAND PUBLIC SCHOOLS

YOUR DEPARTMENT HERE

501 North Dixon Street / Portland, OR 97227

Telephone: (503) 916-2000

Mailing Address: P. O. Box 3107 / 97208-3107

MEMO

Date: November 30, 2023

To: Board of Education

From: Janise Hansen, Sr Internal Performance Auditor

Subject: Update to Policy 1.60.040-P District Performance Auditing

Background

At the September 13, 2023 meeting of the Audit Committee, committee members requested an update to the District Performance Auditing policy (1.60.040-P) to formalize the participation of community members on the Audit Committee. It has been the practice of the Audit Committee to invite two community members to participate as members of the Audit Committee; the updates to the policy formalizes this practice in the policy.

At the November 30, 2023 Policy Committee meeting, committee members reviewed the updates to this policy. The updated language was approved by the committee who then recommended it move to the full Board for a First Reading.



District Performance Auditing

I. Office of Performance Auditor

- A. Portland Public Schools shall maintain an Office of Performance Auditor. The office shall be staffed by a Board-approved District Performance Auditor (Auditor), who shall be hired, evaluated, and may be removed by the Board, and such other employees or contractors as the Board provides budgetary funding.
- B. The Office of Performance Auditor shall adhere to Generally Accepted Government Auditing Standards (GAGAS) in conducting its work and shall be considered independent as defined by those standards.

II. Audit Committee

A. The Audit Committee shall be comprised of five members appointed by the Board and all appointees shall be independent of the district's management and administrative service. The Audit Committee will be comprised of three members of the Board and two community members that — Hhave a general knowledge of the District and the audit process.

B. The two community members shall serve as voting members of the Audit Committee for two years and may be re-appointed at the end of their term.

C. The Board recognizes that community members bring specialized knowledge and expertise to the Audit Committee. Community members serving on the Audit Committee shall employ discretion, avoid conflicts of interest and their appearance, and exercise care in performing their duties. Community members appointed to the Audit Committee shall follow the ethics rules contained in ORS Section 244.

D. The Audit Committee welcomes up to two students to participate as ex officio members of the Audit Committee. The students may be appointed to the Audit Committee by the Student Representative to the Board and/or at the discretion of the Chair of the Audit Committee.



District Performance Auditing

E. The Auditor and their staff shall report to the Audit Committee, and the Auditor shall be annually evaluated by the Board using the school district's evaluation instrument. The Auditor shall report to the Deputy Superintendent for Business & Operations (or comparable role) for administrative purposes such as leave approval, office space and supplies, paychecks, and reimbursements.

III. Assistants and Employees

- A. The Office of Performance Audit shall be provided a separate budget (subject to available resources) sufficient to carry out the responsibilities and functions established in this policy.
- B. Within budget limitations and consistent with District policies and procedures, the Auditor shall have the authority to ~~appoint~~, employ, and remove other employees of the Office of Performance Audit or contractors as deemed necessary for the efficient and effective administration of the duties of the office.

IV. Scope of Audits

- A. The Auditor shall have authority to conduct performance or other audits of all schools, offices, activities, and programs – including contracted programs - to independently determine whether:
 - 1. Activities and programs being implemented have been authorized by District policy, state law, or applicable federal law or regulations;
 - 2. Activities or programs are conducted efficiently and effectively to accomplish the objective intended by District policy, state law, or applicable federal law or regulations;
 - 3. Activities and programs are being conducted and funds expended in compliance with applicable laws;
 - 4. Revenues are being properly collected, deposited, and accounted for;
 - 5. Financial and other reports are being provided that disclose fairly and fully all information that is required by law, that is necessary to ascertain the



District Performance Auditing

nature and scope of programs and activities, and that is necessary to establish a proper basis for evaluating the programs and activities;

- 6. There are adequate operating and administrative procedures and practices, systems or accounting internal control systems, and internal management controls which have been established by management; or
 - 7. Indications of fraud, abuse, or illegal acts are identified for further investigation.
- B. The Auditor may provide non-audit services that are not covered by Government Audit Standards, provided that the service does not impair the auditor's independence. Decisions to perform non-audit services will be based on two overarching principles:
- 1. Audit organizations should not provide non-audit services that involve performing management functions or make management decisions; and
 - 2. Audit organizations should not audit their own work or provide nonaudit services in situations where the non-audit services are significant/material to the subject matter of audits.

V. Audit Plan

- A. At the beginning of each fiscal year, the Auditor shall submit a proposed annual audit plan to the Audit Committee for review and input. The plan shall include the schools, offices, activities, functions, and programs proposed for audit during the year. Upon review of the plan, the Audit Committee will recommend an annual audit plan to the full Board for approval.
- B. In consultation with the Audit Committee, the Auditor will select topics based on potential for cost savings and service improvements; level of public and school board interest; evidence of problems or wrongdoing; risk of loss or abuse; and availability of audit staff.



District Performance Auditing

VI. Access to Employees, Records and Property

- A. All District officers and employees of shall furnish the Auditor with requested information and unrestricted access to employees, information, and records within their custody or control regarding powers, duties, activities, organization, property, equipment, financial transactions, contracts, and methods of business required to conduct an audit or otherwise perform audit duties. Officers or employees who fail to provide access and/or information requested by the Auditor, may be subject to discipline up to and including termination.
- B. All contracts with outside contractors and subcontractors shall provide for Auditor access to all financial and performance-related records, property, and equipment purchased in whole or in part with District funds.
- C. The Auditor shall not publicly disclose any information received during an audit involving matters that are confidential, privileged, or are otherwise exempt from disclosure under applicable state or federal law. Reporting in such cases may be limited to the Board.

VII. Views of Responsible Officials

A. A final draft of each audit report shall be delivered to the manager responsible for the audited program and the Superintendent for review and comment before it is released. The responsible manager must respond in writing specifying agreement with audit findings and/or recommendations or reasons for disagreement with findings and/or recommendations, plans for implementing solutions to issues identified, and a timetable to complete such activities. The auditor must receive the response within 15 working days. The Auditor may revise its report based on the substantive input of the responsible manager. The Auditor will report the responsible manager's response to the Auditor's findings, conclusions, and recommendations, as well as the responsible manager's planned corrective actions. If no response is received within the specific timeframe, the Auditor will note that fact in the audit report and will release the report. In the case of contracted audits, audits may be released without inclusion of a response.



District Performance Auditing

VIII. Audit Reports

A. Each audit will result in a written report containing relevant background information, findings and recommendations and shall be delivered to the Audit Committee, Board, and the Superintendent. The report shall also be available for public examination, except as otherwise provided in this policy or prohibited by law.

IX. Report of Irregularities

If during an audit, the Auditor becomes aware of abuse or illegal acts or indications of such acts that could affect the District, the auditor shall report the irregularities to the Audit Committee and the Superintendent. If the Superintendent is believed to be a party to abuse or illegal acts, the Auditor shall report the acts directly to the Audit Committee chair.

X. Annual Report

A. The auditor shall submit an annual report to the Board within 90 days of the fiscal year end indicating audits completed, major findings, corrective actions taken by administrative managers, and significant findings which have not been fully addressed by management.

XI. Audit Follow-up

A. Responsible managers should provide quarterly reports about the implementation of corrective action plans as specified in the plan. The Auditor may request periodic status reports from audited entities regarding actions taken to address reported deficiencies, audit recommendations, and completed action plans.

XII. Contract Auditors, Consultants, and Experts

A. Within budget limitations, the Auditor may obtain the services of Certified Public Accountants, qualified management consultants, or other professional experts as necessary to perform the Auditor's duties.



Board Policy

1.60.040-P

District Performance Auditing

History: Adopted 6/71; amended 12/83; re-organizational rescission 9/9/02; re-adopted 6/13/05 BA 3330; amended 8/13/07; amended 12/11/2018

NOTES Section

Status of Implementation of Audit

Recommendations:

Status of Implementation of Recommendations on prior audits is typically provided to the Audit Committee quarterly, or as determined by the Audit Committee.

Currently approved audits:

- Student Body Funds Audit
- English Language Learners Audit
- Building Security Audit
- CTE Audit
- Measure 98 Audit

External Bond Performance Auditors:

The current auditor’s contract began 7/1/2018 and goes through 6/30/2022 and can be extended for four (4) additional years via one (1) year renewals through June 30, 2026.

Potential Special/Joint Committee Meetings:

Joint meeting of the BAC, Facilities and Operations, and Audit Committees for the presentation of the Bond Audit results.

External ACFR Auditors:

The current auditor’s contract was extended for three years until March 31, 2023, and then last year there was a one year extension so the current contract will expire this spring (of 2024)

JH: Per discussion with Myong 11/30/2023 it is currently the plan to do an RFP this year.

Resolution to Appoint ACFR Auditor: The Board is required to pass a resolution to appoint the ACFR auditors each year. This is typically done in **June or July.**

September 13, 2023 @ 5:00 pm

Agenda Items

- Welcome to the Audit Committee / Introductions
- Community Member participation on Audit Committee
- Overview of the Office of Internal Performance Audit (OIPA)

December 21, 2023 @ 4:00 pm

Agenda Items

- Welcome to the Audit Committee / Introductions

- Presentation of the audit results for the Annual Comprehensive Financial Report (ACFR) and the Report on Requirements for Federal Awards
 - Recommendation from Audit Committee to the full Board to accept the ACFR audit at the next Board meeting.
- Status of the Implementation of Recommendations - Contracts Audit Report issued in June 2020
- Update on edits to Board Policy 1.60.040-P : District Performance Auditing Policy

February 28, 2024 @ 5:00 pm

Agenda Items

- Welcome to the Audit Committee / Introductions
- Note:
 - Confirm the Board approved edits to Board Policy 1.60.040-P : District Performance Auditing Policy
 - Discuss community member participation on the Audit Committee
 - Recommendation from the Audit Committee to the full Board to appoint community member to the Audit Committee
- Discussion about Financial Statement auditor contracts
- Status of the Implementation of Recommendations - Hardship Petition Audit
- Student Body Funds audit results presentation
- OIPA budget discussion
- OIPA Status Update

May 15, 2024 @ 5:00 pm

Agenda Items

- Welcome to the Audit Committee / Introductions
- Notes:
 - Confirm financial statement auditor's contract in place for the 2024-25
 - The Board is required to pass a resolution to appoint the ACFR auditors each year. This is typically done in June or July.
- Discussion about the annual performance evaluation for the Sr. Internal Performance Auditor - Due by 6/30/2024
- Discuss future audit topics
- English Language Learners audit results presentation