

Audit Committee Meeting
Monday, December 16, 2024 5:30 PM

Dr. Matthew Prophet Education Center - Board
Auditorium
501 N. Dixon St
Portland, OR 97227

Agenda

1. Introduction
2. Presentation of the audit results of the FY 2024 Annual Comprehensive Financial Report (ACFR) and the Report on Requirements for Federal Awards
3. Presentation of the audit results for the Year 5 Bond Audit
4. Status of the implementation of Bond Audit recommendations
5. Update on the role of the Audit Committee in the RFP process for external auditors
6. Public Comment *To sign-up for public comment email PublicComment@pps.net or call the Board Office @ 503-916-3741.*
7. Adjourn

Portland Public Schools

Financial Statement Audit & Single Audit – June 30, 2024

Board of Education

Audit Committee Meeting – December 16, 2024

Special Meeting – December 17, 2024



The Audit

- Auditing standards generally accepted in the United States of America (“GAAS”)
- *Government Auditing Standards* issued by the Comptroller General of the United States (“GAS”)
- Audit Timing
 - Interim Fieldwork – 5/5/2024 through 5/24/2024
 - Final Fieldwork – Began 10/7/2024
- Single Audit
 - \$108.6 million of federal expenditures
 - 4 Major Programs (52% of federal expenditures)
 - AL# 84.334 - Gaining Early Awareness and Readiness for Undergraduate Programs
 - AL# 84.425 - Education Stabilization Fund
 - AL# 93.600 - Head Start
 - AL# 97.036 - Public Assistance (Presidentially Declared Disasters)

Financial Statement Audit Results

- Independent Auditor's Report
 - Unmodified - Financial statements are presented fairly in accordance with U.S. generally accepted accounting principles ("GAAP")
- Report on Compliance and Internal Control over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance with Oregon State Regulations
 - 1 finding related to reporting of teacher experience noted.

Single Audit Results

- 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
 - No control deficiencies noted
- Report on Compliance for Each Major Federal Program; Report on Internal Control over Compliance; and Report on the Schedule of Expenditures of Federal Awards Required by the Uniform Guidance
 - Unmodified opinion

Required Communications

- Significant accounting practices, including policies, estimates, and disclosures
 - Implementation of GASB 100, *Accounting Changes and Error Corrections*
 - Significant accounting estimates
 - Investments
 - Allowance for doubtful accounts
 - Depreciation
 - Self-insurance claims
 - Amortization of bond premiums and discounts
 - Other Post Employment Benefits (OPEB) related balances
 - Pension related balances

Required Communications

- No auditor proposed adjusting journal entries
- No uncorrected misstatements identified
- Not aware of any consultations with other accountants
- Recently issued GASB standards
 - GASB Statement No. 101, *Compensated Absences*
 - GASB Statement No. 102, *Certain Risk Disclosures*
 - GASB Statement No. 103, *Financial Reporting Model Improvements*
 - GASB Statement No. 104, *Disclosure of Certain Capital Assets*
- Shared responsibility for independence
- Management representation letter

Questions?

Thank You

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Talbot, Korvola & Warwick, LLP

14945 SW Sequoia Parkway, Suite 150

Portland, Oregon 97224





PORTLAND PUBLIC SCHOOLS

ANNUAL COMPREHENSIVE FINANCIAL REPORT

FOR THE YEAR ENDED JUNE 30, 2024

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

www.pps.net

501 N DIXON STREET, PORTLAND, OREGON 97227



PORTLAND

Public Schools

PORTLAND PUBLIC SCHOOLS

Annual Comprehensive Financial Report

For the year ended June 30, 2024

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, 2024

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SCHOOL DISTRICT NO.1J, MULTNOMAH COUNTY, OREGON

Annual Comprehensive Financial Report
For the Year Ended June 30, 2024

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Myong Leigh
Interim Chief Financial Officer

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

December 12, 2024

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, 2024, 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 an 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 five 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 2022-23 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 **Single Audit Section** includes reports from the independent auditor regarding compliance requirements of the U.S. Office of Management and Budget (OMB) Uniform Guidance Compliance Supplement for major federal programs.

The **Compliance Section** contains the independent auditor’s report required by the Minimum Standards for Audits of Oregon Municipal Corporations.

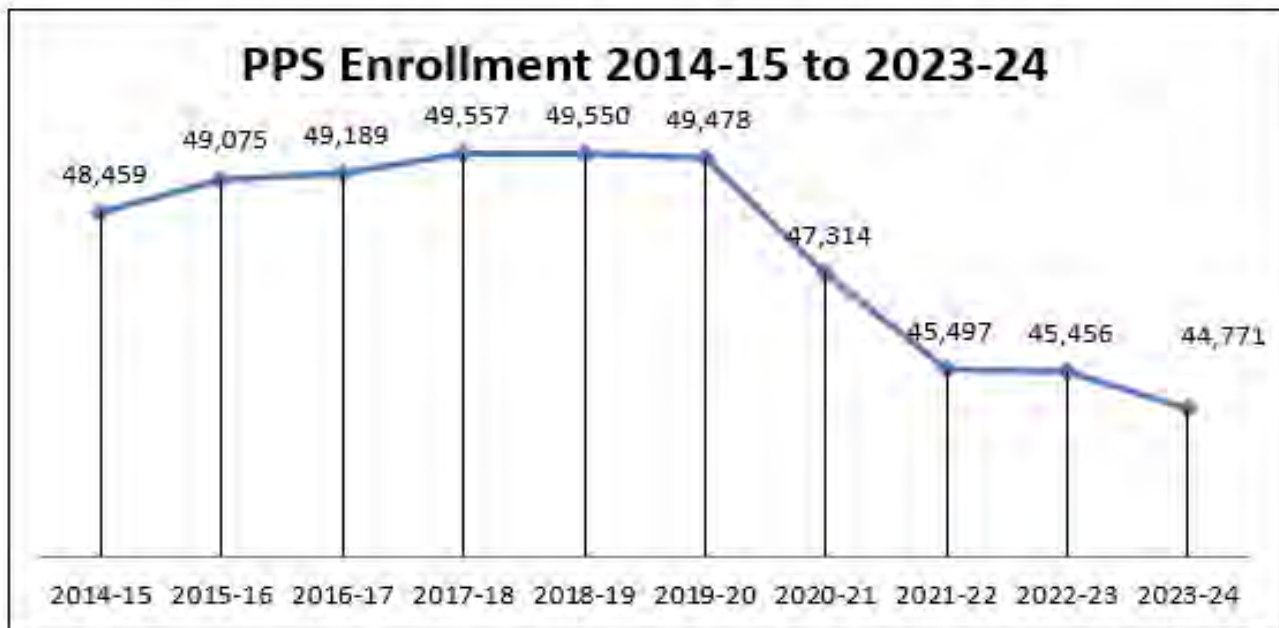
GAAP requires that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management’s Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The District’s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

Profile of the District

Portland Public Schools, founded in 1851, is a PreK-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 44,500 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 continues to be higher than the State of Oregon average graduation rate. 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 of over 152 square miles, including portions of the cities of Portland (total population 630,498), Lake Oswego (total population 39,924), and Milwaukie (total population 21,594), based on 2023 estimates by the U.S. Census Bureau Population Estimates Program (PEP). The District maintains 90 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 85 years for elementary schools, 85 years for middle schools, and 98 years for high schools. Please see Schedule 17 of the Statistical Section for additional details on each building’s size, age and enrollment.

Student enrollment as of October 2023 was 44,771. 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 2023 Portland Public Schools Student Enrollment (by Program Type)				
Program Type	Number of Schools/Programs		Enrollment Distribution	
Regular Schools and Programs				
Elementary Schools	56	20,421	45.61%	
Middle Schools	15	7,388	16.50%	
High Schools	9	13,144	29.36%	
Subtotal - Regular Schools	80	40,953	91.47%	
PPS Alternative Programs	5	1,352	3.02%	
Subtotal - Schools and Alternative Programs	85	42,305	94.49%	
Community-Based Programs	8	759	1.70%	
Special Services Programs	15	376	0.84%	
Public Charter Programs	5	1,331	2.97%	
Grand Total	113	44,771	100.00%	

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

The District continues to experience an enrollment decline from a recent high of 49,557 in the fiscal year 2017-18 to 44,771 in fiscal year 2023-24. 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 38,562 in fiscal year 2032-33. Additional details 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. Dr. Kimberlee Armstrong is the Superintendent of Portland Public Schools. Mr. Guadalupe Guerrero served as the chief administrative officer of the district from July 2023 - February 2024, and Dr. Sandra Husk served as interim chief administrative officer from February 2024 - June 30, 2024.

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 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 2023 Oregon Revised Statutes 297.405 to 297.555 and 297.990. The budget for each fund is a plan for the financial operations to be conducted during the coming fiscal year and is adopted annually, before 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 categories: 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 details 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

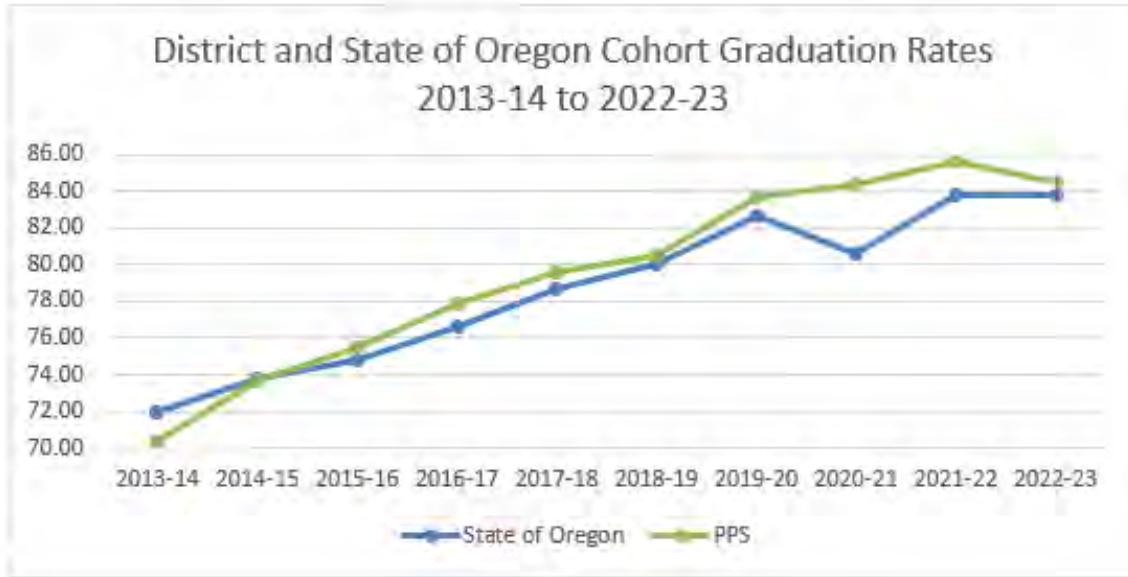
Service Efforts and Accomplishments

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 June 28, 2022, the Board adopted by resolution number 6538, Portland Public Schools Board Goals for 2022-27. 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 Readiness
- High School Graduation

The Vision, strategic plan, accountability metrics and 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 outpace the average graduation rate for the State of Oregon. The graduation rate for the PPS Class of 2023 (the most recent year available from the Oregon Department of Education) was 84.45%, exceeding the average graduation rate for the State of Oregon Class of 2023 of 81.32%.

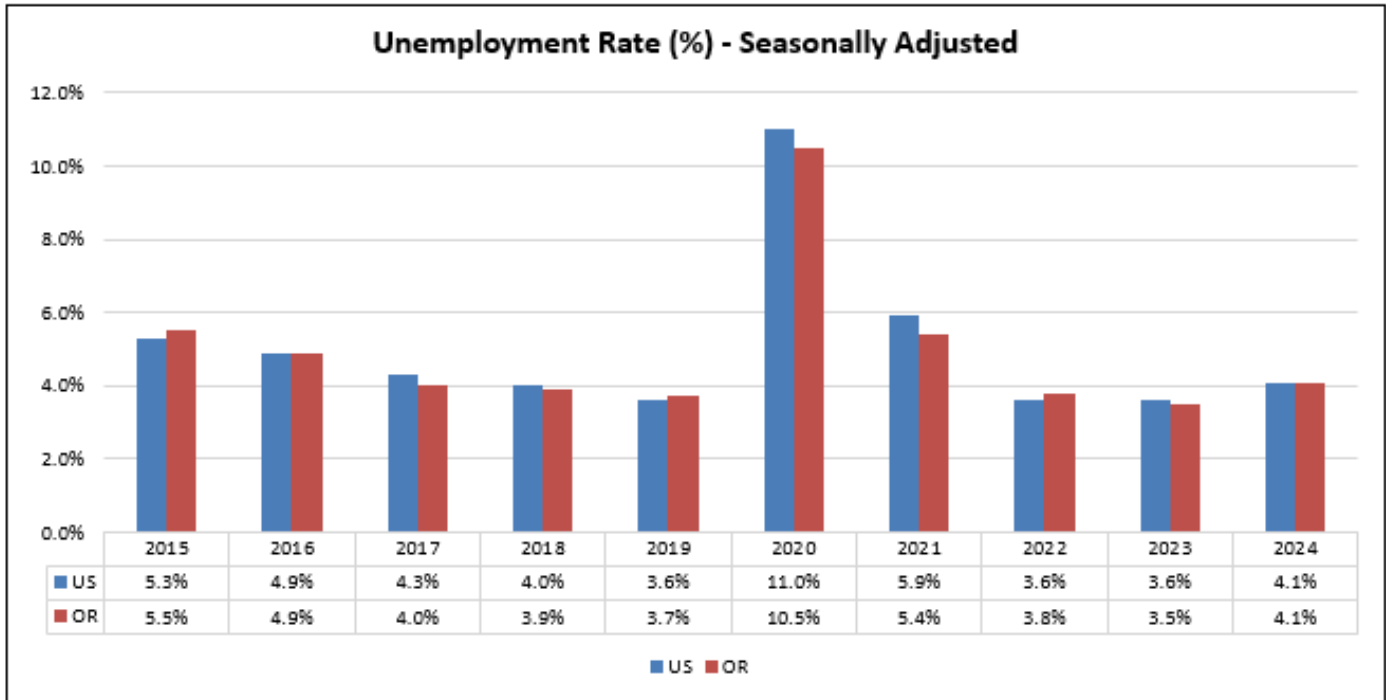
Factors Affecting Financial Condition

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

PPS derives approximately 81% of its General Fund revenues from the State School Fund and the allocation of certain property taxes within the associated funding distribution formula. Approximately 53% percent 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 14% 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 the real market values of homes within the PPS taxing district.

Oregon State Economy – In June 2024, Oregon’s unemployment rate slightly increased to 4.1% from a low of 3.5% in June 2023.



Source: Bureau of Labor Statistics, Unemployment Data, [Annual Averages](#)

Approximately 17,000 jobs were lost statewide over the past year, contributing to a slight decline in the total workforce of 0.87% from June 2023 to June 2024. The Information sector had the greatest percentage of jobs lost, experiencing a 9.2% year over year reduction totaling about 3,500 jobs.

Oregon Employment by Industry (number of jobs, in thousands)						
Industry	June 2023	June 2024	% of Economy	Year-over-Year Change (#)	Year-over-Year Change (%)	
Government	305.5	312.4	15.8%	6.9	2.3%	
Other Services	64.8	64.6	3.3%	(0.2)	-0.3%	
Leisure & Hospitality	207.4	206.1	10.4%	(1.3)	-0.6%	
Education & Health Services	313.7	334.1	16.9%	20.4	6.5%	
Professional & Business Services	273.4	258.5	13.0%	(14.9)	-5.4%	
Financial Activities	107.7	103.0	5.2%	(4.7)	-4.4%	
Information	37.9	34.4	1.7%	(3.5)	-9.2%	
Trade, Transportation, and Utilities:	364.6	360.7	18.2%	(3.9)	-1.1%	
Manufacturing	193.8	187.0	9.4%	(6.8)	-3.5%	
Construction	123.5	114.4	5.8%	(9.1)	-7.4%	
Mining and Logging	6.4	6.2	0.3%	(0.2)	-3.1%	
Total Nonfarm	1,998.7	1,981.4		(17.3)	-0.87%	

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 2023-24, Education, Health Services, and Hospitality accounted for 27.3% of the city’s economy while Trades, Transportation and Utilities made up another 18.2%.

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 the 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% 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 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. These bonds, funded renovations and additions at Benson and Leodis V. McDaniel High Schools, and full rebuilds of Lincoln High School and Kellogg Middle School. Approximately 30% of the budgets for these projects comprehensively addressed health and safety issues. Leodis V. McDaniel and Kellogg both opened for the 2021-22 school year. Lincoln High School opened for the 2023-24 school year.

A third \$1.2 billion capital bond was passed by voters in November 2020, funding additional health and safety projects across the district and allowing PPS to replace curriculum materials and technology equipment districtwide, modernize Jefferson High School, complete Benson Polytechnic High School, and provide a new facility to house the Multiple Pathways to Graduation programs.

Modernization work at Benson Polytechnic was completed in the summer of 2024, and students returned to the completely rebuilt school in the Fall. Design and construction work will continue with health and safety projects to 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.

The 2020 bond also funds additional neighborhood school projects, continued design and planning to modernize Cleveland and Ida B. Wells-Barnett High Schools, and curriculum updates and technology improvements across the district. PPS remains committed to delivering robust high school and middle school projects as envisioned by the voters, stewarding bond resources prudently and efficiently, and building and maintaining the trust of voters in our community. .

Charter Schools

Oregon statute provides state funding for charter schools that flow through districts for schools for which local school boards of education have granted a charter. The District had five charter schools in operation during the 2023-24 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 to have a special form of audit conducted for that year. Talbot, Korvola & Warwick, LLP has provided various required reports including the Report on Audit Requirements for Federal Awards, 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, 2023. This was the 44th 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 ending June 30, 2023. This was the 52nd consecutive year that the District has earned this significant award. The Certificate of Excellence recognizes the District has met the highest standards in school financial reporting, as adopted by ASBO. The District believes that this report for fiscal year 2023-24, 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 Chief Financial Officer

SCHOOL DISTRICT NO. 1J, MULTNOMAH COUNTY, OREGON
Principal Officials
At June 30, 2024

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
Patte Sullivan	3	June 30, 2027	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
Edward Wang	7	June 30, 2027	503-916-3741

ADMINISTRATIVE STAFF

Dr. Sandra Husk	Interim Superintendent
Dr. Cheryl Proctor	Deputy Superintendent, Instruction and School Communities
Myong Leigh	Interim Deputy Superintendent, Business and Operations
Liz Large	Contracted General Counsel
Leslie O'Dell	Interim Chief of Staff
Jey Buno	Chief of Student Support Services
Dan Jung	Chief Operating Officer
Vacant	Senior Director Communications
Don Wolff	Chief Technology Officer
Kristina Howard	Interim Chief Academic Officer
Vacant	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
Margaret Calvert	Assistant Superintendent, Secondary
Dr. Esther Omogbehin	Assistant Superintendent, Elementary

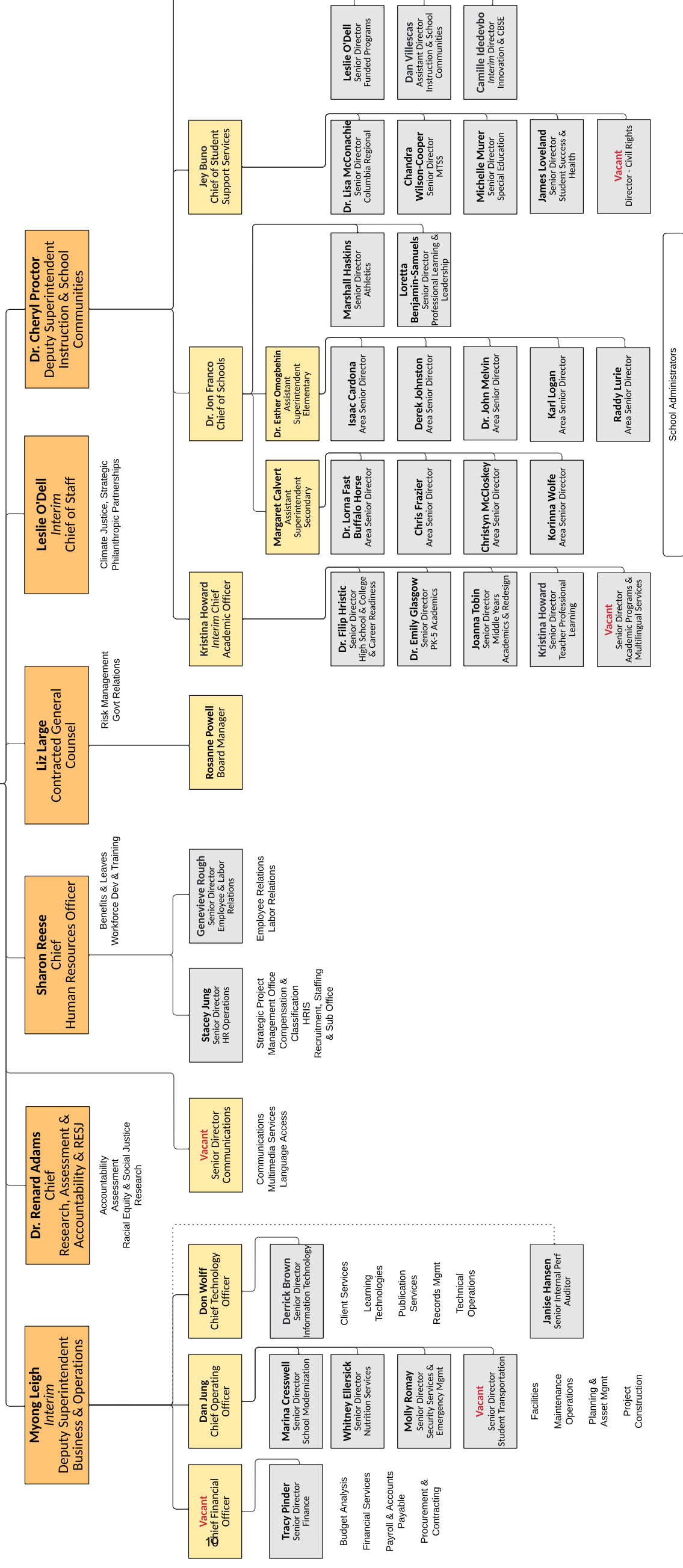


2023-24 PPS Leadership Staff

Effective: April 7, 2024
Subject to change

Dr. Sandy Husk
Interim Superintendent

Cheryl Pitman
Confidential Executive Assistant (CEA)



School Administrators



ASSOCIATION OF
SCHOOL BUSINESS OFFICIALS
INTERNATIONAL

**The Certificate of Excellence in Financial Reporting
is presented to**

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

**for its Annual Comprehensive Financial Report
for the Fiscal Year Ended June 30, 2023.**

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



A handwritten signature in black ink, reading 'Ryan S. Stechschulte'.

Ryan S. Stechschulte
President

A handwritten signature in black ink, reading 'James M. Rowan'.

James M. Rowan, CAE, SFO
CEO/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, 2023

Christopher P. Morrill

Executive Director/CEO





FINANCIAL SECTION



Your peace of mind is our passion.

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, 2024, 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, 2024, 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, and the Schedule of Expenditures of Federal Awards (SEFA) as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* are presented for purposes of additional analysis and are not a required part of the basic financial statements. 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 and the SEFA are 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 12, 2024 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 12, 2024, on our consideration of the District's compliance with certain provisions of laws and regulations, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules. The purpose of that report is to describe the scope of our testing of compliance and the results of that testing and not to provide an opinion on compliance.

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

For Talbot, Korvola & Warwick, LLP
Portland, Oregon
December 12, 2024

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, 2024. 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, 2023, the Board of Education (the Board) adopted the fiscal year 2023-24 budget by way of Board Resolution No. 6718. The District’s fiscal year 2023-24 budget was based on the Oregon Legislature’s biennial budget cycle for 2023-2025 that includes a State School Fund allocation of \$10.2 billion, a Student Investment Account (SIA) allocation of \$1.1 billion, and a High School Success (Measure 98 or M98) allocation of \$176.8 million.

The fiscal year 2023-24 budget continued to focus available resources on the PPS Vision (“PPS Reimagined”) and Strategic Plan (“Forward Together”). 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 2023-24 budget focused on two specific areas: addressing the core needs of students and staff; and increasing academic achievements and reducing academic disparities.

On January 9, 2024, the Board voted to amend the fiscal year 2023-24 budget, by way of Board Resolution No. 6813. This amendment to the budget revised appropriations and recognized resources to align the budget with updated projections.

- **General Fund:** \$15.2 million to true up beginning fund balance, increase property tax resources and adjust appropriations across Instruction and Support Services, including a temporary increase in wages for substitute educators between December 18 and 22.
- **Special Revenue Fund:** \$8.7 million increase to Student Investment Account and Integrated Grant and Early Literacy Grant proceeds and appropriation adjustments across Instruction, Support Services, Enterprise & Community Services, and Contingency.
- **Capital Projects Fund:** \$37.1 million to true up beginning fund balance and increase State Sources and decrease All Other Revenue Sources and to updated appropriations across Facilities Acquisition and Construction to reflect actual funds available.

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, 2024, the 2012 authorization had a remaining balance of \$484 thousand, comprised of investment earnings on bond proceeds.

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 were completed in Fall 2024.

At June 30, 2024, the 2017 authorization had a remaining balance of \$98.1 million, comprised of investment earnings on bond proceeds.

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, 2024, \$364.9 million of the related cash and investments available for capital projects is comprised of unspent bond proceeds and related investment earnings.

The following table summarizes the remaining balances of the authorized bond proceeds which were unspent as of June 30, 2024.

Summary of Bond Resources as of June 30, 2024
(in millions)

Authorization		Issued		Unspent Balance
Year	Amount	Par	Premium	
2012	\$ 482,000	\$ 482,000	\$ 56,937	\$ -
2017	790,000	790,000	69,408	-
2020	1,208,000	839,430	76,037	330,613
	<u>\$ 2,480,000</u>	<u>\$ 2,111,430</u>	<u>\$ 202,382</u>	<u>\$ 330,613</u>

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 28-30 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 31.

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 31-36 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 37-39 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 40-85 of this report.

Required Supplementary Information (RSI) is located directly after the notes to the basic financial statements on pages 86-97 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 98-100 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.

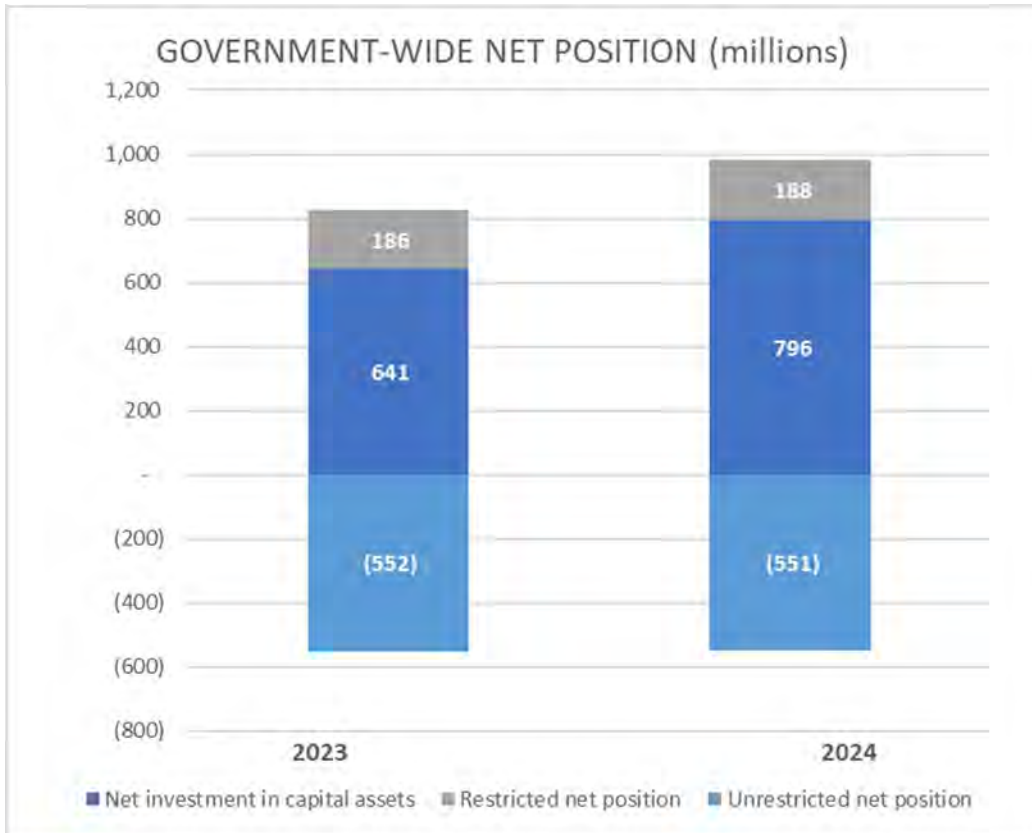
Analysis of Net Position

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: 2023 compared to 2024

Net Position is a primary indicator of financial position. The District’s assets and deferred outflows exceeded liabilities and deferred inflows by \$432 million at June 30, 2024. This represents an increase of \$157 million in net position from the prior year and is further discussed below.

Net Position	Government-wide (thousands)			
	2023	2024	\$ Change	% change
Assets				
Current or other assets	\$ 1,239,627	\$ 1,007,334	\$ (232,293)	-18.7%
Net capital assets	1,629,666	1,884,686	255,020	15.6%
Total Assets	<u>2,869,293</u>	<u>2,892,020</u>	<u>22,727</u>	0.8%
Deferred Outflows of Resources	<u>395,025</u>	<u>283,060</u>	<u>(111,965)</u>	-28.3%
Liabilities				
Long-term liabilities outstanding	2,235,470	1,924,805	(310,665)	-13.9%
Other liabilities	499,840	563,426	63,586	12.7%
Total Liabilities	<u>2,735,310</u>	<u>2,488,231</u>	<u>(247,079)</u>	-9.0%
Deferred Inflows of Resources	<u>253,532</u>	<u>254,394</u>	<u>862</u>	0.3%
Net Position				
Net investment in capital assets	641,228	795,530	154,302	24.1%
Restricted	186,014	187,531	1,517	0.8%
Unrestricted	(551,766)	(550,606)	1,160	0.2%
Total Net Position	<u>\$ 275,476</u>	<u>\$ 432,455</u>	<u>\$ 156,979</u>	57.0%



Net Investment in Capital Assets has increased to \$796 million, a \$154 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.

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 increased by \$2 million to \$188 million this year, primarily due to the receipt of proceeds from the loss of property from a winter storm.

Unrestricted Net Position consists of all other amounts not included in the categories noted above. Unrestricted Net Position at June 30, 2024 is a negative \$551 million, a decrease of \$1 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 details regarding revenue and expense changes are presented to provide a better understanding of the District’s operations in fiscal year 2023-24 compared to fiscal year 2022-23.

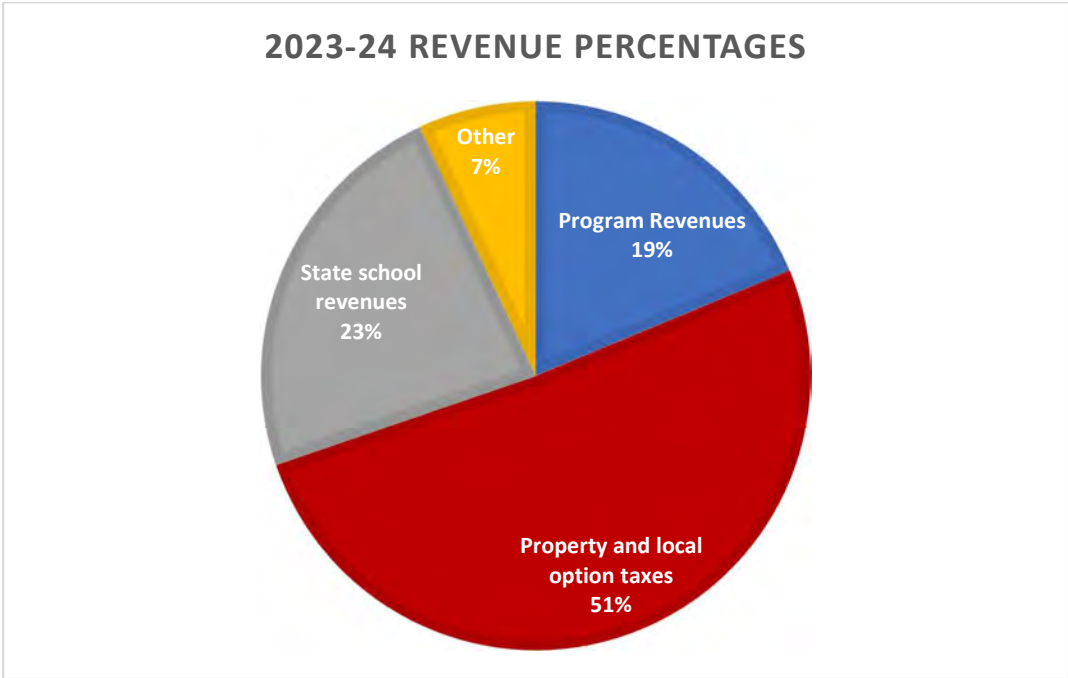
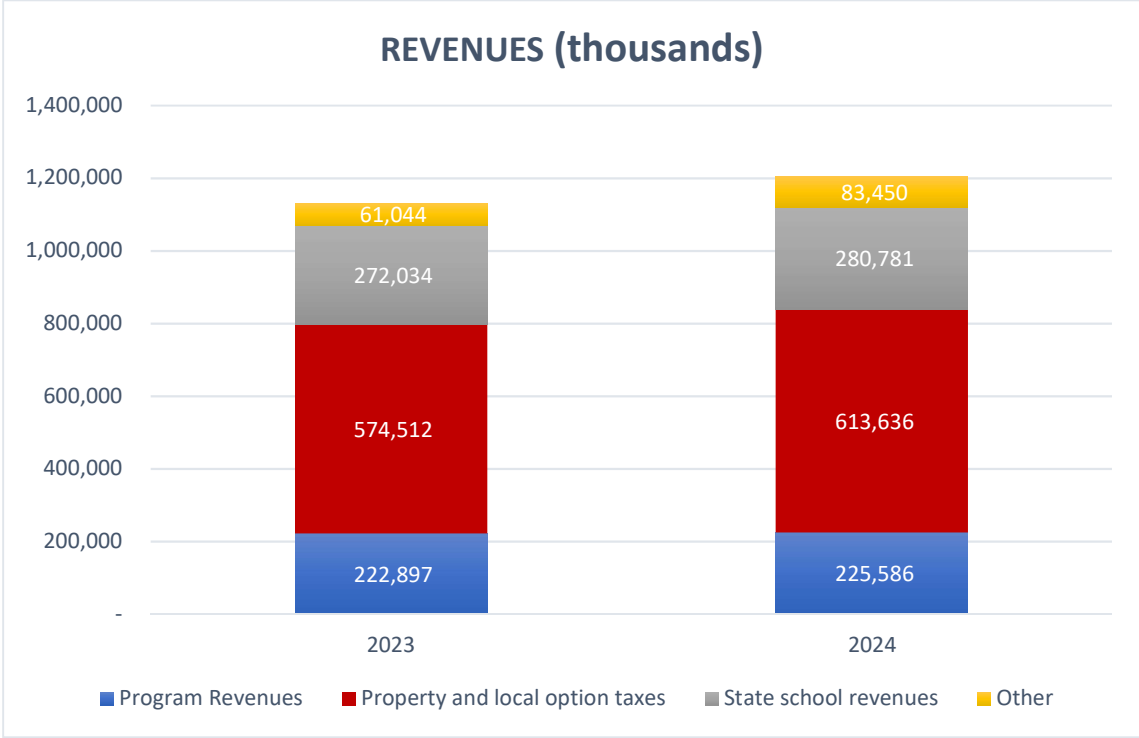
Statement of Activities

	Government-wide (thousands)				
	2023	2024	2024- % of Total	\$ Change	% Change
Revenues					
Program Revenues					
Charges for services	\$ 5,712	\$ 8,421	0.7%	\$ 2,709	47.4%
Operating grants & contributions	215,075	203,962	17.0%	(11,113)	-5.2%
Capital grants & contributions	2,110	13,203	1.1%	11,093	100.0%
Total Program Revenues	<u>222,897</u>	<u>225,586</u>	<u>18.8%</u>	<u>2,689</u>	<u>1.2%</u>
General Revenues					
Property taxes	464,507	505,829	41.9%	41,322	8.9%
Local option taxes	110,005	107,807	9.0%	(2,198)	-2.0%
County & intermediate sources	11,067	9,401	0.8%	(1,666)	-15.1%
Construction excise tax	4,190	1,786	0.1%	(2,404)	-57.4%
State School Fund	265,672	274,366	22.8%	8,694	3.3%
State Common School Fund	6,362	6,415	0.5%	53	0.8%
Investment earnings	28,912	56,177	4.7%	27,265	94.3%
Other	16,875	16,086	1.3%	(789)	-4.7%
Total General Revenues	<u>907,590</u>	<u>977,867</u>	<u>81.2%</u>	<u>70,277</u>	<u>7.7%</u>
Total Revenues	<u>1,130,487</u>	<u>1,203,453</u>	<u>100.0%</u>	<u>72,966</u>	<u>6.5%</u>
Expenses					
Instruction	491,393	508,240	48.6%	16,847	3.4%
Support services	414,298	431,367	41.2%	17,069	4.1%
Enterprise & community services	33,374	30,189	2.9%	(3,185)	-9.5%
Facilities services	4,845	9,520	0.9%	4,675	96.5%
Interest & fees on long-term debt	54,988	67,158	6.4%	12,170	22.1%
Total Expenses	<u>998,898</u>	<u>1,046,474</u>	<u>100.0%</u>	<u>47,576</u>	<u>4.8%</u>
Change in net position	131,589	156,979	36.3%	25,390	19.3%
Net position - beginning of year	143,887	275,476	63.7%	131,589	-91.5%
Net position - end of year	<u>\$ 275,476</u>	<u>\$ 432,455</u>	<u>100.0%</u>	<u>\$ 156,979</u>	<u>-57.0%</u>

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: 2023 compared to 2024

Revenues for fiscal year 2023-24 were \$1.203 billion, an increase of \$73.0 million, or 6.5 percent, from prior year revenues of \$1.130 billion. Operating grants and contributions revenues decreased by \$11.1 million. Capital grants and contributions increased by \$11.1 million. The major decreases in federal and state funding were related to the Elementary and Secondary School Emergency Relief Fund (ESSER), while modest increases occurred in Student Investment Account (SIA), Measure 98 (M98), and Student Success Act Summer Learning grants. In aggregate, property taxes plus local option taxes increased by \$39.1 million over the prior year as assessed values rose and collection rates were consistent with prior years. State School Fund revenues increased \$8.7 million from the prior year. Investment revenues increased \$27.3 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 \$1.046 billion, which is an increase of 4.8 percent, or \$47.6 million, over prior year. Instruction expenses increased \$16.8 million, or 3.4 percent, compared to 2022-23. 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 \$17.1 million, or 4.1 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 89.8 percent of the District’s total expenses in fiscal year 2023-24, compared to 90.7 percent in fiscal year 2022-23. Interest and fees on long-term debt increased \$12.2 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 decreased by \$19.4 million to \$86.1 million in fiscal year 2023-24. The General Fund saw an increase of \$37.6 million in revenue, largely due to an increase in property taxes, State School Fund and investment earnings. Instructional expenditures increased by \$34.9 million, or 9.3 percent, in fiscal year 2023-24. Support services increased by \$27.6 million, or 8.1 percent. Increases are primarily related to wage and benefit increases and additional staffing for counselors, school administrators, substitutes, and custodians.

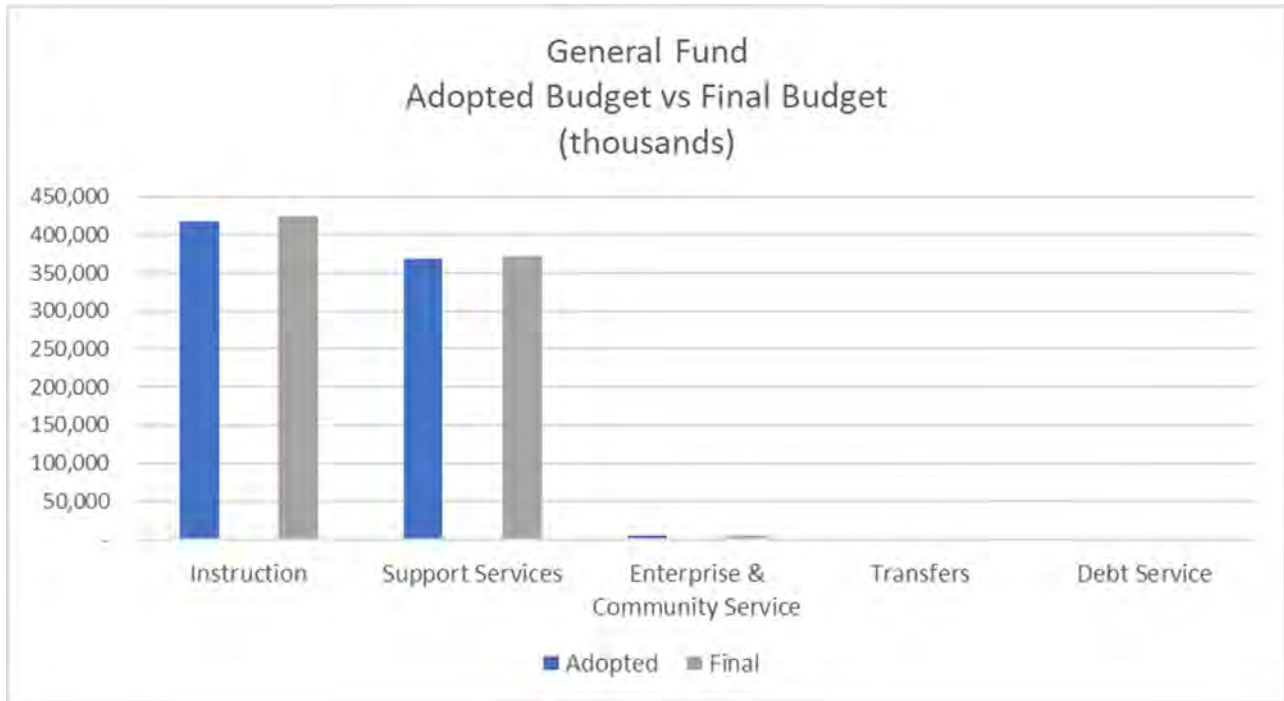
Special Revenue Fund. The Special Revenue Fund ending fund balance increased by \$8.4 million, or 23.0 percent, in fiscal year 2023-24. The Special Revenue Fund saw a decrease of \$3.4 million in revenue, largely driven by decreases in charges for services and federal and state sources. Expenditures across the fund decreased by \$10.9 million due to decreased Elementary and Secondary School Emergency Relief Fund (ESSER) funding.

Debt Service Fund. The Debt Service Fund ending fund balance decreased \$3.6 million to \$14.7 million in fiscal year 2023-24, primarily due to increased General Obligation (GO) bond debt service. Debt Service expenditures increased \$24.1 million in fiscal year 2023-24.

Capital Projects Fund. The Capital Projects Fund ending fund balance decreased \$255.9 million to \$474.6 million in fiscal year 2023-24, primarily due to a decrease in the issuance of additional GO Bonds. Overall spending on GO Bond projects increased \$23.3 million in fiscal year 2023-24 as bond projects continued. Spending on curriculum and technology modernization projects increased \$1.9 million in fiscal year 2023-24.

BUDGETARY HIGHLIGHTS FOR THE GENERAL FUND

Adopted budget compared to final budget. There were two amendments to the fiscal year 2023-24 budget. The first 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. The second amendment was to transfer Special Revenue Funds appropriations between Instruction and Support Services.



Final budget compared to actual results. In fiscal year 2023-24 actual General Fund expenditures before contingency were \$14.7 million below budgeted expenditures, or roughly 1.8 percent. Salaries and associated payroll costs across Instruction and Support Services accounted for \$23.4 million of the variance, while non-personnel expenditures exceeded budget by -\$8.6 million

	Final Budget vs Actual Expenditures (thousands)			
	<u>Final Budget</u>	<u>Actual Expenditures</u>	<u>\$ Variance</u>	<u>% of Budget</u>
Instruction	\$ 424,664	\$ 411,711	\$ (12,953)	96.9%
Support Services	371,425	370,577	(848)	99.8%
Enterprise & Community Service	4,194	4,123	(71)	98.3%
Transfers	1,075	887	(188)	82.5%
Debt Service	727	-	(727)	0.0%
	<u>802,085</u>	<u>787,298</u>	<u>(14,787)</u>	<u>98.2%</u>
Operating Contingency	<u>46,839</u>	<u>-</u>	<u>(46,839)</u>	<u>0.0%</u>
	<u>\$ 848,924</u>	<u>\$ 787,298</u>	<u>\$ (61,626)</u>	<u>92.7%</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, 2024, the District had invested \$1.88 billion in capital assets, net of depreciation and amortization, as shown in the following table:

Capital assets	Government-wide (thousands)			
	2023	2024	\$ Change	% change
Land	\$ 9,174	\$ 9,174	\$ -	0.0%
Buildings and site improvements	1,306,539	1,574,357	267,818	20.5%
Vehicles and equipment	101,414	103,804	2,390	2.4%
Right-to-use leased equipment	958	958	-	0.0%
Right-to-use subscription assets	19,065	20,777	1,712	0.0%
Construction in progress	565,187	601,250	36,063	6.4%
	<u>2,002,337</u>	<u>2,310,320</u>	<u>307,983</u>	<u>15.4%</u>
less accumulated depreciation and amortization	<u>(372,671)</u>	<u>(425,634)</u>	<u>(52,963)</u>	<u>14.2%</u>
Capital assets, net of depreciation	<u>\$ 1,629,666</u>	<u>\$ 1,884,686</u>	<u>\$ 255,020</u>	<u>15.6%</u>

District-wide, net capital assets increased by \$255 million in fiscal year 2023-24, and the District recognized \$425.6 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 \$1.8 billion (excluding premiums and discounts), which is comprised of limited tax pension and refunding bonds (\$578.7 million) and debt backed by the full faith and credit of the District (\$1,217.8 billion). Further explanation of debt is shown in Note 10 of the Financial Statements.

Outstanding Debt	Government-wide (thousands)				
	2023	Increases	Decreases	2024	% change
Limited tax pension and refunding bonds	\$640,890	\$ -	(\$62,240)	\$578,650	-9.7%
Other debt	1,329,588	-	(111,775)	1,217,813	-8.4%
Lease payable	897		(186)	711	-20.7%
Subscription payable	1,688	3,052	(2,078)	2,662	-123.1%
Total Long Term Debt	<u>1,973,063</u>	<u>3,052</u>	<u>(176,279)</u>	<u>1,799,836</u>	
Unamortized Bond Premium/(Discount)	<u>155,948</u>	<u>-</u>	<u>(9,307)</u>	<u>146,641</u>	<u>-6.0%</u>
Total Long Term Debt, net of Premium (Discount)	<u>2,129,011</u>	<u>\$-</u>	<u>(185,586)</u>	<u>1,946,477</u>	<u>-8.7%</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 \$40.1 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 2024-25 budget will continue to support the District’s Vision (“PPS Reimagined”) and Strategic Plan (“Forward Together”) 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. One significant unknown for the District continues to be enrollment. The 2024-25 budget assumes enrollment will gradually decrease which represents a continuing decline from pre-pandemic enrollment levels. Enrollment for the District as of October 1, 2023, was 44,771 students, a decline of 4,749 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 2024-2025 budget takes steps to institutionalize equity-centered strategies 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

SCHOOL DISTRICT NO.1J, MULTNOMAH COUNTY, OREGON
Statement of Net Position
June 30, 2024
(amounts expressed in thousands)

	Governmental Activities
ASSETS	
Cash and cash equivalents	\$ 388,580
Cash and cash equivalents-restricted	19,678
Cash and cash equivalents held by fiscal agents	5,192
Investments	476,225
Accounts and other receivables	79,378
Property taxes and other taxes receivable	17,397
Leases Receivable	7,516
Inventories	1,632
Prepaid items	1,014
Total current assets	996,612
Noncurrent assets:	
Net OPEB asset-RHIA	10,722
Capital assets, not depreciated:	
Land	9,174
Construction in progress	601,250
Capital assets, net of accumulated depreciation and amortization:	
Buildings and capital improvements	1,223,040
Vehicles and equipment	39,247
Right-of-use lease	686
Right-of-use subscriptions	11,289
Total assets	2,892,020
DEFERRED OUTFLOWS OF RESOURCES	
OPEB contributions subsequent to measurement date	6,537
OPEB differences between expected and actual experience	10,322
OPEB differences between actual and expected earnings	30
OPEB differences due to changes in assumptions	3,878
OPEB changes in employer proportion	3,815
Pension changes in employer proportion	21,997
Pension differences between employer contribution and proportionate share of contributions	220,203
Pension differences between expected and actual experience	5,329
Pension differences due to changes in assumptions	8,482
Pension differences employer share, system	1,716
Pension contributions subsequent to measurement date	751
Total deferred outflows of resources	283,060

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, 2024
(amounts expressed in thousands)

LIABILITIES

Accounts payable	\$	101,290
Accrued wages and benefits payable		114,495
Unearned revenues		129,393
Claims payable		7,929
Non-current liabilities:		
Due within one year		
Accrued compensated absences		4,024
Accrued interest payable		1,966
Bonds		202,477
Lease payable		192
Subscription payable		1,660
Due in more than one year		
Accrued compensated absences		3,341
Bonds		1,740,627
Lease payable		519
Subscription payable		1,002
Net pension liability-PERS		95,458
Total pension liability-stipend		5,493
Total OPEB liability-RHIS		78,365
Total liabilities		2,488,231

DEFERRED INFLOWS OF RESOURCES

Deferred Lease Resources		6,930
OPEB differences between expected and actual experience		1,715
OPEB differences due to changes in assumptions		4,988
OPEB changes in employer proportion		1,241
Pension differences due to changes in assumptions		222
Pension differences between employer contribution and proportionate share of contributions		28,209
Pension difference at experience		378
Pension changes in employer proportion		210,711
Total deferred inflows of resources		254,394

NET POSITION

Net investment in capital assets		795,530
Restricted for:		
Capital projects		136,945
Grants		18,635
Student body activities		4,844
Debt service		16,385
Net OPEB asset-RHIA		10,722
Unrestricted (deficit)		(550,606)
Total net position		\$ 432,455

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, 2024
(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	\$	508,240	\$ 373	\$ 121,399	\$ -	\$ (386,468)
Support services		431,367	5,128	78,449	-	(347,790)
Enterprise and Community Services		30,189	2,920	4,114	-	(23,155)
Facilities Services		9,520	-	-	13,203	3,683
Interest and fees on long-term debt		67,158	-	-	-	(67,158)
Total governmental activities	\$	<u>1,046,474</u>	\$ <u>8,421</u>	\$ <u>203,962</u>	\$ <u>13,203</u>	<u>(820,888)</u>
 GENERAL REVENUES						
Property taxes levied for general purposes						346,636
Property taxes levied for debt service						159,193
Construction excise tax						1,786
Local option taxes levied for general purposes						107,807
State School Fund - general support						274,366
State Common School Fund - general support						6,415
County and intermediate sources - general support						9,401
Investment earnings						56,177
Other						16,086
Total general revenues						<u>977,867</u>
Change in net position						156,979
Net position - beginning of year						<u>275,476</u>
Net position - end of year	\$					<u><u>432,455</u></u>

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

SCHOOL DISTRICT NO.1J, MULTNOMAH COUNTY, OREGON
Governmental Funds
Balance Sheet
June 30, 2024
(amounts expressed in thousands)

	General Fund	Special Revenue Fund
ASSETS		
Cash and cash equivalents-unrestricted	\$ 135,775	\$ 36,690
Cash and cash equivalents-restricted	-	-
Cash and cash equivalents held by fiscal agents	4,683	-
Investments	19,913	15,957
Prepaid items	96	-
Accounts receivable	1,456	67,389
Leases receivable	7,516	-
Property taxes and other taxes receivable	13,065	-
Due from other funds	51,034	744
Inventories	570	1,062
Total assets	\$ 234,108	\$ 121,842
LIABILITIES		
Accounts payable	\$ 22,847	\$ 7,880
Accrued wages and benefits	104,651	9,511
Due to other funds	744	51,034
Unearned revenues	1,228	8,305
Total liabilities	129,470	76,730
DEFERRED INFLOWS OF RESOURCES		
Unavailable property tax revenue	11,630	-
Unavailable leases revenue	6,930	-
Total deferred inflows of resources	18,560	-
FUND BALANCES		
Nonspendable	666	1,062
Restricted	-	22,476
Committed	-	21,574
Assigned	85,412	-
Unassigned	-	-
Total fund balances	86,078	45,112
Total liabilities, deferred inflows and fund balances	\$ 234,108	\$ 121,842

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

Debt Service Fund	Capital Projects Fund	Total Governmental Funds
\$ 11,284	\$ 196,413	\$ 380,162
19,678	-	19,678
509	-	5,192
-	440,355	476,225
-	543	639
-	10,533	79,378
-	-	7,516
4,331	-	17,396
-	-	51,778
-	-	1,632
<u>\$ 35,802</u>	<u>\$ 647,844</u>	<u>\$ 1,039,596</u>
\$ 17,191	\$ 53,073	\$ 100,991
-	275	114,437
-	-	51,778
-	119,861	129,394
<u>17,191</u>	<u>173,209</u>	<u>396,600</u>
3,895	-	15,525
-	-	6,930
<u>3,895</u>	<u>-</u>	<u>22,455</u>
-	543	2,271
12,491	467,558	502,525
2,225	8,328	32,127
-	-	85,412
-	(1,794)	(1,794)
<u>14,716</u>	<u>474,635</u>	<u>620,541</u>
<u>\$ 35,802</u>	<u>\$ 647,844</u>	<u>\$ 1,039,596</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, 2024
(amounts expressed in thousands)

Fund balances - governmental funds (page 32)	\$	620,541
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.		1,884,661
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.		15,525
Assets, deferred outflows, liabilities and deferred inflows of the internal service funds are included in activities in the Statement of Net Position.		4,276
Bonds payable are not due and payable in the current period and therefore are not reported in the governmental funds.		(1,943,104)
Lease payable is not recognized as a liability in the governmental funds.		(710)
Subscription payable is not recognized as a liability in the governmental funds.		(2,636)
Actuarially determined pension activity is not reported in the governmental funds.		(81,948)
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.		(7,367)
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.		(3,843)
Accrued interest payable is not recognized as a liability in the governmental funds.		(1,966)
Actuarially determined OPEB activity is not reported in the governmental funds.		(50,974)
Net position of governmental activities (page 29)	<u>\$</u>	<u>432,455</u>

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

SCHOOL DISTRICT NO.1J, MULTNOMAH COUNTY, OREGON
Governmental Funds
Statement of Revenues, Expenditures, and Changes in Fund Balances
For the year ended June 30, 2024
(amounts expressed in thousands)

	General Fund	Special Revenue Fund
REVENUES		
Property and other taxes	\$ 348,010	\$ 373
State School Fund	274,366	-
State Common School Fund	6,415	-
Federal and state support	28	188,599
Local option taxes	108,408	-
County and intermediate sources	7,228	2,173
Charges for services	2,813	2,569
Extracurricular activities	-	6,308
Investment earnings	11,687	991
Other	8,809	9,806
Total revenues	767,764	210,819
EXPENDITURES		
Current:		
Instruction	411,658	89,127
Support services	370,633	84,734
Enterprise and community services	4,123	28,006
Facilities acquisition and construction	-	202
Debt Service:		
Principal	1,065	365
Interest and fiscal charges	37	15
Total expenditures	787,516	202,449
Excess (deficit) of revenues over expenditures	(19,752)	8,370
OTHER FINANCING SOURCES (USES)		
Transfers in	-	77
Transfers out	(887)	-
Issuance from the sale of capital assets	115	-
Issuance of subscriptions	1,105	-
Proceeds from the loss of property	-	-
Total other financing sources (uses)	333	77
Net change in fund balances	(19,419)	8,447
Fund balances - beginning of year	105,497	36,665
Fund balances - end of year	\$ 86,078	\$ 45,112

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

Debt Service Fund	Capital Projects Fund	Total Governmental Funds
\$ 158,490	\$ 1,786	\$ 508,659
-	-	274,366
-	-	6,415
-	2,903	191,530
-	-	108,408
-	-	9,401
81,706	190	87,278
-	-	6,308
6,467	36,767	55,912
-	2,195	20,810
<u>246,663</u>	<u>43,841</u>	<u>1,269,087</u>
-	-	500,785
-	1,232	456,599
-	-	32,129
-	310,148	310,350
174,015	809	176,254
76,854	5	76,911
<u>250,869</u>	<u>312,194</u>	<u>1,553,028</u>
<u>(4,206)</u>	<u>(268,353)</u>	<u>(283,941)</u>
619	810	1,506
-	(619)	(1,506)
-	-	115
-	1,947	3,052
-	10,300	10,300
<u>619</u>	<u>12,438</u>	<u>13,467</u>
(3,587)	(255,915)	(270,474)
18,303	730,550	891,015
<u>\$ 14,716</u>	<u>\$ 474,635</u>	<u>\$ 620,541</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, 2024
(amounts expressed in thousands)

Net change in fund balances - total governmental funds (page 35)	\$ (270,474)
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 \$310,719 exceeded depreciation, amortization and disposals of \$55,672.	255,047
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.	2,214
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.	128
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.	(660)
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.	182,508
Pension actuarial liability activity is reported in the Statement of Activities but not in the governmental funds.	(11,755)
OPEB actuarial liability activity is reported in the Statement of Activities but not in the governmental funds.	(132)
Change in compensated absences	(343)
Change in interest payable	446
Change in net position of governmental activities (page 30)	\$ 156,979

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 Net Position
June 30, 2024
(amounts expressed in thousands)

ASSETS

Current Assets	
Cash and cash equivalents	\$ 8,420
Prepaid items	375
Total current assets	8,795
Noncurrent Assets	
Capital assets, net of accumulated amortization:	
Right-of-use subscription	26
Net OPEB asset-RHIA	6
Total assets	8,827

DEFERRED OUTFLOWS OF RESOURCES

OPEB contributions after measurement date	4
OPEB differences due to changes in assumptions	2
OPEB differences between expected and actual experience	6
OPEB changes in employer proportion	2
Pension changes in employer proportion	12
Pension differences between employer contribution and proportionate share of contributions	122
Pension differences between expected and actual experience	3
Pension differences due to changes in assumptions	5
Pension differences in Net investment	1
Total deferred outflows of resources	157
Total assets and deferred outflows	8,984

LIABILITIES

Current Liabilities	
Accounts payable	300
Accrued wages and benefits	58
Claims payable	4,086
Subscription payable	26
Total current liabilities	4,470
Long-term Liabilities	
Total OPEB liability- RHIS	44
Net pension liability- PERS	53
Total pension liability-stipend	3
Total long term liabilities	100
Total liabilities	4,570

DEFERRED INFLOWS OF RESOURCES

OPEB differences due to changes in assumptions	3
OPEB changes in employer proportion	1
OPEB differences between expected and actual experience	1
Pension changes in employer proportion	117
Pension differences between employer contribution and proportionate share of contributions	16
Total deferred inflows of resources	138
Total liabilities and deferred inflows of resources	4,708

NET POSITION

Restricted for Net OPEB asset-RHIA	6
Unrestricted	4,270
Total net position	\$ 4,276

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, 2024
(amounts expressed in thousands)

OPERATING REVENUES	
Charges for services	\$ 2,847
Total operating revenues	<u>2,847</u>
OPERATING EXPENSES	
Salaries and benefits	525
Materials and services	541
Claims expense	2,340
Total operating expenses	<u>3,406</u>
Operating income (loss)	<u>(559)</u>
NON-OPERATING REVENUES	
Federal and state support	422
Investment earnings	265
Total non-operating revenues	<u>687</u>
Change in net position	128
Net position - beginning of year	<u>4,148</u>
Net position - end of year	<u>\$ 4,276</u>

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

SCHOOL DISTRICT NO.1J, MULTNOMAH COUNTY, OREGON
Proprietary Fund - Internal Service Fund
Statement of Cash Flows
For the year ended June 30, 2024
(amounts expressed in thousands)

CASH FLOWS FROM OPERATING ACTIVITIES

Cash received from interfund services provided and used	\$	2,847
Cash payments for salaries and benefits		(394)
Cash payments for goods and services		(520)
Cash payments for claims		(2,745)
Net cash provided by (used for) operating activities		(812)

CASH FLOWS FROM CAPITAL AND RELATED 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		422
Net cash provided by (used for) noncapital financing activities		422

CASH FLOWS FROM INVESTING ACTIVITIES

Investment earnings		265
Net cash provided by investing activities		265

Net increase in cash and cash equivalents (151)

Cash and cash equivalents at beginning of year		8,571
Cash and cash equivalents at end of year	\$	8,420

RECONCILIATION OF OPERATING INCOME TO CASH FROM OPERATING ACTIVITIES

Operating income	\$	(559)
Adjustments to reconcile operating income to net cash from operating activities:		
Decrease in accounts and other payables		(6)
Decrease in claims payable		(405)
Increase in accrued wages and benefits		58
Amortization of right-of-use subscription		26
Increase in pension related deferred outflows		(144)
Increase in pension liability and pension related deferred inflows		189
Decrease in OPEB asset and OPEB related deferred outflows		(19)
Decrease in OPEB liability and OPEB related deferred inflows		48
Total adjustments		(253)
Net cash used for operating activities	\$	(812)

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

School District No. 1J, Multnomah County, Oregon

Notes to the Basic Financial Statements

For the Year Ended June 30, 2024

(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, 2024

(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, 2024

(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 appropriation 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 2024.

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, 2024

(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:

<u>Asset</u>	<u>Capitalization threshold</u>	<u>Useful lives, years</u>
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.

Subscription Assets are assets which the District holds the right to use for a term of more than one year. The value of the subscription is determined by the net present value of the subscription at the District’s incremental borrowing rate at the time of the subscription 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.

School District No. 1J, Multnomah County, Oregon

Notes to the Basic Financial Statements

For the Year Ended June 30, 2024

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

The District accounts for all other insurance related resources and costs, such as general liability claims, property and fire loss claims, and the payment of premiums through the General Fund.

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

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

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

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

J. Compensated Absences

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

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

K. Receivables and Payables

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

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

School District No. 1J, Multnomah County, Oregon
Notes to the Basic Financial Statements
For the Year Ended June 30, 2024
(Dollar amounts, unless otherwise indicated, are expressed in thousands)

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

L. Long-term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations including accrued compensation and claims are reported as liabilities. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method which approximates the effective interest method.

Bonds payable are reported net of applicable bond premium or discount. Bond issuance costs are reported as outflows of resources (expenses) in the period incurred.

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

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 (RHAs) 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.

School District No. 1J, Multnomah County, Oregon

Notes to the Basic Financial Statements

For the Year Ended June 30, 2024

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

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

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

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

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 assets 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 assets 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

School District No. 1J, Multnomah County, Oregon

Notes to the Basic Financial Statements

For the Year Ended June 30, 2024

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

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.

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.

School District No. 1J, Multnomah County, Oregon

Notes to the Basic Financial Statements

For the Year Ended June 30, 2024

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

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.

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, 2024 is \$21,573.

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, 2024

(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, 2024 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	 \$ 165,000,000 (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, 2024, the District’s cash, cash equivalents, and investments were comprised of the following:

	June 30, 2024	Fair Value Measurements Using
Oregon Local Government Investment Pool	\$ 103,244	N/A
Cash in demand deposits	285,330	N/A
Petty cash	6	N/A
Total cash and cash equivalents	<u>388,580</u>	
 Cash held in trust with LGIP and US Bank	 19,678	 N/A
Total cash and cash equivalents-restricted	<u>19,678</u>	
 Cash and cash equivalents held by fiscal agents	 5,192	 N/A
 US Treasuries	 196,667	 Level 1
US Government agency securities	191,587	Level 2
Commercial paper and bonds	87,971	Level 2
Total investments	<u>476,225</u>	
Total cash, cash equivalents and investments	<u>\$ 889,675</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, 2024

(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, 2024 are categorized by Moody’s and Standard and Poor’s ratings as follows:

<u>Moody's Rating</u>	<u>U.S. Government & Agency Obligations</u>	<u>Corporate Notes</u>	<u>Total</u>
Aaa	\$ 358,254	\$ 33,568	\$ 391,822
Aa3	-	14,962	14,962
P1	-	39,440	39,440
NR	30,000	-	30,000
	<u>\$ 388,254</u>	<u>\$ 87,971</u>	<u>\$ 476,225</u>
Weighted Average Maturity (Yrs)	0.86	0.24	0.74
<u>S&P Rating</u>	<u>U.S. Government & Agency Obligations</u>	<u>Corporate Notes</u>	<u>Total</u>
AAA	\$ -	\$ 33,568	\$ 33,568
AA+	358,254	-	358,254
A+	-	54,402	54,402
NR	30,000	-	30,000
	<u>\$ 388,254</u>	<u>\$ 87,971</u>	<u>\$ 476,225</u>
Weighted Average Maturity (Yrs)	0.86	0.24	0.74

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, 2024

(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, 2024, the District held the following individual non-federal assets that exceeded 5.00 percent of total invested funds:

	Value	Percentage of Total Investments
IAD	\$ 29,611	6.22%

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, 2024, 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, 2024, the carrying amount of the District's balance was \$285,330 and the bank balance was \$290,558.

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, 2024

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

NOTE 5 – RECEIVABLES

Receivables at June 30, 2024 are summarized as follows:

	General Fund	Special Revenue Fund	Debt Service Fund	Capital Projects Fund	Total
Accounts and other receivables:					
Interest Receivable	\$ 31	\$ 317	\$ -	\$ 2,703	\$ 3,051
Accounts receivable	1,425	3,656	-	7,830	12,911
Federal, state and local grants	-	63,416	-	-	63,416
Total accounts and other receivables	1,456	67,389	-	10,533	79,378
Property and other taxes receivable	13,065	-	4,331	-	17,396
Total	\$ 14,521	\$ 67,389	\$ 4,331	\$ 10,533	\$ 96,774

Lease Receivables at June 30, 2024 are summarized as follows:

	Original Amount	Outstanding at June 30, 2023	Additions	Decreases	Outstanding at June 30, 2024
Riverdale Land Lease, interest at 2.583%, principal and interest ranges from \$19 to \$46 monthly, due 2051	\$ 7,328	\$ 7,213	\$ -	\$ (63)	\$ 7,150
Trillium Building Lease, interest at 0.972%, principal and interest ranges from \$14 to \$16 monthly, due 2026	809	538	-	(172)	366
Total	\$ 8,137	\$ 7,751	\$ -	\$ (235)	\$ 7,516

School District No. 1J, Multnomah County, Oregon

Notes to the Basic Financial Statements

For the Year Ended June 30, 2024

(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, 2024 is as follows:

	Beginning Balance	Additions	Reductions	Ending Balance
Postage	\$ 48	\$ 190	\$ (142)	\$ 96
Insurance	2,801	-	(2,258)	543
Workers Compensation Prefund	375	-	-	375
Other	432	382	(814)	-
Total Prepaid Assets	<u>\$ 3,656</u>	<u>\$ 572</u>	<u>\$ (3,214)</u>	<u>\$ 1,014</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 has been 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 has been 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.

School District No. 1J, Multnomah County, Oregon

Notes to the Basic Financial Statements

For the Year Ended June 30, 2024

(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, 2024 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	565,187	304,733	(1,148)	(267,522)	601,250
Total capital assets not being depreciated or amortized	<u>574,361</u>	<u>304,733</u>	<u>(1,148)</u>	<u>(267,522)</u>	<u>610,424</u>
Capital assets being depreciated or amortized					
Buildings and site improvements	1,306,539	296	-	267,522	1,574,357
Vehicles and equipment	101,414	2,638	(248)	-	103,804
Right-of-use leased equipment	958	-	-	-	958
Right-of-use subscription asset	19,065	3,052	(1,340)	-	20,777
Total capital assets being depreciated or amortized	<u>1,427,976</u>	<u>5,986</u>	<u>(1,588)</u>	<u>267,522</u>	<u>1,699,896</u>
Total general capital assets	<u>2,002,337</u>	<u>310,719</u>	<u>(2,736)</u>	<u>-</u>	<u>2,310,320</u>
Less accumulated depreciation and amortization					
Buildings and site improvements	(314,361)	(36,956)	-	-	(351,317)
Vehicles and equipment	(53,270)	(11,518)	231	-	(64,557)
Right-of-use leased equipment	(80)	(192)	-	-	(272)
Right-of-use subscription asset	(4,960)	(5,868)	1,340	-	(9,488)
Total accumulated depreciation and amortization	<u>(372,671)</u>	<u>(54,534)</u>	<u>1,571</u>	<u>-</u>	<u>(425,634)</u>
Total capital assets, net of accumulated depreciation	<u>\$ 1,629,666</u>	<u>\$ 256,185</u>	<u>\$ (1,165)</u>	<u>\$ -</u>	<u>\$ 1,884,686</u>

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

Instruction	\$ 46,198
Supporting services	2,106
Enterprise and Community Services	170
	<u>\$ 48,474</u>

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

Instruction	\$ 98
Supporting services	1,747
Enterprise and Community Services	4,215
	<u>\$ 6,060</u>

As of June 30, 2024, the District has one school that was closed and idle: Smith elementary school. As of June 30, 2024, the carrying value of this school is \$381 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, 2024

(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, 2024 are as follows:

	<u>Due From</u>	<u>Due To</u>
General Fund	\$ 51,034	\$ 744
Special Revenue Fund	744	51,034
	<u>\$ 51,778</u>	<u>\$ 51,778</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 \$51,034 by the General Fund to cover unbilled expenditures.

The composition of interfund transfers as of June 30, 2024, is as follows:

	<u>Transfers In</u>	<u>Transfers Out</u>
General Fund	\$ -	\$ 887
Special Revenue Fund	77	-
Debt Service Fund	619	-
Capital Projects Fund	810	619
	<u>\$ 1,506</u>	<u>\$ 1,506</u>

The District's General Fund also made transfers totaling \$77 to the Special Revenue Fund to cover write-offs. The District's General Fund made transfers of \$810 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:

<u>Outstanding June 30, 2023</u>	<u>Increases</u>	<u>Payments</u>	<u>Outstanding June 30, 2024</u>	<u>Due Within One Year</u>
\$ 7,022	\$ 5,461	\$ (5,118)	\$ 7,365	\$ 4,024

School District No. 1J, Multnomah County, Oregon

Notes to the Basic Financial Statements

For the Year Ended June 30, 2024

(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 2024 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	\$ 108,735	\$ -	\$ (20,155)	\$ 88,580	\$ 22,550
Series 2003	281,170	156,370	-	(28,665)	127,705	31,550
Series 2021	399,390	375,785	-	(13,420)	362,365	14,220
Total pension debt (Note 11)	<u>890,664</u>	<u>640,890</u>	-	<u>(62,240)</u>	578,650	68,320
Other Debt:						
General Obligation Bonds						
Series 2015B	244,700	104,070	-	(6,980)	97,090	7,665
QZAB Series 2016	4,000	2,800	-	(200)	2,600	200
Full Faith and Credit						
Obligations Series 2016	5,048	3,298	-	(325)	2,973	335
General Obligation Bonds						
Series 2017B	241,890	172,730	-	(2,985)	169,745	3,345
General Obligation Bonds						
Series 2020	441,320	307,820	-	(40,430)	267,390	44,140
General Obligation Bonds						
Series 2020B	365,465	267,255	-	-	267,255	-
General Obligation Bonds						
Series 2020C	53,965	51,615	-	(4,070)	47,545	4,295
General Obligation Bonds						
Series 2023	420,000	420,000	-	(56,785)	363,215	64,870
Total other debt	<u>1,776,388</u>	<u>1,329,588</u>	-	<u>(111,775)</u>	<u>1,217,813</u>	<u>124,850</u>
Total long-term debt	<u>\$2,667,052</u>	<u>1,970,478</u>	-	<u>(174,015)</u>	<u>1,796,463</u>	<u>193,170</u>
Unamortized bond premium						
(discount)		<u>155,948</u>	-	<u>(9,307)</u>	<u>146,641</u>	<u>9,307</u>
Total long-term debt, net of premiums (discounts)		<u>\$2,126,426</u>	<u>\$ -</u>	<u>\$ (183,322)</u>	<u>\$1,943,104</u>	<u>\$ 202,477</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, 2024

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

On August 10, 2017 the District issued \$62,160 in General Obligation Bonds, Series 2017B. The interest rate is fixed at rates ranging from 3.00 to 5.00 percent. Interest payments on the bonds are payable semiannually in June and

School District No. 1J, Multnomah County, Oregon

Notes to the Basic Financial Statements

For the Year Ended June 30, 2024

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

NOTE 10 – BONDED DEBT AND OTHER FINANCING SOURCES – continued

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 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.

School District No. 1J, Multnomah County, Oregon

Notes to the Basic Financial Statements

For the Year Ended June 30, 2024

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

NOTE 10 – BONDED DEBT AND OTHER FINANCING SOURCES – continued

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

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, 2024.

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

School District No. 1J, Multnomah County, Oregon

Notes to the Basic Financial Statements

For the Year Ended June 30, 2024

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

NOTE 10 – BONDED DEBT AND OTHER FINANCING SOURCES – continued

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:					
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	18,495	375	72,460	200	91,530
2030-2034	111,525	1,198	275,165	1,000	388,888
2035-2039	151,345	-	227,180	600	379,125
2040-2044	17,600	-	194,190	-	211,790
2045-2049	-	-	136,690	-	136,690
Total Principal	578,650	2,973	1,212,240	2,600	1,796,463
Interest:					
2025	\$ 19,625	\$ 84	\$ 46,220	\$ -	\$ 65,929
2026	16,447	74	40,133	-	56,654
2027	12,818	63	37,509	-	50,390
2028	8,811	52	34,801	-	43,665
2029	6,686	41	31,721	-	38,449
2030-2034	27,858	54	119,816	-	147,728
2035-2039	13,410	-	73,434	-	86,844
2040-2044	440	-	38,433	-	38,873
2045-2049	-	-	14,128	-	14,128
Total Interest	106,095	369	436,195	-	542,660
Total Debt Service	\$ 684,745	\$ 3,342	\$ 1,648,435	\$ 2,600	\$ 2,339,123

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.

School District No. 1J, Multnomah County, Oregon

Notes to the Basic Financial Statements

For the Year Ended June 30, 2024

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

NOTE 10 – BONDED DEBT AND OTHER FINANCING SOURCES – continued

Changes in lease payable are as follows:

Description	Outstanding July 1, 2023	Increases	Decreases	Outstanding June 30, 2024
Print shop equipment	\$ 897	\$ -	\$ (186)	\$ 711
Total lease payables	<u>\$ 897</u>	<u>\$ -</u>	<u>\$ (186)</u>	<u>\$ 711</u>

Future lease payments are as follows:

Fiscal Year	Principal	Interest	Total
2025	\$ 192	\$ 16	\$ 208
2026	197	11	208
2027	202	6	208
2028	120	1	121
	<u>\$ 711</u>	<u>\$ 34</u>	<u>\$ 745</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 \$2,078 for the year ended June 30, 2024.

Changes in SBITA payables during the year are as follows:

Description	July 1, 2023	Increases	Decreases	June 30, 2024
Total SBITA payables	<u>\$ 1,688</u>	<u>\$ 3,052</u>	<u>\$ (2,078)</u>	<u>\$ 2,662</u>

School District No. 1J, Multnomah County, Oregon

Notes to the Basic Financial Statements

For the Year Ended June 30, 2024

(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 SBITAs in effect during the year are as follows:

Commencement	End Date	Initial Asset Value	Net Asset Value as of June 30, 2024	Initial Subscription Liability	Associated Interest Rate	Subscription Liability as of June 30, 2024
7/1/2022	6/30/2025	\$ 388	\$ 129	\$ 388	2.18%	\$ 131
7/1/2022	6/30/2026	133	66	-	N/A	-
7/1/2022	11/30/2023	230	-	230	1.71%	-
7/1/2022	7/31/2024	2,417	97	-	N/A	-
7/1/2022	9/18/2023	186	7	-	N/A	-
7/1/2022	3/31/2024	250	-	-	N/A	-
7/1/2022	9/23/2024	87	8	87	2.02%	-
7/1/2022	7/31/2023	82	-	-	N/A	-
7/1/2022	6/30/2025	154	51	154	2.18%	51
7/1/2022	9/30/2023	74	-	-	N/A	-
7/1/2022	6/30/2024	404	-	404	2.02%	-
8/18/2022	9/14/2028	55	20	-	N/A	-
7/1/2022	9/14/2023	115	1	-	N/A	-
7/1/2022	9/23/2024	145	60	145	2.02%	-
7/1/2022	1/31/2027	61	21	61	2.37%	53
7/1/2022	5/24/2028	4,839	2,963	-	N/A	-
7/1/2022	6/14/2028	4,944	3,266	-	N/A	-
7/1/2022	6/30/2025	476	237	476	2.18%	116
7/1/2022	6/30/2025	615	205	615	2.18%	205
7/1/2022	3/31/2027	258	149	258	2.37%	139
8/10/2022	8/9/2025	448	165	-	N/A	-
8/10/2022	8/9/2028	341	544	-	N/A	-
8/10/2022	8/9/2025	755	279	-	N/A	-
5/24/2023	5/23/2029	341	279	-	N/A	-
6/11/2023	6/12/2025	815	521	-	N/A	-
7/1/2023	6/30/2025	1,063	531	1,063	2.85%	531
7/1/2023	8/28/2026	811	585	811	2.88%	540
7/1/2023	3/31/2028	1,179	1,105	1,179	4.05%	894
			<u>\$ 11,289</u>			<u>\$ 2,662</u>

Future subscription payments are as follows:

Fiscal Year	Principal	Interest	Total
2025	\$ 1,660	\$ 71	\$ 1,731
2026	669	27	696
2027	333	9	342
	<u>\$ 2,662</u>	<u>\$ 107</u>	<u>\$ 2,769</u>

School District No. 1J, Multnomah County, Oregon

Notes to the Basic Financial Statements

For the Year Ended June 30, 2024

(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 2024 were as follows:

Accrued Interest:	Beginning Balance	Additions	Payments and Reductions	Ending Balance
Current Portion				
Bond	\$ 2,382	\$ 76,405	\$ (76,854)	\$ 1,933
Lease	2	21	(21)	2
Subscriptions	28	40	(37)	31
Total Accrued Interest	\$ 2,412	\$ 76,466	\$ (76,912)	\$ 1,966

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	\$ -	\$ (5,493)	\$ (5,493)
Net Pension Liability	\$ (95,458)	\$ -	\$ (95,458)
Pension Expense	\$ 11,977	\$ 621	\$ 12,598
Pension Deferred Outflows of Resources	\$ 257,118	\$ 1,360	\$ 258,478
Pension Deferred Inflows of Resources	\$ (239,361)	\$ (159)	\$ (239,520)

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, 2024

(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, 2024
(Dollar amounts, unless otherwise indicated, are expressed in thousands)

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, 2021 actuarial valuation. The rates based on a percentage of payroll, first became effective July 1, 2023. 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, 2024 were:

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

The District contributed approximately \$56 for the year ended June 30, 2024.

School District No. 1J, Multnomah County, Oregon

Notes to the Basic Financial Statements

For the Year Ended June 30, 2024

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

NOTE 11 – PENSION PLANS – continued

Actuarial Valuations:

The employer contribution rates effective July 1, 2023 through June 30, 2024, 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, 2021
Measurement Date	June 30, 2023
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 <i>Moro</i> decision; blend based on service
Mortality	<p>Healthy retirees and beneficiaries:</p> <p>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:</p> <p>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:</p> <p>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, 2023

School District No. 1J, Multnomah County, Oregon

Notes to the Basic Financial Statements

For the Year Ended June 30, 2024

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

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.

School District No. 1J, Multnomah County, Oregon

Notes to the Basic Financial Statements

For the Year Ended June 30, 2024

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

NOTE 11 – PENSION PLANS – continued

Assumed Asset Allocation:

Asset Class/Strategy	Low Range	High Range	OIC Target Allocation
Debt Securities	20.0 %	30.0 %	25.0 %
Public Equity	22.5	32.5	27.5
Real Estate	9.0	16.5	12.5
Private Equity	17.5	27.5	20.0
Real Assets	2.5	10.0	7.5
Diversifying Strategies	2.5	10.0	7.5
Opportunity Portfolio	0.0	5.0	0.0
Total			100.0 %

Source: OPERS Annual Comprehensive Financial Report, For the Fiscal Year Ended June 30, 2023

Long-Term Expected Rate of Return:

To develop an analytical basis for the selection of the long-term expected rate of return assumption, in January 2023 the 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	27.50 %	7.07 %
Private Equity	25.50	8.83
Core Fixed Income	25.00	4.50
Real Estate	12.25	5.83
Master Limited Partnerships	0.75	6.02
Infrastructure	1.50	6.51
Hedge Fund of Funds - Multistrategy	1.25	6.27
Hedge Fund Equity - Hedge	0.63	6.48
Hedge fund - Macro	5.62	4.83
Assumed Inflation – Mean		2.35 %

Source: OPERS Annual Comprehensive Financial Report, For the Fiscal Year Ended June 30, 2023

School District No. 1J, Multnomah County, Oregon

Notes to the Basic Financial Statements

For the Year Ended June 30, 2024

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

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 <u>(5.90%)</u>	Discount Rate <u>(6.90%)</u>	1% Increase <u>(7.90%)</u>
Proportionate share of the net pension liability	\$157,679	\$95,458	\$43,386

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, 2024, the District reported a liability of \$95,458 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2021. The 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, 2024, the District’s proportion was 0.51 percent, which is a decrease of 0.81 from the District’s proportion of 1.32 percent for the year ended June 30, 2023.

For the year ended June 30, 2024, the District recognized pension expense of \$11.9 million for the defined benefit portion of the pension plan. At June 30, 2024, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflow of Resources</u>	<u>Deferred Inflow of Resources</u>
Pension changes in employer proportion	\$ 21,997	\$ (210,812)
Pension differences between employer contribution and proportionate share of contributions	220,201	(28,107)
Pension differences between expected and actual experience	4,668	(379)
Pension differences due to changes in assumptions	8,480	(63)
Pension differences between expected and actual earnings	<u>1,716</u>	<u>-</u>
Total (prior to post-measurement date contributions)	257,062	(239,361)
Pension contributions subsequent to measurement date	56	-
Net Deferred Outflow/(Inflow) of Resources	<u>\$ 257,118</u>	<u>\$ (239,361)</u>

Source: OPERS Schedule of Pension Amounts under GASB 68, June 30, 2023

School District No. 1J, Multnomah County, Oregon

Notes to the Basic Financial Statements

For the Year Ended June 30, 2024

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

NOTE 11 – PENSION PLANS – continued

The deferred outflow of resources of \$56 thousand 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, 2025. 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 2025	\$ 10,970
Fiscal Year 2026	1,863
Fiscal Year 2027	17,063
Fiscal Year 2028	(2,866)
Fiscal Year 2029	(9,329)
Total	\$ 17,701

Source: OPERS Schedule of Pension Amounts under GASB 68, June 30, 2023

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, 2024

(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, 2024. Included in accrued liabilities at June 30, 2024 are \$2.6 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 \$5.5 million was measured as of June 30, 2023, rolled forward to June 30, 2024, 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, 2024

(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, 2024 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, 2023
Inflation	2.40%
Projected salary growth	3.40%
Discount rate	3.65%
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, 2024 reporting date is 3.65 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, 2024

(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 6/30/2023	\$ 5,985
Changes for the year:	
Service cost	150
Interest	203
Effect of assumptions changes or inputs	(21)
Benefit payments	(824)
Net changes	(492)
Balance at 6/30/2024	<u>\$ 5,493</u>

Changes in assumptions and other inputs reflect a change in the discount rate from 3.54% in 2023 to 3.65% in 2024.

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:

	<u>1% Decrease</u>	<u>Discount Rate</u>	<u>1% Increase</u>
	<u>(2.65%)</u>	<u>(3.65%)</u>	<u>(4.65%)</u>
Total Stipend Liability	\$ 5,686	\$ 5,493	\$ 5,296

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

For the year ended June 30, 2024, the District recognized stipend expense of \$621. At June 30, 2024, the District reported deferred outflows of resources and deferred inflows of resources related to the stipend from the following sources:

	<u>Deferred Outflows</u>	<u>Deferred Inflows</u>
	<u>of Resources</u>	<u>of Resources</u>
Pension differences between expected and actual experience	\$ 662	\$ -
Pension differences due to changes in assumptions	2	(158)
Total (prior to post-measurement date contributions)	664	(158)
Pension contributions subsequent to measurement date	696	-
Net Deferred Outflow/(Inflow) of Resources	<u>\$ 1,360</u>	<u>\$ (158)</u>

School District No. 1J, Multnomah County, Oregon
Notes to the Basic Financial Statements
For the Year Ended June 30, 2024
(Dollar amounts, unless otherwise indicated, are expressed in thousands)

NOTE 11 – PENSION PLANS – continued

Deferred outflows of resources related to the stipend of \$696 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, 2025.

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	\$ 245
Fiscal Year 2025	242
Fiscal Year 2026	20
Fiscal Year 2027	(1)
Total	\$ 506

School District No. 1J, Multnomah County, Oregon

Notes to the Basic Financial Statements

For the Year Ended June 30, 2024

(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	\$(78,365)	\$ -	\$(78,365)
Net OPEB Asset	\$ -	\$ 10,722	\$ 10,722
OPEB Expense	\$ 7,358	\$ (655)	\$ 6,703
OPEB Deferred Outflows of Resources	\$ 20,648	\$ 3,934	\$ 24,582
OPEB Deferred Inflows of Resources	\$ (6,319)	\$ (1,625)	\$ (7,944)

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, 2024, 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>6,410</u>

School District No. 1J, Multnomah County, Oregon

Notes to the Basic Financial Statements

For the Year Ended June 30, 2024

(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 \$78.4 million was measured as of June 30, 2023, rolled forward to June 30, 2024, 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 6/30/2023	\$ 80,123
Changes for the year:	
Service cost	2,727
Interest	2,813
Effect of economic/demographic gains or losses	-
Effect of assumptions changes or inputs	(504)
Benefit payments	(6,794)
Net changes	(1,758)
Balance at 6/30/2024	<u>\$ 78,365</u>

Changes in assumptions and other inputs reflect a change in the discount rate 3.54% in 2023 to 3.65% in 2024.

School District No. 1J, Multnomah County, Oregon

Notes to the Basic Financial Statements

For the Year Ended June 30, 2024

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

	1% Decrease <u>(2.65%)</u>	Discount Rate <u>(3.65%)</u>	1% Increase <u>(4.65%)</u>
Total RHIS Liability	\$ 83,025	\$ 78,365	\$ 73,892

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

	1% Decrease	Current Trend Rate	1% Increase
Total RHIS Liability	\$ 71,542	\$ 78,365	\$ 86,140

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

For the year ended June 30, 2024, the District recognized RHIS expense of \$7,358 thousand. At June 30, 2024, the District reported deferred outflows of resources and deferred inflows of resources related to RHIS from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
OPEB differences between expected and actual experience	\$ 10,322	\$ (1,446)
OPEB differences due to changes in assumptions	3,878	(4,873)
Total (prior to post-measurement date contributions)	14,200	(6,319)
OPEB contributions subsequent to measurement date	6,449	-
Total as of June 30, 2024	<u>\$ 20,649</u>	<u>\$ (6,319)</u>

Deferred outflows of resources related to RHIS of \$6.4 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, 2025. 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, 2024
(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	\$ 1,818
Fiscal Year 2025	2,134
Fiscal Year 2026	1,461
Fiscal Year 2027	650
Fiscal Year 2028	600
Thereafter	1,218
Total	\$ 7,881

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

Notes to the Basic Financial Statements

For the Year Ended June 30, 2024

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

NOTE 12 - OTHER POST-EMPLOYMENT BENEFITS – continued

District contributions for the year ended June 30, 2024 were \$89. Participating employers are contractually required to contribute to RHIA at a rate assessed each year by OPERS, currently 0.00% of Tier 1 and Tier 2 payroll and 0.0% of OPSRP of annual covered payroll. These contributions occur in all funds that have salary expenditures, which typically are the General Fund, Special Revenue Fund, Capital Projects Fund, and Internal Services Fund. The OPERS Board of Trustees sets the employer contribution rate based on the annual required contribution (ARC) of the employers, an amount actuarially determined. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) of the plan over a period not to exceed thirty years. The District's contributions to RHIA for the years ended June 30, 2024, 2023, and 2022 were approximately \$89, \$58, and \$126 which equaled the required contributions each year.

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

At June 30, 2024, the District reported an asset of \$10.7 million for its proportionate share of the OPERS net RHIA asset. The net RHIA asset was measured as of June 30, 2023, and the total RHIA liability used to calculate the net RHIA asset was determined by an actuarial valuation as of December 31, 2021. 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, 2024, the District's proportionate share was 2.93%, which is a decrease of 2.18% from its proportion of 5.11% as of June 30, 2023.

For the year ended June 30, 2024, the District recognized RHIA benefit from this plan of \$655. At June 30, 2024, 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	\$ -	\$ (269)
RHIA differences due to changes in assumptions	-	(116)
RHIA net difference between projected and actual earnings on investments	30	-
RHIA changes in employer proportion	3,815	(1,240)
	<u>3,845</u>	<u>(1,625)</u>
RHIA contributions subsequent to measurement date	89	-
Total	<u>\$ 3,934</u>	<u>\$ (1,625)</u>

Source: OPERS Schedule of OPEB Amounts under GASB 75, June 30, 2023

School District No. 1J, Multnomah County, Oregon
Notes to the Basic Financial Statements
For the Year Ended June 30, 2024
(Dollar amounts, unless otherwise indicated, are expressed in thousands)

NOTE 12 - OTHER POST-EMPLOYMENT BENEFITS – continued

Deferred outflows of resources related to RHIA of \$89 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, 2025. 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	\$	1,205
Fiscal Year 2024		477
Fiscal Year 2025		396
Fiscal Year 2026		142
Total	\$	2,220

Source: OPERS Schedule of OPEB Amounts under GASB 75, June 30, 2023

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)	\$ (9,747)	\$ (10,722)	\$ (11,559)

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, 2024

(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 \$2.8 million of revenues from other governmental funds for the year ended June 30, 2024.

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 2024. There have been no reductions to the District's insurance coverage during the year ended June 30, 2024. The District anticipates that all accrued claims losses will be paid within twelve months.

The total claims payable at June 30, 2024 of \$7.9 million was made up of approximately \$4.1 million in worker's compensation claims (recorded in the Internal Service Fund) and \$3.8 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, 2024, 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
2024	\$ 7,676	\$ 5,533	\$ (5,280)	\$ 7,929

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	Commitments
Andersen Construction Co of Oregon LLC	\$ 7,780
Bora Architects Inc	29,091
Camfil USA Inc	190,778
Hoffman Construction Company of Oregon	4,775
Inline Commercial Construction Inc	4,217
Mahlum Architects Inc	3,725
Portland Community College	3,277
Rosemary Anderson High School	72,603
Turner & Townsend Heery LLC	4,579
	<u>\$ 320,825</u>

School District No. 1J, Multnomah County, Oregon
Notes to the Basic Financial Statements
For the Year Ended June 30, 2024
(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	\$ 271,237
Capital Projects Fund	49,588
	\$ 320,825

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, 2024, the Multnomah County Reserve balance held in the Facilities Capital Fund, a sub-fund of the Capital Projects Fund, was \$547.

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, 2024

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

NOTE 15 – FUND BALANCES

Fund balances by classification for the year ended June 30, 2024 are as follows:

	General Fund	Special Revenue Fund	Debt Service Fund	Capital Projects Fund	Total Governmental Funds
Nonspendable					
Prepaid items	\$ 96	\$ -	\$ -	\$ 543	\$ 639
Inventories	570	1,062	-	-	1,632
	<u>666</u>	<u>1,062</u>	<u>-</u>	<u>543</u>	<u>2,271</u>
Restricted	-	22,476	12,491	467,558	502,525
Committed	-	21,574	2,225	8,328	32,127
Assigned	85,412	-	-	-	85,412
Unassigned	-	-	-	(1,794)	(1,794)
 Total fund balances	 <u>\$ 86,078</u>	 <u>\$ 45,112</u>	 <u>\$ 14,716</u>	 <u>\$ 474,635</u>	 <u>\$ 620,541</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 1,331 (representing 3.0% of the District’s total enrollment); and that charter schools’ Net Position was \$4,131. 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, 2024 are recorded in the General Fund as follows:

	Arts Tax Revenues	Arts Tax Expenditures	FTE Funded	Number of Schools Funded
Non-Charter Schools	\$ 5,033	\$ 5,033	37.35	60
Charter Schools	182	182	4.60	5
District Total	<u>\$ 5,215</u>	<u>\$ 5,215</u>	<u>41.95</u>	<u>65</u>

School District No. 1J, Multnomah County, Oregon

Notes to the Basic Financial Statements

For the Year Ended June 30, 2024

(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, 2024

(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 2023-2024. Programs with exemptions totaling more than \$500 thousand were listed separately; all other programs were grouped together:

<u>Exemption Program</u>	<u>Amount</u>
City of Portland Low Income Rental Housing	\$ 5,043
Day Care Centers, Student Housing & Religious Schools	3,398
Transit Oriented Development, Portland	2,444
Housing Authority Partnership	720
Historic Property	682
All other exemption programs	<u>1,775</u>
Total Abatements	<u>\$ 14,062</u>

NOTE 19 – SUBSEQUENT EVENTS

The date to which events occurring after June 30, 2024, the date of the most recent statement of net position, has been evaluated for possible adjustment to the financial statements or disclosure is December 12, 2024, which is the date on which the financial statements were available to be issued.



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.

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	2024
\$ 3,141	\$ 3,105	\$ 3,200	\$ 2,727
2,818	1,720	1,630	2,814
722	-	-	-
(2,676)	-	-	-
-	-	11,881	-
1,151	212	(5,227)	(504)
<u>(7,894)</u>	<u>(7,725)</u>	<u>(7,254)</u>	<u>(6,794)</u>
(2,738)	(2,688)	4,230	(1,757)
81,319	78,581	75,893	80,123
<u>\$ 78,581</u>	<u>\$ 75,893</u>	<u>\$ 80,123</u>	<u>\$ 78,366</u>
\$ 386,877	\$ 435,531	\$ 435,224	\$ 496,863
20.31%	17.43%	18.41%	15.77%

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	2020
District's proportion of the net OPEB liability/(asset)	3.284%	3.164%	3.194%	3.312%
District's proportionate share of the net OPEB liability (asset)	\$ 892	\$ (1,321)	\$ (3,566)	\$ (6,400)
District's covered-employee payroll ²	\$ 327,668	\$ 344,646	\$ 356,540	\$ 375,041
District's proportionate share of net OPEB liability (asset) as a percentage of covered-employee payroll	0.3%	-0.4%	-1.0%	-1.7%
Plan fiduciary net position as a percentage of the total OPEB liability	94.14%	108.89%	124.01%	144.34%
OPEB Measurement Date	6/30/2016	6/30/2017	6/30/2018	6/30/2019

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

Copies of OPERS' most recent actuarial report of its Pension Plan are available at:

<http://www.oregon.gov/PERS/Pages/Financials/Previous-Years.aspx>

Notes to Required Supplementary Information

Changes in Plan Provisions

A summary of key changes in plan provisions are described in the annual letter from Oregon Public Employees Retirement System's actuary, which can be found at:

<https://www.oregon.gov/pers/EMP/Documents/GASB/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>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>
2.928%	2.666%	5.109%	6.900%
\$ (5,966)	\$ (9,155)	\$ (18,153)	\$ (10,722)
\$ 386,877	\$ 435,531	\$ 435,224	\$ 496,863
-1.5%	-2.1%	-4.2%	-2.2%
150.05%	183.86%	194.65%	201.61%
6/30/2020	6/30/2021	6/30/2022	6/30/2023

<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>
\$ 71	\$ 126	\$ 58	\$ 89
71	126	58	89
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 386,877	\$ 435,531	\$ 435,224	\$ 496,863
0.02%	0.03%	0.01%	0.02%

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>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
District's proportion of the net pension liability/asset	0.254%	0.299%	1.380%	2.102%
District's proportionate share of the net pension liability (asset)	\$ (5,754)	\$ 17,185	\$ 207,203	\$ 283,305
District's covered payroll ²	\$ 264,386	\$ 283,935	\$ 316,998	\$ 327,668
District's proportionate share of net pension liability (asset) as a percent of covered payroll	-2.2%	-6.1%	65.4%	86.5%
Plan fiduciary net position as a percentage of the total pension liability	103.6%	91.9%	80.5%	83.1%
OPERS Measurement Date	6/30/2014	6/30/2015	6/30/2016	6/30/2017

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>2015</u>	<u>2016 ³</u>	<u>2017 ³</u>	<u>2018 ⁴</u>
Contractually required contribution	\$ 4,895	\$ -	\$ -	\$ -
Contributions in relation to the contractually required contribution	4,895	-	-	-
Contribution (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	\$ 283,935	\$ 316,998	\$ 327,668	\$ 344,646
Contributions as a percentage of covered payroll	1.72%	0.00%	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>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>
2.286%	1.770%	2.389%	2.238%	1.318%	0.509%
\$ 346,266	\$ 306,140	\$ 521,329	\$ 267,828	\$ 201,914	\$ 95,458
\$ 344,646	\$ 356,540	\$ 375,041	\$ 386,877	\$ 435,531	\$ 435,224
100.5%	85.9%	139.0%	69.2%	46.4%	21.9%
82.07%	80.23%	75.79%	87.57%	84.55%	81.68%
6/30/2018	6/30/2019	6/30/2020	6/30/2021	6/30/2022	6/30/2023

<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022⁵</u>	<u>2023</u>	<u>2024</u>
\$ 8,351	\$ 24,834	\$ 17,684	\$ 2,724	\$ 2,106	\$ 56
8,351	24,834	17,684	401,390	4,486	56
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 398,666</u>	<u>\$ 2,380</u>	<u>\$ -</u>
\$ 356,540	\$ 375,041	\$ 386,877	\$ 435,531	\$ 435,224	496,863
2.34%	6.62%	4.57%	92.16%	1.03%	0.01%

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

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

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.

2020	2021	2022	2023	2024
\$ 188	\$ 207	\$ 180	\$ 185	\$ 150
250	209	128	113	203
-	264	-	-	-
-	145	-	1,285	-
79	(69)	9	(274)	(21)
<u>(1,132)</u>	<u>(875)</u>	<u>(939)</u>	<u>(792)</u>	<u>(824)</u>
(615)	(119)	(622)	517	(492)
6,824	6,209	6,090	5,468	5,985
<u>\$ 6,209</u>	<u>\$ 6,090</u>	<u>\$ 5,468</u>	<u>\$ 5,985</u>	<u>\$ 5,493</u>
58,067	68,456	28,623	80,482	104,776
10.69%	8.90%	19.10%	7.44%	5.24%

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, 2024
(amounts expressed in thousands)**

	Budgeted Amounts		Actual			Variance from Final Budget Positive/ (Negative)
	Original	Final	Budget Basis	Adjustments	GAAP Basis	
REVENUES						
Property and other taxes	\$ 334,649	\$ 329,584	\$ 348,010	\$ -	\$ 348,010	\$ 18,426
State School Fund	253,318	267,415	274,366	-	274,366	6,951
Local option taxes	116,205	108,840	108,408	-	108,408	(432)
County and intermediate sources	10,019	10,903	7,228	-	7,228	(3,675)
Federal and state support	15	15	28	-	28	13
State Common School Fund	6,613	6,023	6,415	-	6,415	392
Charges for services	2,100	2,679	2,813	-	2,813	134
Investment earnings	5,500	6,500	11,687	-	11,687	5,187
Other	8,571	9,671	8,809	-	8,809	(862)
Total revenues	736,990	741,630	767,764	-	767,764	26,134
EXPENDITURES						
Current:						
Instruction:						
Regular programs:						
Salaries and benefits	293,726	299,916	294,368	-	294,368	5,548
Materials and services	8,472	8,928	8,477	(53)	8,424	451
Total regular programs	302,198	308,844	302,845	(53)	302,792	5,999
Special programs:						
Salaries and benefits	83,393	84,511	76,820	-	76,820	7,691
Materials and services	30,580	30,650	30,897	-	30,897	(247)
Total special programs	113,973	115,161	107,717	-	107,717	7,444
Summer school programs:						
Salaries and benefits	342	342	870	-	870	(528)
Materials and services	324	317	279	-	279	38
Total summer school programs	666	659	1,149	-	1,149	(490)
Total instruction	416,837	424,664	411,711	(53)	411,658	12,953
Support services:						
Students:						
Salaries and benefits	76,631	77,776	75,693	-	75,693	2,083
Materials and services	7,057	7,186	8,319	-	8,319	(1,133)
Total students	83,688	84,962	84,012	-	84,012	950
Instructional staff:						
Salaries and benefits	38,140	38,170	35,962	-	35,962	2,208
Materials and services	7,195	7,644	5,690	-	5,690	1,954
Total instructional staff	45,335	45,814	41,652	-	41,652	4,162
General administration:						
Salaries and benefits	10,369	10,235	8,507	-	8,507	1,728
Materials and services	6,902	6,300	7,361	-	7,361	(1,061)
Total general administration	17,271	16,535	15,868	-	15,868	667

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, 2024
(amounts expressed in thousands)

	Budgeted Amounts		Actual			Variance from
	Original	Final	Budget Basis	Adjustments	GAAP Basis	Final Budget Positive/ Negative)
Support services (continued):						
School administration:						
Salaries and benefits	\$ 54,454	\$ 55,011	\$ 56,998	\$ -	\$ 56,998	\$ (1,987)
Materials and services	559	589	311	-	311	278
Total school administration	<u>55,013</u>	<u>55,600</u>	<u>57,309</u>	<u>-</u>	<u>57,309</u>	<u>(1,709)</u>
Business:						
Salaries and benefits	66,072	67,846	63,968	-	63,968	3,878
Materials and services	63,335	63,309	75,767	545	76,312	(12,458)
Total business	<u>129,407</u>	<u>131,155</u>	<u>139,735</u>	<u>545</u>	<u>140,280</u>	<u>(8,580)</u>
Central:						
Salaries and benefits	26,530	26,574	23,784	-	23,784	2,790
Materials and services	10,633	10,785	8,217	(489)	7,728	2,568
Total central	<u>37,163</u>	<u>37,359</u>	<u>32,001</u>	<u>(489)</u>	<u>31,512</u>	<u>5,358</u>
Total support services	<u>367,877</u>	<u>371,425</u>	<u>370,577</u>	<u>56</u>	<u>370,633</u>	<u>848</u>
Enterprise and community services:						
Food services:						
Materials and services	-	-	1	-	1	(1)
Total food services	<u>-</u>	<u>-</u>	<u>1</u>	<u>-</u>	<u>1</u>	<u>(1)</u>
Community services:						
Salaries and benefits	1,371	1,526	1,217	-	1,217	309
Materials and services	2,823	2,668	2,905	-	2,905	(237)
Total community services	<u>4,194</u>	<u>4,194</u>	<u>4,122</u>	<u>-</u>	<u>4,122</u>	<u>72</u>
Total enterprise and community services	<u>4,194</u>	<u>4,194</u>	<u>4,123</u>	<u>-</u>	<u>4,123</u>	<u>71</u>
Other expenditures:						
Debt Service						
Principal	662	662	-	1,065	1,065	662
Interest and fiscal charges	65	65	-	37	37	65
Total debt service	<u>727</u>	<u>727</u>	<u>-</u>	<u>1,102</u>	<u>1,102</u>	<u>727</u>
Total current expenditures	<u>789,635</u>	<u>801,010</u>	<u>786,411</u>	<u>1,105</u>	<u>787,516</u>	<u>14,599</u>
Operating contingency	<u>43,063</u>	<u>46,839</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>46,839</u>
Total expenditures	<u>832,698</u>	<u>847,849</u>	<u>786,411</u>	<u>1,105</u>	<u>787,516</u>	<u>61,438</u>
Excess (deficit) of revenues over expenditures	<u>(95,708)</u>	<u>(106,219)</u>	<u>(18,647)</u>	<u>(1,105)</u>	<u>(19,752)</u>	<u>87,572</u>
OTHER FINANCING SOURCES (USES)						
Transfers out	(1,075)	(1,075)	(887)	-	(887)	188
Proceeds from the sale of capital assets	50	50	115	-	115	65
Issuance of leases	1,750	1,750	-	-	-	(1,750)
Issuance of subscriptions	-	-	-	1,105	1,105	-
Total other financing sources and (uses)	<u>725</u>	<u>725</u>	<u>(772)</u>	<u>1,105</u>	<u>333</u>	<u>(1,497)</u>
Net change in fund balance	(94,984)	(105,494)	(19,419)	-	(19,419)	86,075
Fund balance - beginning of year	94,984	105,497	105,497	-	105,497	-
Fund balance - end of year	<u>\$ -</u>	<u>\$ 3</u>	<u>\$ 86,078</u>	<u>\$ -</u>	<u>\$ 86,078</u>	<u>\$ 86,075</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, 2024
(amounts expressed in thousands)

	Budgeted Amounts		Actual			Variance from
	Original	Final	Budget Basis	Adjustments	GAAP Basis	Final Budget Positive/ (Negative)
REVENUES						
Property and other taxes	\$ 354	\$ 354	\$ 373	\$ -	\$ 373	\$ 19
Federal and state support	172,097	180,841	188,599	-	188,599	7,758
County and intermediate sources	3,077	3,077	2,173	-	2,173	(904)
Charges for services	2,929	2,929	2,569	-	2,569	(360)
Investment earnings	300	300	991	-	991	691
Extracurricular activities	5,000	5,000	6,308	-	6,308	1,308
Other	8,213	8,213	9,806	-	9,806	1,593
Total revenues	191,970	200,714	210,819	-	210,819	10,105
EXPENDITURES						
Current:						
Instruction:						
Regular programs:						
Salaries and benefits	38,135	38,728	39,581	-	39,581	(853)
Materials and services	15,355	15,355	9,950	-	9,950	5,405
Total regular programs	53,490	54,083	49,531	-	49,531	4,552
Special programs:						
Salaries and benefits	23,411	23,746	24,072	-	24,072	(326)
Materials and services	23,561	21,883	10,949	-	10,949	10,934
Total special programs	46,972	45,629	35,021	-	35,021	10,608
Summer school programs:						
Salaries and benefits	2,165	2,165	2,880	-	2,880	(715)
Materials and services	5,441	3,441	1,695	-	1,695	1,746
Total summer school programs	7,606	5,606	4,575	-	4,575	1,031
Total instruction	108,068	105,318	89,127	-	89,127	16,191
Support services:						
Students:						
Salaries and benefits	26,654	26,994	32,510	-	32,510	(5,516)
Materials and services	5,881	11,242	8,902	(380)	8,522	2,340
Total students	32,535	38,236	41,412	(380)	41,032	(3,176)
Instructional staff:						
Salaries and benefits	16,528	16,781	20,876	-	20,876	(4,095)
Materials and services	7,836	7,836	4,887	-	4,887	2,949
Total instructional staff	24,364	24,617	25,763	-	25,763	(1,146)
General administration:						
Salaries and benefits	-	-	59	-	59	(59)
Materials and services	36	4,036	2,466	-	2,466	1,570
Total general administration	36	4,036	2,525	-	2,525	1,511
School administration:						
Salaries and benefits	5,228	5,251	6,190	-	6,190	(939)
Materials and services	23	23	173	-	173	(150)
Total school administration	5,251	5,274	6,363	-	6,363	(1,089)

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, 2024
(amounts expressed in thousands)

	Budgeted Amounts		Actual			Variance from
	Original	Final	Budget Basis	Adjustments	GAAP Basis	Final Budget Positive/ (Negative)
Support services (continued):						
Business:						
Salaries and benefits	\$ 60	\$ 60	\$ 64	\$ -	\$ 64	\$ (4)
Materials and services	13,926	13,926	6,715	-	6,715	7,211
Total business	13,986	13,986	6,779	-	6,779	7,207
Central:						
Salaries and benefits	1,532	1,548	1,368	-	1,368	180
Materials and services	7,526	7,526	904	-	904	6,622
Total central	9,058	9,074	2,272	-	2,272	6,802
Total support services	85,230	95,223	85,114	(380)	84,734	10,109
Enterprise and community services:						
Food Services:						
Salaries and benefits	12,955	11,834	11,396	-	11,396	438
Materials and services	9,951	11,072	12,476	-	12,476	(1,404)
Total food services	22,906	22,906	23,872	-	23,872	(966)
Community services:						
Salaries and benefits	2,988	3,014	2,089	-	2,089	925
Materials and services	7,051	7,326	2,045	-	2,045	5,281
Total community services	10,039	10,340	4,134	-	4,134	6,206
Total enterprise and community service	32,945	33,246	28,006	-	28,006	5,240
Facilities acquisition & construction:						
Materials and services	606	606	202	-	202	404
Total facilities acquisition and construction	606	606	202	-	202	404
Other expenditures:						
Debt Service						
Principal	-	-	-	365	365	-
Interest and other charges	-	-	-	15	15	-
Total debt service	-	-	-	380	380	-
Total current expenditures	226,849	234,393	202,449	-	202,449	31,944
Operating Contingencies	-	1,200	-	-	-	1,200
Total expenditures	226,849	235,593	202,449	-	202,449	33,144
Excess (deficit) of revenues over expenditures	(34,879)	(34,879)	8,370	-	8,370	43,249
OTHER FINANCING SOURCES (USES)						
Transfers in	75	75	77	-	77	2
Issuance of leases	900	900	-	-	-	(900)
Total other financing sources (uses)	975	975	77	-	77	(898)
Net change in fund balance	(33,904)	(33,904)	8,447	-	8,447	42,351
Fund balance - beginning of year	54,533	54,533	36,665	-	36,665	(17,868)
Fund balance - end of year	\$ 20,629	\$ 20,629	\$ 45,112	\$ -	\$ 45,112	\$ 24,483

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



SUPPLEMENTARY INFORMATION

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, 2024
(amounts expressed in thousands)

	Budgeted Amounts		Actual Amounts	Variance from Final Budget Positive/ (Negative)
	Original	Final		
REVENUES				
Property and other taxes	\$ 159,451	\$ 159,451	\$ 158,490	\$ (961)
Federal and state support	-	-	-	-
Charges for services	79,307	79,307	81,706	2,399
Investment earnings	8,326	8,326	6,467	(1,859)
Total revenues	247,084	247,084	246,663	(421)
EXPENDITURES				
Current:				
Debt service:				
Principal	174,668	174,668	174,015	653
Interest and fiscal charges	77,349	77,349	76,854	495
Total debt service	252,017	252,017	250,869	1,148
Total expenditures	252,017	252,017	250,869	1,148
Excess (deficit) of revenues over expenditures	(4,933)	(4,933)	(4,206)	727
OTHER FINANCING SOURCES (USES)				
Transfers in	619	619	619	-
Total other financing sources (uses)	619	619	619	-
Net change in fund balance	(4,314)	(4,314)	(3,587)	727
Fund balance - beginning of year	10,000	10,000	18,303	8,303
Fund balance - end of year	\$ 5,686	\$ 5,686	\$ 14,716	\$ 9,030

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, 2024
(amounts expressed in thousands)

	Budgeted Amounts		Actual			Variance from Final Budget Positive/ (Negative)
	Original	Final	Budget Basis	Adjustments	GAAP Basis	
REVENUES						
Property and other taxes	\$ 5,451	\$ 4,351	\$ 1,786	\$ -	\$ 1,786	\$ (2,565)
Federal and state support	2,900	122,600	2,903	-	2,903	(119,697)
Charges for services	190	190	190	-	190	-
Investment earnings	11,038	11,038	36,767	-	36,767	25,729
Other	1,260	1,260	2,194	-	2,194	934
Total revenues	20,839	139,439	43,840	-	43,840	(95,599)
EXPENDITURES						
Business:						
Salaries and benefits	149	149	71	-	71	78
Materials and services	2,098	2,098	1,023	-	1,023	1,075
Total business	2,247	2,247	1,094	-	1,094	1,153
Central:						
Salaries and benefits	138	138	138	-	138	-
Total central	138	138	138	-	138	-
Total support services	2,385	2,385	1,232	-	1,232	1,153
Facilities acquisition & construction:						
Salaries and benefits	7,637	7,637	7,262	-	7,262	375
Materials and services	823,464	860,548	301,753	1,133	302,886	558,795
Total facilities acquisition and construction	831,101	868,185	309,015	1,133	310,148	559,170
Debt service:						
Principal	-	-	-	809	809	-
Interest and fiscal charges	-	-	-	5	5	-
Total debt service	-	-	-	814	814	-
Total expenditures	833,486	870,570	310,247	1,947	312,194	560,323
Excess (deficit) of revenues over expenditures	(812,647)	(731,131)	(266,407)	(1,947)	(268,354)	464,724
OTHER FINANCING SOURCES (USES)						
Transfers in	1,000	1,000	810	-	810	(190)
Transfers out	(619)	(619)	(619)	-	(619)	-
Issuance of bonds	381,998	-	-	-	-	-
Premium on issuance of debt	30,912	-	-	-	-	-
Issuance of subscriptions	-	-	-	1,947	1,947	-
Proceeds from the loss of property	-	-	10,300	-	10,300	10,300
Total other financing sources (uses)	413,291	381	10,491	1,947	12,438	10,110
Net change in fund balance	(399,356)	(730,750)	(255,916)	-	(255,916)	474,834
Fund balance - beginning of year	399,356	730,750	730,551	-	730,551	(199)
Fund balance - end of year	\$ -	\$ -	\$ 474,635	\$ -	\$ 474,635	\$ 474,635

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

SCHOOL DISTRICT NO.1J, MULTNOMAH COUNTY, OREGON
Internal Services Fund
Schedule of Revenues, Expenditures, and
Changes in Fund Balance - Budget and Actual
For the year ended June 30, 2024
(amounts expressed in thousands)

	Budgeted Amounts		Actual	Variance from
	Original	Final	Amounts	Final Budget
				Positive/ (Negative)
REVENUES				
Federal and state support	\$ -	\$ -	\$ 422	\$ 422
Charges for services	3,734	3,734	2,847	(887)
Investment earnings	100	100	265	165
Total revenues	3,834	3,834	3,534	(300)
EXPENDITURES				
Current:				
Support services:				
Business:				
Salaries and benefits	358	449	404	45
Materials and services	689	898	541	357
Claims expense	2,599	3,299	2,340	959
Total support services	3,646	4,646	3,285	1,361
Total current expenditures	3,646	4,646	3,285	1,361
Operating Contingencies	5,351	4,351	-	4,351
Total expenditures	8,997	8,997	3,285	5,712
Excess (deficit) of revenues over expenditures	(5,163)	(5,163)	249	5,412
Net change in fund balance	(5,163)	(5,163)	249	5,412
Fund balance - beginning of year	5,163	5,163	4,148	(1,015)
Fund balance - end of year	\$ -	\$ -	4,397	\$ 4,397
Reconciliation:				
Net OPEB liability, deferred inflows, and deferred outflows			(28)	
Accrued compensated absences			(47)	
Net pension liability, deferred inflows, and deferred outflows			(46)	
Subscription Asset			26	
Subscription Liability			(26)	
Net position - GAAP basis			\$ 4,276	

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



STATISTICAL SECTION



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.	101
<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.	109
<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.	115
<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.	119
<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.	121

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>2015</u>	<u>2016</u>	<u>2017-restated</u>	<u>2018</u>
Assets				
Current and other assets	\$ 579,805	\$ 487,394	\$ 364,732	\$ 715,738
Prepaid pension & other prepaid items	5,754	1,628	1,080	884
Net capital assets	<u>273,957</u>	<u>382,401</u>	<u>506,612</u>	<u>594,103</u>
Total assets	<u>859,516</u>	<u>871,423</u>	<u>872,424</u>	<u>1,310,725</u>
Deferred Outflows of Resources				
Pension & OPEB	<u>6,801</u>	<u>3,200</u>	<u>163,562</u>	<u>173,727</u>
Liabilities				
Other current liabilities	105,763	121,321	181,480	278,587
Other long-term liabilities	495,290	453,679	359,702	591,262
Limited tax pension bonds payable	395,958	384,075	372,249	360,172
Pension	-	17,185	215,080	290,058
Other post employment benefits	<u>32,900</u>	<u>29,933</u>	<u>78,390</u>	<u>70,784</u>
Total liabilities	<u>1,029,911</u>	<u>1,006,193</u>	<u>1,206,901</u>	<u>1,590,863</u>
Deferred Inflows of Resources				
Pension & OPEB	<u>11,102</u>	<u>6,062</u>	<u>12,845</u>	<u>30,419</u>
	<u>11,102</u>	<u>6,062</u>	<u>12,845</u>	<u>30,419</u>
Net Position				
Net investment in capital assets	230,251	260,146	297,914	379,871
Restricted	394,845	283,176	172,880	486,336
Unrestricted	<u>(799,792)</u>	<u>(680,955)</u>	<u>(654,554)</u>	<u>(1,003,037)</u>
Total Net Position	<u>\$ (174,696)</u>	<u>\$ (137,633)</u>	<u>\$ (183,760)</u>	<u>\$ (136,830)</u>

Government-wide Activities

<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>
\$ 590,288	\$ 941,719	\$ 1,092,171	\$ 866,018	\$ 1,235,971	\$ 1,006,320
3,377	6,200	5,098	5,332	3,656	1,014
735,002	917,372	1,173,371	1,384,060	1,629,666	1,884,686
<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>2,892,020</u>
<u>207,186</u>	<u>158,473</u>	<u>249,580</u>	<u>574,645</u>	<u>395,025</u>	<u>283,060</u>
298,417	298,341	328,566	351,179	499,840	563,426
467,836	854,165	1,131,855	985,621	1,306,558	1,166,839
348,223	336,062	314,159	679,186	640,890	578,650
353,090	312,349	527,419	273,296	207,899	100,951
82,302	81,319	78,581	75,893	80,123	78,365
<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>	<u>2,488,231</u>
<u>64,329</u>	<u>111,145</u>	<u>101,191</u>	<u>320,993</u>	<u>253,532</u>	<u>254,394</u>
64,329	111,145	101,191	320,993	253,532	254,394
477,058	585,214	492,345	590,231	641,228	795,530
353,527	681,328	199,303	188,616	186,014	187,531
(908,929)	(1,236,159)	(653,199)	(634,960)	(551,766)	(550,606)
<u>\$ (78,344)</u>	<u>\$ 30,383</u>	<u>\$ 38,449</u>	<u>\$ 143,887</u>	<u>\$ 275,476</u>	<u>\$ 432,455</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>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Expenses				
Instruction	\$ 326,935	\$ 364,964	\$ 380,939	\$ 421,311
Support services	212,213	241,016	272,816	283,984
Enterprise and community services	20,445	21,326	20,712	24,218
Facilities services	2,617	1,230	12,672	8,531
Interest and fees on long-term debt	31,600	40,116	39,094	46,416
Total expenses	<u>593,810</u>	<u>668,652</u>	<u>726,233</u>	<u>784,460</u>
Program Revenues				
Charges for services:				
Instruction	6,457	996	533	406
Support services	2,916	3,157	4,424	4,741
Enterprise and community services	4,214	4,521	3,471	4,006
Operating grants and contributions:				
Instruction	65,409	58,619	57,608	57,116
Support services	21,638	22,356	22,758	22,871
Enterprise and community services	2,704	3,085	2,934	3,019
Capital grants and contributions:				
Facilities services	-	-	-	-
Total program revenues	<u>103,338</u>	<u>92,734</u>	<u>91,728</u>	<u>92,159</u>
Net Expenses	<u>(490,472)</u>	<u>(575,918)</u>	<u>(634,505)</u>	<u>(692,301)</u>
General Revenues:				
Property taxes levied for general purposes	222,872	233,548	242,899	248,281
Property taxes levied for debt service	46,568	48,985	49,384	116,468
Construction excise tax	6,076	5,886	7,542	8,201
Local option taxes levied for general purposes	62,923	76,467	83,853	88,163
State School Fund - general support	179,505	211,253	207,182	239,804
State Common School Fund - general support	4,721	5,810	6,191	5,155
County and intermediate sources - general support	15,202	15,772	17,270	17,662
Investment earnings	1,285	3,140	4,007	3,473
Other	10,563	12,120	17,501	12,024
Total general revenues	<u>549,715</u>	<u>612,981</u>	<u>635,829</u>	<u>739,231</u>
Change in Net Position	<u>\$ 59,243</u>	<u>\$ 37,063</u>	<u>\$ 1,324</u>	<u>\$ 46,930</u>

Government-wide Activities

<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>
\$ 428,454	\$ 429,149	\$ 465,995	\$ 470,945	\$ 491,393	\$ 508,240
310,546	324,513	376,660	359,554	414,298	431,367
22,785	21,821	23,731	29,283	33,374	30,189
6,030	3,492	10,844	9,576	4,845	9,520
44,166	45,409	54,640	63,084	54,988	67,158
<u>811,981</u>	<u>824,384</u>	<u>931,870</u>	<u>932,442</u>	<u>998,898</u>	<u>1,046,474</u>
749	251	288	77	363	373
4,818	4,095	1,472	1,195	1,997	5,128
4,239	3,925	154	725	3,352	2,920
56,796	57,806	56,627	112,774	126,269	121,399
30,196	29,504	52,678	61,135	78,664	78,449
2,969	2,762	4,530	10,672	10,142	4,114
4,500	11,368	1,319	1,978	2,110	13,203
<u>104,267</u>	<u>109,711</u>	<u>117,068</u>	<u>188,556</u>	<u>222,897</u>	<u>225,586</u>
<u>(707,714)</u>	<u>(714,673)</u>	<u>(814,802)</u>	<u>(743,886)</u>	<u>(776,001)</u>	<u>(820,888)</u>
262,657	273,860	286,437	304,451	318,131	346,636
125,486	126,343	131,791	141,897	146,376	159,193
5,991	4,291	3,446	5,437	4,190	1,786
95,173	98,033	101,539	105,314	110,005	107,807
225,135	266,607	263,622	259,314	265,672	274,366
5,493	5,012	5,628	5,693	6,362	6,415
17,362	19,072	17,185	15,566	11,067	9,401
20,229	12,534	3,107	984	28,912	56,177
8,674	17,648	10,113	10,668	16,875	16,086
<u>766,200</u>	<u>823,400</u>	<u>822,868</u>	<u>849,324</u>	<u>907,590</u>	<u>977,867</u>
<u>\$ 58,486</u>	<u>\$ 108,727</u>	<u>\$ 8,066</u>	<u>\$ 105,438</u>	<u>\$ 131,589</u>	<u>\$ 156,979</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>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
General Fund				
Nonspendable	\$ 247	\$ 386	\$ 360	\$ 343
Restricted	-	-	-	-
Assigned	34,195	37,449	19,744	37,939
Unassigned	-	-	-	-
Total general fund	<u>34,442</u>	<u>37,835</u>	<u>20,104</u>	<u>38,282</u>
All Other				
Governmental Funds				
Nonspendable	2,452	2,286	1,417	1,017
Restricted	393,179	281,089	170,614	484,006
Committed	17,590	16,400	17,454	19,116
Assigned	5,549	6,182	7,164	10,400
Unassigned	-	-	-	-
Total all other governmental funds	418,770	305,957	196,649	514,539
Total Governmental Fund Balances	<u>\$ 453,212</u>	<u>\$ 343,792</u>	<u>\$ 216,753</u>	<u>\$ 552,821</u>

Governmental Activities

<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>
\$ 570	\$ 511	\$ 945	\$ 2,589	\$ 886	\$ 666
-	-	-	-	-	-
39,317	63,963	87,746	96,215	94,984	85,412
-	-	-	-	9,627	-
<u>39,887</u>	<u>64,474</u>	<u>88,691</u>	<u>98,804</u>	<u>105,497</u>	<u>86,078</u>
3,383	6,940	5,664	3,832	4,207	1,605
347,179	671,974	788,139	551,563	753,818	502,525
18,185	18,921	20,246	21,314	26,008	32,127
10,470	14,785	10,204	4,716	10,370	-
(29)	-	(12,768)	(10,812)	(8,885)	(1,794)
379,188	712,620	811,485	570,613	785,518	534,463
<u>\$ 419,075</u>	<u>\$ 777,094</u>	<u>\$ 900,176</u>	<u>\$ 669,417</u>	<u>\$ 891,015</u>	<u>\$ 620,541</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>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Revenues				
Property and other taxes	\$ 274,219	\$ 287,035	\$ 298,114	\$ 377,578
State School Fund	179,505	211,253	207,182	239,804
State Common School Fund	4,721	5,810	6,191	5,155
Federal and state support	75,793	71,024	70,667	69,771
Local option taxes	63,274	76,593	84,106	89,663
County and intermediate sources	15,201	15,771	17,270	17,663
Charges for services	54,233	49,312	52,953	56,836
Extracurricular activities	8,276	7,904	7,489	7,304
Investment earnings	1,255	3,096	3,930	3,392
Other	15,414	16,215	22,414	15,471
Total revenues	<u>691,891</u>	<u>744,013</u>	<u>770,316</u>	<u>882,637</u>
Expenditures				
Current:				
Instruction	349,667	362,126	369,841	386,975
Support services	229,254	248,377	266,961	278,758
Enterprise and community services	21,902	21,925	22,838	22,961
Facilities acquisition and construction	54,830	127,491	149,868	113,043
PERS UAL lump sum payment	-	-	-	-
Debt Service:				
Principal	55,033	47,020	50,065	109,874
Interest and fiscal charges	33,811	46,610	46,867	57,598
Total expenditures	<u>744,497</u>	<u>853,549</u>	<u>906,440</u>	<u>969,209</u>
Excess (deficit) of revenues over expenditures	<u>(52,606)</u>	<u>(109,536)</u>	<u>(136,124)</u>	<u>(86,572)</u>
Other Financing Sources (Uses)				
Transfers in	14,409	7,407	16,141	6,997
Transfers out	(14,409)	(7,407)	(16,141)	(6,997)
PERS Bond Proceeds	-	-	-	-
Proceeds from the sale of capital assets	44	116	37	740
Issuance of debt, including premium/discount	308,212	-	9,048	421,900
Issuance of refunding bonds	-	-	-	-
Premium on issuance of debt	-	-	-	-
Issuance of leases	-	-	-	-
Issuance of subscriptions	-	-	-	-
Proceeds from insurance recovery	-	-	-	-
Total other financing sources (uses)	<u>308,256</u>	<u>116</u>	<u>9,085</u>	<u>422,640</u>
Net change in fund balances	<u>\$ 255,650</u>	<u>\$ (109,420)</u>	<u>\$ (127,039)</u>	<u>\$ 336,068</u>
Debt service as a percentage of noncapital expenditures	12.9%	12.9%	12.6%	19.7%

Governmental Activities

<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>
\$ 398,930	\$ 403,864	\$ 421,602	\$ 452,027	\$ 468,529	\$ 508,659
225,135	266,607	263,622	259,314	265,672	274,366
5,493	5,012	5,628	5,693	6,362	6,415
81,482	90,493	108,683	175,128	204,165	191,530
97,188	98,789	102,417	106,124	110,472	108,408
17,362	19,072	17,185	15,566	11,067	9,401
56,311	59,597	57,059	78,343	85,530	87,278
7,191	4,914	1,237	4,020	5,727	6,308
19,954	12,400	3,018	969	28,748	55,912
13,074	12,717	14,628	17,540	21,032	20,810
<u>922,120</u>	<u>973,465</u>	<u>995,079</u>	<u>1,114,724</u>	<u>1,207,304</u>	<u>1,269,087</u>
394,080	408,759	417,112	460,824	471,504	500,785
300,421	319,604	347,414	379,062	432,422	456,599
22,830	21,936	23,914	30,630	34,878	32,129
164,764	207,452	287,538	256,688	285,448	310,350
-	-	-	398,666	-	-
114,537	117,984	119,759	129,626	148,555	176,254
59,304	59,750	72,016	90,940	79,370	76,911
<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>1,553,028</u>
<u>(133,816)</u>	<u>(162,020)</u>	<u>(272,674)</u>	<u>(631,712)</u>	<u>(244,873)</u>	<u>(283,941)</u>
6,125	1,931	2,466	1,825	1,901	1,505
(6,125)	(1,931)	(2,466)	(1,825)	(1,901)	(1,505)
-	-	-	399,390	-	-
70	10,517	152	114	66	115
-	509,522	365,465	-	420,000	-
-	-	53,965	-	-	-
-	-	31,205	1,449	44,832	-
-	-	-	-	958	-
-	-	(55,031)	-	615	3,052
-	-	-	-	-	10,300
<u>70</u>	<u>520,039</u>	<u>395,756</u>	<u>400,953</u>	<u>466,471</u>	<u>13,467</u>
<u>\$ (133,746)</u>	<u>\$ 358,019</u>	<u>\$ 123,082</u>	<u>\$ (230,759)</u>	<u>\$ 221,598</u>	<u>\$ (270,474)</u>
19.5%	19.2%	23.8%	14.8%	20.0%	20.4%

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,	Real Property	Personal Property	Manufactured Structures	Public Utility	Total Assessed Value	
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	
2024	65,382,386	3,113,097	13,408	2,743,259	71,252,150	

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 2015-2024: 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)
\$ 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
24,556	2,270,130	69,006,576	9.6509	665,976	29,979	635,997

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		
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		
2024	5.2781	1.9900	2.3828	9.6509		

Fiscal Year	Multnomah County	Port of Portland	Metro	City of Portland	Portland Community College	Multnomah Education Service District
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
2024	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	2023 ¹			2014		
	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value
Microstar Keg Management LLC	\$ 715,422	1	1.14 %	\$ -	-	- %
Pacifcorp (PP&L)	668,960	2	1.07	293,248	1	0.70
Portland General Electric Co	499,632	3	0.80	283,419	2	0.68
Weston Investment Co LLC	281,143	4	0.45	227,366	4	0.54
Port of Portland	263,774	5	0.42	191,361	6	0.46
Comcast Corporation	255,046	6	0.41	249,713	3	0.60
111 SW 5th Avenue Investors LLC	189,499	7	0.30	-	-	-
Lumen Technologies Inc	181,288	8	0.29	-	-	-
Fred Meyer Sores Inc	161,718	9	0.26	-	-	-
Verizon Communications Inc	161,658	10	0.26	-	-	-
Evraz Inc NA	-	-	-	219,673	5	0.53
AT&T Inc	-	-	-	166,194	7	0.40
Capref Lloyd Center LLC	-	-	-	156,532	8	0.37
CenturyLink	-	-	-	149,542	9	0.36
555 SW Oak LLC	-	-	-	142,665	10	0.34
Subtotal of Ten Largest Taxpayers	3,378,140		5.40	2,079,713		4.98
All Other Taxpayers	59,115,463		94.60	39,667,152		95.02
Total All Taxpayers	<u>\$ 62,493,603</u>		<u>100.00 %</u>	<u>\$ 41,746,865</u>		<u>100.00 %</u>

Notes

¹ 2024 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	2023 ¹			2014		
	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value
Portland General Electric Co	\$ 821,884	1	0.82 %	\$ 446,668	3	0.67 %
Port of Portland	775,712	2	0.77	525,774	1	0.79
Pacifcorp (PP&L)	752,878	3	0.75	329,198	4	0.50
Microstar Keg Management LLC	715,422	4	0.71	-	-	-
Boeing Company	471,887	5	0.47	213,690	8	0.32
Alaska Airlines Inc	398,193	6	0.40	254,800	6	0.39
Comcast Corporation LLC	360,420	7	0.36	455,634	2	0.69
Weston Investment Co LLC	344,594	8	0.34	255,154	5	0.39
Verizon Communications Inc	222,797	9	0.22	-	-	-
Northwest Natural Gas Co	221,729	10	0.22	-	-	-
Evrax Inc NA	-	-	-	219,673	7	0.33
AT&T Inc	-	-	-	187,934	9	0.28
Centurylink	-	-	-	176,446	10	0.27
Subtotal of Ten Largest Taxpayers	<u>5,085,516</u>		<u>5.06</u>	<u>3,064,971</u>		<u>4.63</u>
All Other Taxpayers	<u>95,097,193</u>		<u>94.94</u>	<u>63,109,693</u>		<u>95.37</u>
Total All Taxpayers	<u>\$ 100,182,709</u>		<u>100.00 %</u>	<u>\$ 66,174,664</u>		<u>100.00 %</u>

Notes

¹ 2024 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
2015	\$ 341,388	\$ 323,906	94.88%	\$ 8,248	\$ 332,154	97.30%
2016	368,590	350,212	95.01	6,999	357,211	96.91
2017	386,715	368,085	95.18	6,605	374,690	96.89
2018	476,797	451,059	94.60	7,920	458,979	96.26
2019	495,645	474,602	95.75	7,825	482,427	97.33
2020	514,918	490,715	95.30	8,752	499,467	97.00
2021	536,371	512,270	95.51	6,297	518,567	96.68
2022	567,384	544,882	96.03	4,013	548,895	96.74
2023	592,538	565,245	95.39	3,915	569,160	96.05
2024	635,997	603,722	94.93	-	603,722	94.93

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
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	1,406
2023	1,323,490	(15,516)	156,056	1,464,030	2.34%	32,208	N/A
2024	1,212,240	(12,491)	146,737	1,346,486	1.95%	30,075	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
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
2024	578,650	2,973	-	2,600	3,373

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 2023 and 2024 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
\$ (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	2,285
(108)	2,129,011	46,837	-
(96)	1,946,573	43,478	-

Schedule 11
SCHOOL DISTRICT NO.1J, MULTNOMAH COUNTY, OREGON
Direct and Overlapping Governmental Activities Debt
June 30, 2024
(dollars in thousands)

Overlapping Issuer	Net Property-tax Backed Debt ¹	Percent Overlapping	Overlapping Debt ²
Burlington Water District	\$ 972	100.00 %	\$ 972
City of Beaverton	28,850	1.67	483
City of Lake Oswego	81,695	4.25	3,470
City of Milwaukie	53,682	0.66	353
City of Portland	401,515	85.67	343,993
Clackamas County	100,575	0.09	94
Clackamas Cty RFPD 1	21,642	0.13	29
Clackamas Soil & Water Conservation	5,035	0.09	5
Metro	765,485	35.75	273,631
Mt Hood Community College	69,765	0.06	42
Multnomah County	509,757	73.93	376,844
Multnomah Cty RFPD 10	381	0.19	1
Multnomah ESD	59,432	73.35	43,593
Port of Portland	-	32.62	-
Portland Community College	617,155	45.11	278,426
Tualatin Hills Park & Rec District	40,268	1.19	480
Tualatin Valley Fire & Rescue District	48,930	1.66	814
Valley View Water District	704	100.00	704
Washington County	134,636	0.58	776
Subtotal, overlapping debt			<u>1,324,710</u>
Direct District debt (PERS) ³			578,554
Direct District debt (other) ³			<u>1,364,550</u>
Subtotal, Direct debt			<u>1,943,104</u>
Total direct and overlapping debt			<u><u>\$ 3,267,814</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 2024

Real Market Value	\$ 156,667,898
Debt Limit (7.95% of Real Market Value) ¹	<u>\$ 12,455,098</u>
Amount of Debt Applicable to Debt Limit:	
General Obligation Bonded Debt	1,358,977
Less: Amount Available in Debt Service Funds	<u>(12,491)</u>
Amount of Debt Applicable to Debt Limit	1,346,486
Legal Debt Margin	<u><u>\$ 11,108,612</u></u>

	<u>Debt Limit</u>	<u>Total net debt applicable to limit</u>	<u>Legal debt margin</u>	<u>Total net debt applicable to the limit as a percentage of debt limit</u>
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
2024	12,455,098	1,346,486	11,108,612	10.81

Allowable Percentage of Real Market Value:

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

<u>Year</u>	<u>Population</u>	<u>Personal Income (thousands of dollars)</u>	<u>Per Capita Personal Income (dollars)</u>	<u>Unemployment Rate²</u>
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	795,083	55,618,917	69,954	3.9
2023	- ¹	- ¹	- ¹	3.6
2024	- ¹	- ¹	- ¹	3.7

Notes

¹ Data for 2023 and 2024 not available at time of printing.

² Oregon unemployment rates as of June 30 each year.

Source As of July 2024, not seasonally adjusted.

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

Portland Business Journal, Book of Lists, published December 2015 and December 2024

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

Employer	2024			2015		
	Employees	Rank	Percentage of Total Employment	Employees	Rank	Percentage of Total Employment
Ten Largest Employers						
Providence	23,100	1	1.77 %	15,239	3	1.36 %
Intel	22,328	2	1.71	17,500	1	1.57
Oregon Health & Science University	19,603	3	1.50	14,616	4	1.31
Nike Inc	15,522	4	1.19	8,000	10	0.72
Legacy Health	13,087	5	1.00	10,436	7	0.93
Kaiser Permanente	12,514	6	0.96	11,881	6	1.06
Fred Meyer Stores	9,000	7	0.69	10,237	8	0.92
Portland Public Schools	7,111	8	0.54			
City of Portland	6,753	9	0.52	8,558	9	0.77
Multnomah County	6,317	10	0.48			
US Federal Government				17,500	1	1.57
State of Oregon				14,200	5	1.27
Subtotal of Ten Largest Employers	135,335		10.36	128,167		11.48
All Other Employers	1,172,292		89.64	989,333		88.52
Total Portland MSA¹ Employment	1,307,627 ²		100.00 %	1,117,500		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 2024, not seasonally adjusted. State of Oregon Employment Department

Sources

Portland Business Journal, Book of Lists, published December 2014 and September 2023

Oregon Employment Department, Workforce and Economic Research

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

Full-time Equivalent Employees for the Fiscal Year

Assignment/Function	2015	2016	2017	2018
Teachers	2,606.8	2,632.5	2,737.7	2,684.2
Educational Assistants	582.1	667.8	674.3	680.8
School Level Administration	155.0	151.0	166.5	167.3
District Level Administration ¹	17.0	22.0	21.0	19.2
Other Staff	<u>2,056.5</u>	<u>1,959.4</u>	<u>2,123.1</u>	<u>2,275.2</u>
Total FTE	<u><u>5,417.4</u></u>	<u><u>5,432.7</u></u>	<u><u>5,722.6</u></u>	<u><u>5,826.7</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

<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>
2,697.3	2,709.3	2,749.2	2,720.8	2,685.6	2,650.9
647.1	688.5	640.1	647.5	675.9	693.0
165.5	172.5	174.5	184.5	179.0	169.5
16.0	4.0	4.0	7.0	4.0	4.0
<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>2,628.4</u>
<u><u>5,574.0</u></u>	<u><u>5,808.7</u></u>	<u><u>5,898.0</u></u>	<u><u>5,942.8</u></u>	<u><u>6,140.3</u></u>	<u><u>6,145.8</u></u>

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

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

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

	<u>2019</u>		<u>2020</u>		<u>2021</u>		<u>2022</u>	
Nutrition Services								
Number of Meals Served ¹								
Paid Meals ³	1,621,312	34%	1,191,926	29%	-	0%	-	0%
Reduced Meals ³	292,962	6%	199,756	5%	-	0%	-	0%
Free Meals	2,877,464	60%	2,767,579	67%	4,370,010	100%	4,651,199	100%
Total meals served	<u>\$ 4,791,738</u>	<u>100%</u>	<u>\$ 4,159,261</u>	<u>100%</u>	<u>4,370,010</u>	<u>100%</u>	<u>4,651,199</u>	<u>100%</u>
Average Daily Breakfast Served	9,010		8,192		5,316		6,712	
Average Daily Lunch Served	17,356		13,830		5,332		18,437	
Student Participation ²	37.78%		37.36%		12.76%		45.25%	

Transportation								
Number of buses	270		257		289		220	
Total miles traveled	3,587,525		2,993,965		851,568		2,744,944	
Cost per mile	\$ 7.51		\$ 8.62		\$ 26.57		\$ 11.68	
Area encompassed by District (sq mi)	160		160		160		160	

	<u>2023</u>		<u>2024</u>	
Nutrition Services				
Number of Meals Served ¹				
Paid Meals ³	2,036,421	42%	1,985,084	41%
Reduced Meals ³	46,519	1%	34,306	1%
Free Meals	2,354,745	49%	2,830,463	58%
Total meals served	<u>4,437,685</u>	<u>100%</u>	<u>4,849,853</u>	<u>100%</u>
Average Daily Breakfast Served	7,627		8,611	
Average Daily Lunch Served	17,188		17,555	
Student Participation ⁴	39.87%		41.19%	

Transportation				
Number of buses	286		312	
Total miles traveled ⁴	3,429,840		3,575,635	
Cost per mile	\$ 12.33		\$ 13.07	
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	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Abernethy	1924	100	45,464	511	513	519	516	520	507	451	374	353	330
Ainsworth	1912	112	53,483	582	600	605	638	625	644	594	553	563	585
Alameda	1921	103	72,748	760	730	747	734	730	704	623	525	538	521
Arleta	1929	95	98,245	454	456	457	454	490	526	485	269	256	274
Astor	1949	75	29,472	497	493	455	425	434	416	394	393	368	375
Atkinson	1953	71	53,170	428	435	432	420	419	391	390	342	337	366
Beach	1928	96	82,155	607	631	464	442	428	436	382	351	346	325
Beverly Cleary	1959	65	96,900	834	859	884	897	782	742	692	657	604	560
Boise-Eliot / Humboldt	1926	98	93,629	540	540	532	499	325	343	334	340	356	338
Bridger ²	1951	-	75,786	415	476	500	531	504	516	514	337	329	-
Bridger Creative Science ²	1951	73	75,786	-	-	-	-	-	-	-	-	-	515
Bridlemile	1956	68	54,157	442	480	511	535	518	508	437	435	458	446
Buckman	1922	102	99,875	444	481	459	474	450	427	446	400	395	371
Capitol Hill	1917	107	49,621	460	437	448	442	443	416	346	324	333	361
César Chávez	1928	96	104,371	451	522	551	540	550	549	544	485	467	481
Chapman	1923	101	78,102	674	643	584	532	484	484	375	341	350	344
Chief Joseph	1948	76	43,215	627	604	326	363	358	351	305	269	261	265
Clark ²	1955	69	48,651	-	-	-	-	-	-	-	-	-	341
Creative Science School ²	1955	-	48,651	444	476	492	479	466	468	450	419	423	-
Creston	1948	76	77,144	350	392	356	372	361	375	385	250	260	238
Duniway	1926	98	104,760	505	494	519	499	504	512	468	436	422	409
East Sylvan (Odyssey)	1932	92	24,875	-	-	-	-	-	-	244	219	225	227
Faubion	2017	7	133,576	511	479	532	710	767	786	740	703	684	643
Forest Park	1998	26	59,634	486	449	455	443	418	402	348	333	328	321
Glencoe	1923	101	61,457	503	500	492	489	451	449	395	373	394	372
Grout	1927	97	87,080	389	376	384	392	382	370	350	340	316	302
Harrison Park ³	1955	-	107,735	742	729	676	638	658	637	601	529	575	-
Hayhurst	1954	70	48,918	484	499	552	592	629	640	380	351	350	335
Irvington	1932	92	67,340	485	493	446	459	339	325	320	248	228	235
James John	1929	95	67,638	445	429	405	368	347	351	316	332	337	348
Kelly	1952	72	75,233	631	610	604	532	498	476	419	372	356	376
King	1925	99	153,475	370	400	386	389	321	341	324	315	334	343
Laurelhurst	1923	101	56,555	671	691	684	698	692	698	688	649	674	659
Lee	1952	72	61,161	431	456	447	425	276	269	262	236	276	295
Lent	1948	76	73,479	560	564	523	530	507	475	476	277	284	308
Lewis	1952	72	45,745	382	382	412	389	390	410	368	337	320	298
Llewellyn	1928	96	74,326	518	531	517	489	484	509	460	395	415	393
Maplewood	1948	76	37,713	329	359	384	378	383	374	347	291	310	301
Markham	1950	74	76,805	386	377	418	456	445	430	416	424	426	402
Marysville	1921	103	51,553	405	390	381	403	392	383	402	248	313	394
Peninsula	1952	72	59,957	396	374	266	279	267	265	237	201	225	234
Richmond	1908	116	82,254	677	629	649	647	632	627	600	551	539	537
Rieke	1959	65	32,886	388	402	410	386	379	368	329	313	300	288
Rigler	1931	93	78,199	480	451	472	441	308	307	268	237	223	255
Rosa Parks	2006	18	65,697	341	329	298	272	276	280	266	214	197	198
Rose City Park	2018	6	69,082	-	-	-	-	532	538	529	464	468	464
Roseway Heights	1921	103	99,825	668	697	643	661	-	-	-	-	-	-
Sabin	1927	97	66,567	514	568	524	551	452	418	360	340	312	302
Scott	1949	75	65,425	481	473	512	521	459	485	460	429	453	500
Sitton	1949	75	57,289	399	390	401	364	367	374	337	307	346	335
Skyline	1939	85	35,760	309	300	300	293	274	248	181	205	215	218
Stephenson	1964	60	39,652	308	322	340	352	347	371	322	320	307	310
Sunnyside Environmental	1925	99	76,671	586	574	602	604	581	549	522	469	465	447
Vernon	1931	93	88,010	386	407	471	522	545	607	569	517	555	578
Vestal	1929	95	111,481	399	412	381	341	272	249	228	207	232	264
Whitman	1954	70	55,559	316	271	287	283	254	220	185	152	153	180
Winterhaven	1930	94	61,453	346	350	353	354	321	299	291	292	313	316
Woodlawn	1926	98	99,840	443	426	342	346	354	327	315	283	288	299
Woodmere	1954	70	50,130	338	312	303	286	310	273	269	253	235	248
Woodstock	1955	69	63,752	487	496	527	552	548	543	526	479	491	451
Elementary Schools Total			4,209,172	27,015	27,159	26,620	26,627	25,248	24,988	23,265	20,705	20,881	20,421

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	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Beaumont	1926	98	81,381	554	571	569	591	571	573	518	467	448	434
da Vinci	1928	96	72,063	465	458	461	457	456	450	443	415	434	407
George	1950	74	85,038	359	369	360	417	421	438	432	385	387	367
Gray	1951	73	82,744	527	566	546	536	542	566	509	478	483	472
Harriett Tubman	1952	72	83,673	-	-	-	-	491	430	443	388	361	320
Harrison Park ³	1955	69	107,735	-	-	-	-	-	-	-	-	-	321
Hosford	1925	99	74,964	591	640	631	621	588	651	676	629	566	517
Jackson	1964	60	218,118	548	606	597	659	746	793	803	752	793	711
Kellogg	2021	3	108,112	-	-	-	-	-	-	-	684	661	677
Lane	1926	98	79,824	471	481	443	454	433	432	416	363	336	391
Mt. Tabor	1952	72	84,785	662	694	730	718	741	724	721	645	607	503
Ockley Green	1925	99	66,338	-	-	626	531	505	487	487	485	483	428
Roseway Heights	1921	103	99,825	-	-	-	-	588	614	617	589	583	551
Sellwood	1913	111	81,470	545	560	583	589	612	588	549	553	563	567
West Sylvan	1953	71	96,171	958	966	911	876	822	833	802	727	759	722
Middle Schools Total			1,422,241	5,680	5,911	6,457	6,449	7,516	7,579	7,416	7,560	7,464	7,388
Benson	1917	107	412,855	879	914	994	1,026	1,035	1,055	1,005	895	827	818
Cleveland	1929	95	260,463	1,516	1,600	1,609	1,586	1,651	1,560	1,581	1,623	1,547	1,474
Franklin	1915	109	292,223	1,552	1,570	1,612	1,745	1,856	1,936	2,010	2,014	1,968	1,811
Grant	1923	101	328,425	1,503	1,481	1,476	1,512	1,638	1,813	1,965	2,126	2,159	2,178
Ida B. Wells-Barnett	1954	70	274,040	1,257	1,324	1,413	1,512	1,535	1,558	1,540	1,597	1,558	1,652
Jefferson	1909	115	330,332	493	524	590	677	656	641	620	588	607	525
Lincoln	2022	2	295,912	1,583	1,696	1,703	1,705	1,698	1,588	1,481	1,462	1,528	1,579
Leodis V McDaniel	1955	69	315,482	1,077	1,134	1,070	1,146	1,157	1,079	1,173	1,369	1,443	1,650
Marshall	1959	65	283,343	-	-	-	-	-	-	-	-	-	-
Roosevelt	1921	103	274,942	947	940	881	859	994	1,195	1,292	1,376	1,488	1,457
High Schools Total			3,068,017	10,807	11,183	11,348	11,768	12,220	12,425	12,667	13,050	13,125	13,144
PPS Alternative Programs Total			302,529	1,716	1,817	1,760	1,659	1,631	1,632	1,243	1,795	1,553	1,352
School and Alternative Programs Total			9,001,959	45,218	46,070	46,185	46,503	46,615	46,624	44,591	43,110	43,023	42,305
Community-Based			-	1,034	964	968	1,035	912	973	872	637	683	759
Special Services Total			89,443	443	451	451	455	529	496	408	455	456	376
Public Charter Schools Total			16,755	1,764	1,590	1,585	1,564	1,494	1,385	1,443	1,295	1,294	1,331
Total All			9,108,157	48,459	49,075	49,189	49,557	49,550	49,478	47,314	45,497	45,456	44,771
Enrollment and Square Footage Summary by Category			Square Footage	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Regular Programs													
Elementary Schools			4,209,172	27,015	27,159	26,620	26,627	25,248	24,988	23,265	20,705	20,881	20,421
Middle Schools			1,422,241	5,680	5,911	6,457	6,449	7,516	7,579	7,416	7,560	7,464	7,388
High Schools			3,068,017	10,807	11,183	11,348	11,768	12,220	12,425	12,667	13,050	13,125	13,144
PPS Alternative Programs			302,529	1,716	1,817	1,760	1,659	1,631	1,632	1,243	1,795	1,553	1,352
Plus enrollment not normally within PPS facilities:													
Community Based Programs			-	1,034	964	968	1,035	912	973	872	637	683	759
Special Services			89,443	443	451	451	455	529	496	408	455	456	376
Public Charter Programs			16,755	1,764	1,590	1,585	1,564	1,494	1,385	1,443	1,295	1,294	1,331
Other or vacant facilities			1,156,926										
			10,265,083	48,459	49,075	49,189	49,557	49,550	49,478	47,314	45,497	45,456	44,771
ADMw⁴				54,986	57,491	57,876	57,779	57,823	57,825	57,825	55,688	53,581	52,232
Age of Buildings			Median										
Elementary Schools			85										
Middle Schools			85										
High Schools			98										
Focus/Alternative Schools			91										
Inactive or Other Facilities			66										

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 Creative Science School merged with Briger and became Bridger Creative Science School & Clark reopened in Fall 2023/2024

³ Harrison Park changed to a Middle School from a Elementary School in Fall 2023/2024

⁴ "ADMw" is "Extended Average Daily Membership, or the average enrollment over the school year, adjusted for part-time students and students with special needs and other weighting factors. The ADMw reported is the number used by ODE to allocate to PPS, and is "Extended" in that they use the higher of the current and prior year for the district for distribution of the state school fund. The most recent two years are preliminary data."



SINGLE AUDIT SECTION





Your peace of mind is our passion.

**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 (*Government Auditing Standards*), 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, 2024, 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 12, 2024.

Report on Internal Control Over Financial Reporting

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

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

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

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether 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)**

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, Kowala & Warwick, LLP

Portland, Oregon
December 12, 2024



Your peace of mind is our passion.

**INDEPENDENT AUDITOR'S REPORT ON
COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM
AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE**

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, 2024. 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, 2024.

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
AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE (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
AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE (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.

Talbot, Kowala & Warwick, LLP

Portland, Oregon
December 12, 2024

MULTNOMAH COUNTY, OREGON
Schedule of Expenditures of Federal Awards
For the year ended June 30, 2024

CFDA/ Grant	Grant Description	Pass-Through Grantor's No.	Period Covered	Direct or Pass-Thru	Award Amount	Expenditures	Agency Total
Department of Agriculture							
10.185 G2378	Agricultural Marketing Service Local Food for Schools Cooperative Agreement Program FED- Local Food for Schools	76210	03/01/23-08/31/24	Direct	137,480	137,480	
10.553 202	Food and Nutrition Service Child Nutrition Cluster School Breakfast Program School Breakfast Program	N/A	07/01/23-06/30/24	Pass-Thru		2,659,963	
10.555 202	National School Lunch Program Donated Foods	N/A	07/01/23-06/30/24	Pass-Thru		1,195,130	
	National School Lunch Program		07/01/23-06/30/24	Pass-Thru		8,142,301	
10.559 202	Summer Food Service Program for Children Donated Foods	N/A	07/01/23-06/30/24	Pass-Thru		4,852	
	Summer Food Service Program for Children		07/01/23-06/30/24	Pass-Thru		683,871	
Total Child Nutrition Cluster						12,686,117	
10.558 202	Child and Adult Care Food Program Child and Adult Care Food Program	N/A	07/01/23-06/30/24	Pass-Thru		614,725	
10.582 202	Fresh Fruit and Vegetable Program Fresh Fruit and Vegetable Grants	Multiple	07/01/23-06/30/24	Pass-Thru		399,250	
Pass-Thru from Oregon Department of Education						13,837,572	
Department of Agriculture Total							\$ 13,837,572
Department of Education							
84.048 G2253	Office of Career, Technical, and Adult Education Career and Technical Education - Basic Grants to States FED- Carl Perkins	72340	07/01/22-09/30/23	Pass-Thru	489,764	121,075	
	G2295 FED- Carl Perkins	76387	07/01/23-09/30/24	Pass-Thru	471,245	<u>436,150</u>	557,225
84.010 G2051	Office of Elementary and Secondary Education Title I Grants to Local Educational Agencies FED- Title IA- Central	67054	07/01/21-09/30/23	Pass-Thru	9,876,192	636,229	
	G2056 FED- Title ID	66907	07/01/21-09/30/23	Pass-Thru	193,514	16,572	
	G2107 FED- ESSA Partnerships 21-22	68002	10/01/21-09/30/23	Pass-Thru	965,325	212,322	
	G2230 FED- Title IA- School Budgets	72595	07/01/22-09/30/24	Pass-Thru	6,319,680	427,885	
	G2231 FED- Title IA- Central	72595	07/01/22-09/30/24	Pass-Thru	2,090,030	1,135,819	
	G2232 FED- Title IA- Focus/Priority	72595	07/01/22-09/30/24	Pass-Thru	1,522,014	37,640	
	G2236 FED- Title ID	73063	07/01/22-09/30/24	Pass-Thru	216,786	153,550	
	G2273 FED- Title IA- School Budgets	76560	07/01/23-09/30/24	Pass-Thru	5,925,261	5,394,894	
	G2274 FED- Title IA- Central	76560	07/01/23-09/30/24	Pass-Thru	2,465,711	1,758,733	
	G2275 FED- Title IA- Focus/Priority	76560	07/01/23-09/30/24	Pass-Thru	2,177,123	1,847,014	
	G2279 FED- Title ID	76926	07/01/23-06/30/24	Pass-Thru	134,498	5,779	
	G2287 FED- ESSA 2022-2023	75165	07/01/23-09/30/24	Pass-Thru	1,507,230	1,264,581	
	G2317 FED- Title IA- Equitable Share	76560	07/01/23-06/30/24	Pass-Thru	644,362	<u>403,787</u>	13,294,805
84.011 G2055	Migrant Education State Grant Program FED- Title IC- Migrant Education Summer	70946	04/01/22-09/30/24	Pass-Thru	138,855	44,033	
	G2233 FED- Title IC- Migrant Education	73283	07/01/22-09/30/24	Pass-Thru	488,675	27,735	
	G2234 FED- Title IC- Migrant Education Preschool	73265	07/01/22-09/30/24	Pass-Thru	8,311	1,906	
	G2235 FED- Title IC- Migrant Education Summer	75620	04/01/22-09/30/24	Pass-Thru	128,276	30,173	
	G2276 FED- Title IC- Migrant Education	77043	07/01/23-09/30/24	Pass-Thru	516,525	443,044	
	G2277 FED- Title IC- Migrant Education PreK	76960	07/01/23-09/30/24	Pass-Thru	11,490	4,814	
	G2278 FED- Title IC- Migrant Education Summer	80391	07/01/23-09/30/24	Pass-Thru	71,995	<u>40,363</u>	592,068
84.013 G2300	Title I State Agency Program for Neglected and Delinquent Children and Youth FED- DART Title IND	94902-IGAR	07/01/23-06/30/24	Pass-Thru	481,437	481,437	
84.060 G2285	Indian Education Grants to Local Educational Agencies FED- Indian Ed Title VI-Part A	S060A230938	07/01/23-09/30/24	Direct	140,546	114,624	
84.184 G2262	School Safety National Activities FED- SBMH	IGA/R 92683 S184H220169	01/01/23-01/03/28	Direct	1,106,869	829,393	
84.196 G2243	Education for Homeless Children and Youth FED- McKinney Homeless	74848	07/01/22-09/30/24	Pass-Thru	40,500	1,547	
	G2286 FED- McKinney Homeless	OR-MV(Award-Sub #79862)	07/01/23-09/30/24	Pass-Thru	49,391	<u>25,251</u>	26,798
84.365 G1999	English Language Acquisition State Grants FED- Title III- English Language Acquisition	58501	07/01/20-09/30/23	Pass-Thru	559,315	299,824	
	G2059 FED- Title III- English Language Acquisition	67160	07/01/21-09/30/24	Pass-Thru	536,667	369,146	
	G2239 FED- Title III- English Language Acquisition	73119	07/01/22-09/30/24	Pass-Thru	529,400	506,405	
	G2282 FED- Title III- English Language Acquisition	77007	07/01/23-09/30/24	Pass-Thru	544,524	86,817	
	G2363 FED- Title III- Immigrant Subgrant	79729	07/01/23-09/30/24	Pass-Thru	37,312	<u>32,563</u>	1,294,755
84.367 G2057	Supportive Effective Instruction State Grants FED- Title IIA- Teacher Quality	67488	07/01/21-09/30/23	Pass-Thru	1,196,937	27,178	
	G2058 FED- Title IIA- Private School	67488	07/01/21-09/30/23	Pass-Thru	216,231	72,708	
	G2237 FED- Title IIA- Teacher Quality	72792	07/01/22-09/30/24	Pass-Thru	1,161,055	426,559	
	G2238 FED- Title IIA- Private School	72792	07/01/22-09/30/24	Pass-Thru	206,283	134,631	
	G2280 FED- Title IIA- Teacher Quality	76757	07/01/23-06/30/24	Pass-Thru	1,140,900	667,133	
	G2281 FED- Title IIA- Private School	76757	07/01/23-06/30/24	Pass-Thru	163,628	<u>72,778</u>	1,400,987

MULTNOMAH COUNTY, OREGON
Schedule of Expenditures of Federal Awards
For the year ended June 30, 2024

CFDA/ Grant	Grant Description	Pass-Through Grantor's No.	Period Covered	Direct or Pass-Thru	Award Amount	Expenditures	Agency Total
Department of Education Continued							
84.411	PREP Education Innovation						
G1716	FED- PREP Education Innovation	U411C170253	10/01/17-06/30/24	Direct	3,918,325	37,537	
84.424	Student Support and Academic Enrichment Program						
G2060	FED- Title IV-A Student Support	66844	07/01/21-09/30/23	Pass-Thru	606,430	11,212	
G2061	FED- Title IV-A Student Support Private	66844	07/01/21-09/30/22	Pass-Thru	108,115	51,907	
G2240	FED- Title IV-A Student Support	72989	07/01/22-09/30/24	Pass-Thru	652,366	506,513	
G2241	FED- Title IV-A Student Sup-Pr	72989	07/01/22-09/30/24	Pass-Thru	115,905	63,785	
G2283	FED- Title IV-A Student Support Private	77176	07/01/23-09/30/24	Pass-Thru	636,628	647,009	
G2284	FED- Title IV-A SSAE Private	77176	07/01/23-09/30/24	Pass-Thru	91,306	48,018	
						1,328,444	
Office Of Special Education and Rehabilitative Services							
Special Education Cluster (IDEA)							
Special Education Grants to States							
G2111	FED- IDEA Sec 611 ARP	68459	10/28/21-09/30/23	Pass-Thru	2,041,028	210,065	
G2120	FED- IDEA 611 Equipment	75372	07/01/22-09/30/23	Pass-Thru	544,028	117,533	
G2121	FED- IDEA 611	74104	07/01/22-09/30/24	Pass-Thru	8,896,408	399,433	
G2302	FED- DART IDEA	94902-IGAR	07/01/23-06/30/24	Pass-Thru	125,563	125,563	
G2303	FED- IDEA Sec 611	78043	07/01/23-06/30/24	Pass-Thru	9,750,508	8,388,865	
G2305	FED- IDEA Extended Assessment	79983	07/01/23-06/30/24	Pass-Thru	15,385	15,385	
G2309	FED- CRP - 611	64777-IGAR	07/01/23-06/30/25	Pass-Thru	7,947,678	6,435,732	
G2310	FED- CRP - Audioloav	64777-IGAR	07/01/23-06/30/25	Pass-Thru	465,061	371,075	
G2311	FED- CRP - TBI	64777-IGAR	07/01/23-06/30/25	Pass-Thru	21,250	21,250	
G2314	FED- Providence Nursing	TBD	07/01/23-06/30/25	Pass-Thru	33,211	32,867	
N/A	FED- IDEA Extended Assessment 22-23	79807	07/01/22-06/30/23	Pass-Thru	13,737	7,043	
						16,124,811	
84.173	Special Education Grants to States						
G2304	FED- IDEA Sec 619	77858	07/01/23-09/30/25	Pass-Thru	83,484	14,148	
G2112	FED- IDEA Sec 619 ARP	69227	07/01/21-09/30/23	Pass-Thru	50,179	39,130	
G2122	FED- IDEA 619	74285	07/01/22-09/30/24	Pass-Thru	73,037	73,037	
						126,315	
Total Special Education (IDEA) Cluster						16,251,126	
84.126	Rehabilitation Services Vocational Rehabilitation Grants to States						
G1790	FED- YTP 19/25	160741	07/01/19-06/30/25	Pass-Thru	825,996	166,985	
G2292	FED- OR Comm. for the Blind	93918-IGAR 101-23	07/01/23-06/30/24	Pass-Thru	258,599	258,599	
G2307	FED- YTP Summer Work Program	IGAR-95105	04/22/24-04/01/25	Pass-Thru	141,669	13,147	
						438,731	
84.326	Special Education Technical Assistance and Dissemination to Improve Services and Results for Children with Disabilities						
G2123	FED- Oregon Deblind Project	H326T230011 IGA/R93659	07/01/23-09/30/28	Direct	133,543.00	133,543	
Education Stabilization Fund							
Elementary and Secondary School Emergency Relief Fund							
G2041	FED - ESSER II	64664	01/26/21-09/30/23	Pass-Thru	32,836,859	13,173	
G2094	FED- ESSER III	64968	03/13/20-09/30/24	Pass-Thru	73,869,717	35,251,016	
G2096	FED- ESSER II LTCT	64813	03/13/21-09/30/23	Pass-Thru	134,867	134,867	
G2114	FED- ARP-HCY II	69389	04/23/21-09/30/24	Pass-Thru	351,648	185,607	
G2118	FED- GEER- Education Stabilization	21396	01/07/22-09/30/23	Pass-Thru	500,000	211,489	
G2229	FED- CRP ESSER II	IGA/R-90131/14604	03/13/20-09/30/23	Pass-Thru	1,287,669	575,236	
G2259	FED- CRP ESSER III	IGA/R92846/2415 #75887	03/24/21-09/30/23	Pass-Thru	2,793,421	2,793,421	
G2318	FED- DART LTCT ARP- ESSER III	75907	06/01/22-09/30/24	Pass-Thru	566,830	566,830	
G2366	FED- HQIM Health and Ethnic Students	S425U210049	02/01/24-09/30/24	Pass-Thru	887,879	274,339	
G2565	FED- Education Stabilization Fund	75958	06/15/23-09/30/24	Direct	250,000	158,189	
G2566	FED- Title VI Indian Ed - ESSER III	80410	02/15/24-09/30/24	Pass-Thru	97,800	46,392	
						40,210,559	
Total Education Stabilization Fund						40,210,559	
84.334	Office of Postsecondary Education						
Gainin Early Awareness and Readiness for Undergraduate Programs							
G1827	FED- E3 Engage, Empower, Elevate	P334A180117	10/01/18-09/30/25	Direct	9,398,400	2,114,248	
Direct Funding						3,387,534	
Pass-Thru from Oregon Department of Education						75,280,014	
Pass-Thru from Oregon Commission for the Blind						258,599	
Pass-Through from Oregon Department of Human Services						180,132	
Department of Education Total							\$ 79,106,280
Department of Health and Human Services							
Administration for Children and Families							
Head Start Cluster							
93.600	Head Start						
G2245	FED- Head Start Federal	10CH01071905	11/01/22-10/31/23	Direct	6,237,131	2,505,711	
G2288	FED- Head Start Federal	10CH012375	11/01/23-10/31/24	Direct	6,382,217	5,207,657	
						7,713,368	
Total Head Start Cluster						7,713,368	
93.658	Foster Care Title IV-E						
G2294	FED- Foster Care Transportation	IGA 35883	07/01/23-06/30/25	Pass-Thru	2,000,000	82,639	
Centers for Disease Control and Prevention							
Cooperative Aarements to Promote Adolescent Health through School-Based HIV/STD Prevention and School-Based Surveillance							
G1770	FED- SAY Wellness	NU87PS004369-05-04	08/01/18-07/31/24	Direct	2,315,632	490,735	
G2030	FED- Sav Wellness COVID	NU87PS004369C3	08/01/20-07/31/24	Direct	549,606	73,639	
						564,374	

SCHOOL DISTRICT NO. 1J, MULTNOMAH COUNTY, OREGON
Notes to Schedule of Expenditures of Federal Awards
For the year ended June 30, 2024

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, 2024. 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, 2024.

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.

SCHOOL DISTRICT NO.1J, MULTNOMAH COUNTY, OREGON

Schedule of Findings and Questioned Costs

For the Year Ended June 30, 2024

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 _____ No X
 - 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

84.334	Gaining Early Awareness and Readiness for Undergraduate Programs
84.425	Education Stabilization Fund
93.600	Head Start
97.036	Public Assistance (Presidentially Declared Disasters)

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

\$ 3,000,000

Auditee qualified as low-risk auditee?

Yes _____ No X

SCHOOL DISTRICT NO.1J, MULTNOMAH COUNTY, OREGON

Schedule of Findings and Questioned Costs

For the Year Ended June 30, 2024

SECTION II — FINANCIAL STATEMENT FINDINGS

No financial statement findings were reported.

SECTION III — FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

No federal award findings and questioned costs were reported.

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, 2024

SECTION II — FINANCIAL STATEMENT FINDINGS

Finding 2023-001

- 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.
- Corrective Action:** The District understands and concurs with this finding. The District has implemented their 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

SECTION III — FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

No federal award findings and questioned costs were reported.



COMPLIANCE SECTION



Your peace of mind is our passion.

**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, 2024, 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 12, 2024. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States.

Compliance

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

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

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

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

- Out of a sample of 60 teachers selected, there were variances between the District's records and the years of experience reported to the Oregon Department of Education for four teachers.

**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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be a material weakness. However, material weaknesses or significant deficiencies may exist that were not identified.

Purpose of This Report

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


Portland, Oregon
December 12, 2024



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
District Title IX: Liane O'Banion
District 504: James Loveland
American Disabilities Act: Human Resources

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2023-24 ACFR Preparation

Prepared by the Finance Department

Myong Leigh, Interim Chief Financial Officer

Portland Public Schools

Annual Bond Performance Audit- Fiscal Year 2022/2023

2017 Bond



2020 Bond

May 2024 – Final Report



May 9, 2024

Stormy Shanks, Senior Director
Office of School Modernization
Portland Public Schools
510 N. Dixon Street
Portland, OR 97227

Dear Ms. Shanks,

Sjoberg Evashenk Consulting is pleased to submit our report for the Portland Public Schools (PPS) Annual Bond Performance Audit for Fiscal Year 2022/2023. We assessed performance of the 2017 and 2020 Bond programs as implemented by PPS' Office of School Modernization (OSM) with focus on the delivery status of the 2017 and 2020 Bond projects, Career Learning Equity protocols, and review of the practices in place to deliver the 2020 Bond Curriculum and Information Technology work. We also assessed progress made towards implementing recommendations from prior annual Bond performance audits.

Our report concludes that, for the areas we reviewed, PPS has made progress toward meeting its bond pledges. The 2017 Bond program was on track for completion and the 2020 Bond program was generally progressing as planned, with PPS addressing some schedule, cost, and scope challenges along the way to meet the intent behind bond commitments. In particular, the 2020 Bond Curriculum and Technology project areas cost and scope challenges, and both project types were progressing as planned and had strong frameworks in place for delivery.

Yet, PPS' Career Learning Equity program lacked a structured program to meet its stated objectives and outcomes were not measured to determine if it met its objectives. To address this area, we provided two recommendations related to researching resources to implement the Career Learning Equity Program or revising the required scope of the program to align with the district's capacity. Additionally, PPS reported that most of the prior audit recommendations from the last audit cycle in 2022 remain in progress.

We appreciate the professionalism, cooperation, and dedication of all PPS and OSM staff who assisted us throughout the course of the audit, and look forward to continuing our collaboration during the next audit cycle.

Respectfully Submitted,

A handwritten signature in black ink that reads "CBrady". The signature is written in a cursive style.

Catherine Brady, Partner
Sjoberg Evashenk Consulting, Inc.

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Section 3: Practices Were in Place to Ensure Bond Curriculum and Technology Improvements Will be Delivered as Intended, with Cost and Scope Challenges Being Mitigated.....	19
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Executive Summary

For this 2022-2023 performance audit, we focused on the overall bond delivery status for both the 2017 Bond and 2020 Bond projects, program delivery of the curriculum and technology components of the 2020 Bond, and PPS' Career Learning Equity program.

With the 2017 School Improvement Bond (2017 Bond) nearing completion and the 2020 School Improvement Bond (2020 Bond) three years into delivery, the Portland Public Schools District (PPS) and its Office of School Modernization (OSM) have made progress in addressing a variety of major capital improvement needs as planned at the district. The two remaining 2017 Bond major capital school modernization projects were on track for planned completion, and remaining Health and Safety improvement projects were also on target to be completed by the fall of 2024 as planned. For its 2020 Bond, improvements were generally progressing as planned though there have been some delays, cost increases, and scope changes. PPS generally addressed those challenges and met the intent behind bond commitments without compromising delivery of the overall Bond program.

Yet, in terms of PPS' Career Learning Equity program to increase the numbers of students participating in career learning opportunities, we found no structured program existed to help PPS meet that objective nor were outcomes measured to determine if it met its goals. Further, though PPS retained its commitment toward addressing prior Bond audit recommendations, PPS reported that most of the recommendations from the last audit cycle in 2022 remain in progress. Key results and recommendations are summarized in the sections that follow.

Audit fieldwork generally covered the period between April 1, 2022, through June 30, 2023, although we incorporated any significant events after the end of fieldwork into this report. Key results and recommendations are summarized in the sections that follow.



2017 Bond Program Is on Target to Be Completed, and 2020 Bond Is Generally Progressing as Planned

With Lincoln High School and Benson High School on target to be completed, PPS is approaching the end of the 2017 Bond. Lincoln High School is forecasting cost savings that will go back to program contingency, although PPS will wait until the project’s end to decide how to use funds. The 2020 Bond is also mostly progressing as planned—though some cost, schedule, and scope challenges occurred. While funds remain available, there is some risk to the Bond program if high escalation and market volatility continue.

KEY RESULTS:

- Lincoln High School is on schedule to be completed by fall of 2023 with forecasted costs savings between \$9 and \$9.5 million as of May 2023.
- Benson High School is on schedule to be completed by the fall of 2024.
- PPS intentionally established a large contingency for the 2020 Bond. Some of that program contingency will pay for \$55 million in unplanned cost increases at Jefferson High School and will partially fund improvements at Harrison Park Middle School, a bond capacity project.
- Other delivery challenges were experienced on the 2020 Bond mechanical, roofing, and technology projects, in addition to the Center for Black Student Excellence. Yet, PPS was able to take alternate actions that still meet the intent behind planned bond commitments.

RECOMMENDATIONS

No recommendations



PPS Career Learning Equity Program is Inadequate to Meet Stated Objectives

Though the Career Learning Equity program has been in place since 2013, PPS had not established or fully implemented a dedicated, structured program to meet elements outlined in its Administrative Directive (AD). Many critical program management functions did not occur, and PPS is unable to determine if it met its AD objective. However, some career learning opportunities did occur.¹

KEY RESULTS:

- There was no structured program with assigned process owners, sufficient protocols, and clear procedures to implement the Career Learning Equity AD.
- Some implementation efforts were employed by staff but many key expected program management duties such as contractor management and

RECOMMENDATIONS:

As PPS leverages its position as an educational institution with significant connections with the local contractor and consultant community involved with its School Improvement Bonds, it could consider:

1. Researching and assigning resources needed to implement a structured Career Learning Equity Program that has clearly designated roles and responsibilities, protocols for coordination,

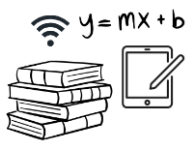
¹ According to PPS, staff have begun accessing its efforts and developing collaborative process to support the Career Learning Equity Program including improvements to program management, intradepartmental coordination and compliance reporting, and regular planning meetings to talk through engagement strategies and actions. Reported progress involved updated Partner Connect architecture to tag and organize partner organizations, evolved event management process to better identify opportunities offered, and additional events such as monthly career learning sessions and vendor open houses on career opportunities. Other improvements PPS reported were development of a partner menu to help organizations understand involvement opportunities and the process to sign up, plans to create a visual data dashboard and custom report to provide “real-time” review of impact of the Career Learning Program, and training for career coordinators on the program foundation and how to access or contact potential partner organizations.

compliance, program coordination, and data management did not occur.

- The program had a stated objective, but no targets were set to adequately track outcomes against goals.
- Though not broadly tracked, some examples existed of career learning opportunities that occurred.

contractor and consultant management, data management and reporting, and set targets to track outcomes.

2. Alternatively, PPS should revise the Administrative Directive to limit the scope of the Career Learning Program to align with the district's capacity more appropriately.



Practices Were in Place to Ensure Bond Curriculum and Technology Improvements Will be Delivered as Intended, with Cost and Scope Challenges Being Mitigated

Although both 2020 Bond curriculum and technology project areas experienced scope and compensability challenges that required the leveraging of PPS general funds to supplement bond funding, both project types were generally on target to be delivered as planned. In fact, both the Office of Teaching and Learning (OTL) and Office of Technology & Information Services (OTIS) had strong frameworks in place over curriculum and technology, respectively, to ensure their efforts were achieving intended benefits.

KEY RESULTS:

- Both OTL and OTIS had strong frameworks to manage bond funds including established roles and responsibilities, documented analysis for decision-making, and tool and systems to monitor funds, oversee delivery, and track inventory.
- Technology projects had schedule and scope challenges related to classroom modernization whiteboard delivery, but still is delivering generally as planned.
- Performance metrics were identified to measure bond-funded improvement success such as Wi-Fi speed and bandwidth, but results are still yet to be determined.

RECOMMENDATIONS:

No recommendations

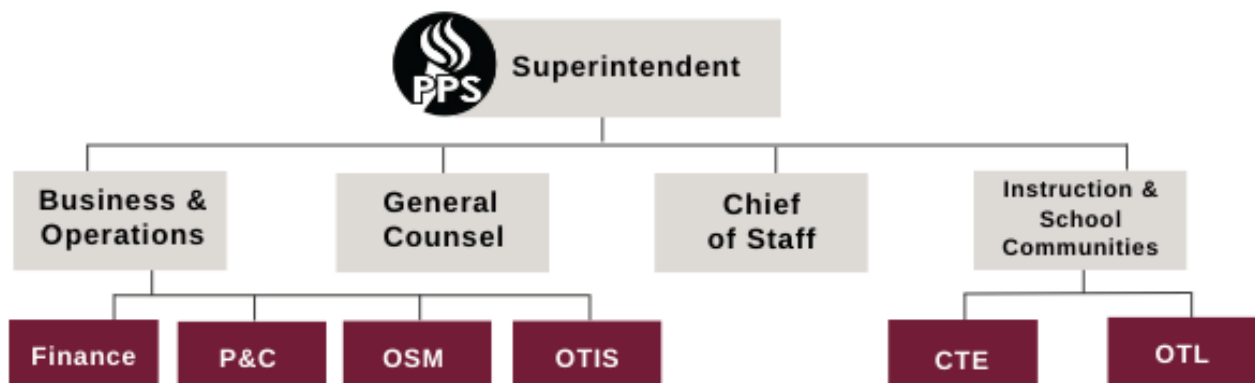
Introduction and Background

As the largest K-12 public school district in Oregon with more than 45,000 students and nearly 100 schools, Portland Public Schools' (PPS) Office of School Modernization (OSM) has been tasked with modernizing aging facilities and upgrading the learning environment. To date, Multnomah County voters have passed three major bond programs to fund these school improvements in 2012, 2017, and 2020. Combined, these three bonds authorized over \$2.4 billion in funding through a levy against assessed property values for modernizing school facilities and improving learning experiences.

Bond Program Capital Projects and Bond Audits

Modernizing aging school facilities is a complex endeavor with several defined phases and a variety of internal PPS and OSM stakeholders, external consultants and contractors, a citizen accountability committee, and an elected oversight board that work together on ensuring Bond programs are delivered as planned. For the first major capital bond in 2012, school improvement efforts were primarily focused at Grant, Franklin, and Roosevelt High Schools and Faubion Middle School; while the 2017 school improvement projects largely focused on Lincoln, McDaniel, and Benson High Schools in addition to Kellogg Middle School. Both bonds also set aside significant funds for a series of health and safety improvements at other schools within the PPS district as well as planning for specific future school modernizations. With the passage of a third bond in 2020, the district expanded planned areas to include not only traditional capital improvements and modernization of physical school buildings, but also funding for educational curriculum and information technology related infrastructure improvements as well as a Center for Black Student Excellence. This expanded the involvement of more offices in PPS beyond OSM to deliver bond pledges—including the Office of Technology & Information Services (OTIS), Office of Teaching & Learning (OTL), and various staff as needed in cross-functional offices such as Purchasing & Contracting (P&C) and Career and Technical Education (CTE) as shown in Exhibit 1.

EXHIBIT 1. PPS OFFICES INVOLVED IN BOND DELIVERY



Source: Auditor-generated based on 2022-23 PPS Leadership Staff Organizational Chart

All bonds require annual performance audits of bond activities as part of PPS' commitment to transparency and accountability to taxpayers. Beginning with the 2017 Bond, annual performance audit scopes of work

generally focused on those bond-funded activities that could pose a risk to the overall delivery of the program and specific projects, or addressed concerns brought forward by OSM or the Bond Accountability Committee (BAC).² Audit scope decisions were also informed by the status or phase of the school capital improvement projects—such as timing audit scope with assessing cost estimate practices when projects are in master planning, reviewing construction management when projects are in or nearing the construction phase, or evaluating project closeout practices when modernization projects are completed.

For this 2022-2023 performance audit, we focused on the overall bond delivery status for both the 2017 Bond and 2020 Bond projects, program delivery of the curriculum and technology components of the 2020 Bond, and the status of PPS' implementation of prior audit recommendations.³ In addition, we examined PPS' Career Learning Equity program and its goal and target-setting, equity performance to date, and current protocols in place to meet PPS' equity objectives.

Curriculum and Technology Needs at PPS

In addition to the condition of aging schools and health and safety needs that warranted focus of prior school improvement bonds, PPS has also had significant need for technology upgrades that have not been addressed for two decades and new curriculum that has been out of compliance with the Oregon Department of Education (ODE)'s curriculum standards for various subjects—with some curriculum subjects non-compliant since the early nineties.^{4, 5}

The 2020 Bond provided a first-time opportunity to provide overdue updates with the adoption of new curriculum led by the OTL and technology improvements led by the OTIS. Both offices managed implementation of bond-funded delivery in these areas, while OSM provided oversight of funds. To ensure PPS exercised due diligence in spending bond-funds appropriately, PPS also formed the Bond Compensability Committee (BCC) in January 2021 with representatives from Finance, Procurement & Contracting, OSM, and other relevant program representatives such as OTL and OTIS to vet expenditures for allowability and memorialize decisions. The BCC made decisions using general criteria based on provisions of the Oregon Constitution and Revised Statutes, Generally Accepted Accounting Principles over capitalizable assets, and Governmental Accounting Standards Board pronouncements.

While the language in the approved 2020 Bond did not promise specific quantities of improvements nor name specific sites where curriculum and technology improvements would occur, PPS planned a variety of activities to meet needs using the bond funds. For instance, bond-funded curriculum improvements were expected to achieve full compliance with ODE requirements for at least seven years for subjects such as math, science, health, humanities, and arts for different grades. Planned technology work included critical infrastructure upgrades for internet connectivity and security, individual laptops or devices for students and

² The establishment of the BAC was a requirement of the Bond measure—it is a taxpayer oversight body consisting of private citizens that advise the Board and OSM on all Bond matters as defined by its charter.

³ Refer to Appendix A for status of prior audit recommendations.

⁴ Oregon Department of Education (ODE) is the state agency tasked with both overseeing and regulating the Oregon public education system for grades K-12.

⁵ PPS defines curriculum as “the standards-based knowledge and skills that ALL students are expected to learn as they progress through our school system” which includes all teaching materials such as textbooks, student digital access to online materials, and hardcopy teacher guides with digital access to online materials.

staff, and classroom modernization such as voice amplification systems for teachers and projection tools. PPS has a detailed project map and description for school sites that will be targeted for technology improvements.

Career Learning Equity Program at PPS

To deliver these planned projects, public owners of bond capital improvement programs, like PPS, rely heavily on the local contracting community. As such, PPS is in an ideal position to leverage its public contract activity to further its equity goals and expand the number of students participating in and benefiting from career learning equity opportunities provided by contractors.

In June 2011, the Board adopted the Portland Public Schools Racial Educational Equity Policy, 2.10.010 that affirmed the intent of the district to address and overcome educational barriers that resulted in a persistent achievement gap for students of color. The Board noted that these barriers and inequities were due to complex society and historical factors. A year later, they formally recognized that the impact of these inequities extended further to PPS' business partners and the broader community. To build upon the racial equity policy, the Board adopted its Equity in Public Purchasing and Contracting Policy (EPPC) in July 2012, stating that "modeling equity in District business practices will further enhance achievement of goals established in its Racial Educational Equity Policy."⁶

EPPC Has Three Main Areas

The EPPC has three main areas: Business Equity, Contractor Workforce Equity, and Career Learning Equity. While PPS operationalized each area into its own Administrative Directive (AD) that details the steps PPS will take in its pursuit to meet goals, the scope of this audit solely focused on the Career Learning Equity AD.⁷ The PPS Superintendent signed the current Career Learning Equity AD in October 2013 that focused on increasing the numbers of high school students, particularly young people of color and young women, in career learning programs as shown in Exhibit 2.⁸ Career learning opportunities include but are not limited to guest speaker sessions, worksite visits and company tours, job shadows, informational interviews, internships, project based learning, and focused career days and fairs.

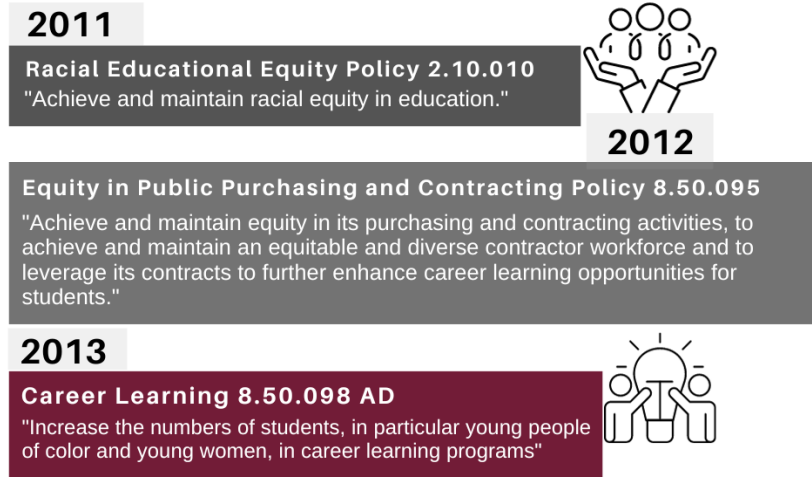
In August 2017 and May 2019, PPS made minor revisions to the AD including clarification on frequency of learning opportunities per contract, implementation of a new tracking database, removal of a requirement to utilize a specific vendor, and an update to its tracking and reporting requirements.

⁶ Board Materials from July 16, 2012, note that PPS had been actively drafting the EPPC since 2009.

⁷ An Administrative Directive (AD) is a procedural plan to implement a policy passed by a Board vote. At PPS, the AD provides direction for staff to operationalize the Board's vision.

⁸ While the AD states that PPS will seek to expand the program to middle school students, this has not occurred as of the time of this report.

EXHIBIT 2. CAREER LEARNING EQUITY ADMINISTRATIVE DIRECTIVE EVOLUTION, OBJECTIVES, AND GOALS



Source: Auditor-generated from PPS library of policies and administrative directives at <https://www.pps.net/policies>.

The AD required all applicable PPS contractors with contracts valued at \$100,000 and above to register in PPS' career learning database and offer between two and four career learning opportunities to students depending on the dollar value of the contract. Many bond projects meet this dollar threshold and are subject to the Career Learning Equity AD.

Scope and Objectives

PPS hired Sjoberg Evashenk Consulting, Inc. in October 2018 to conduct annual performance audits of the School Improvement Bonds over a four-year period. Each year, auditors assess performance and focus on different Bond programs and project areas. For this current performance audit cycle, we reviewed 2017 and 2020 Bond program activities for the period from April 1, 2022, through June 30, 2023, and considered any significant events after the end of fieldwork. Our objectives were as follows:

1. 2017 & 2020 Bond Status

Identify the delivery status of the remaining 2017 Bond projects and 2020 Bond projects in terms of cost and schedule.

2. Career Learning Equity

Determine if PPS met its objective, per PPS' EPPC Board Policy 8.50.095 and Career Learning Equity AD 8.50.098, to increase the number of young people of color and young women participating in career learning programs during the school improvement bond period. Conduct a high-level assessment to determine whether existing protocols and practices at PPS are sufficient and effective for PPS to meet its objectives.

3. 2020 Bond Curriculum and Information Technology “Deep Dive”

Assess whether current practices in place at the PPS Office of Teaching and Learning and Office of Technology & Information Services adequately ensure curriculum and information technology improvements will be delivered as intended by the 2020 Bond.

4. Prior Audit Recommendations

Determine whether PPS and OSM sufficiently addressed prior audit recommendations related to Bond activities and implemented appropriate corrective action.

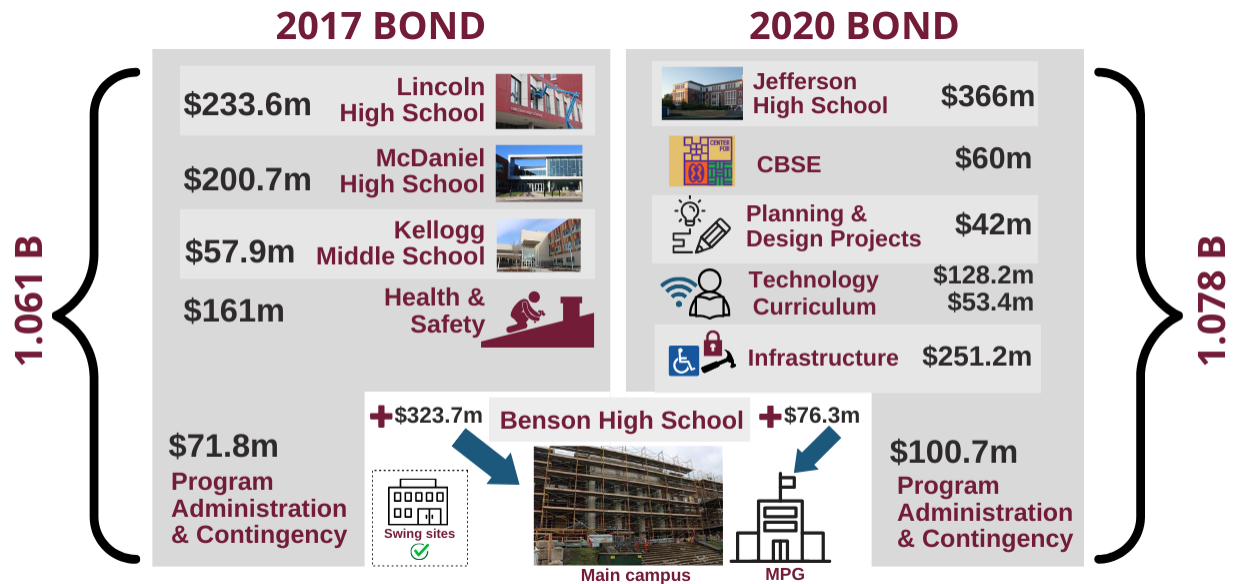
To fulfill these objectives, Sjoberg Evashenk Consulting, Inc. performed a variety of detailed audit tasks involving interviews of PPS executive leadership, inquiries of departmental management and operational staff, data mining and analysis, documentary examinations, record review and testing, industry authoritative research, and source data verification. Refer to Appendix B for the detailed methodology employed during the audit.

We conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

Section 1: 2017 Bond Program Is on Target to Be Completed, and 2020 Bond Is Generally Progressing as Planned

OSM continued to deliver on projects Multnomah County voters approved under the 2017 and 2020 School Improvement Bonds. With Lincoln High School and Benson High School both on track to be completed as planned and remaining health and safety projects in close out phases, PPS is nearing the end of its pledged work for the 2017 Bond. Additionally, 2020 Bond work is generally progressing as planned—though there have been some delays, cost increases, and additional work being added to the Bond program that will be paid for through contingency funds. Exhibit 3 shows current cost estimates at completion for the 2017 and 2020 bond projects as of May 2023.

EXHIBIT 3. 2017 BOND AND 2020 BOND ESTIMATES AT COMPLETION, AS OF MAY 2023



Source: Auditor-generated based on eBuilder data provided by PPS for May 2023

Note: The 2020 Bond provided \$164.9 million to fund additional costs to complete the Benson main campus. Because Benson main was a 2017 pledged project, we report the total estimate at completion for Benson main as part of the 2017 Bond figures.

Remaining 2017 Bond Projects Were on Target to Complete as Planned with Savings Projected to be Available for Future Reallocation Once Decisions are Made

As of May 2023, the remaining 2017 Bond modernizations at Lincoln High School and Benson High School were generally on schedule to be completed by fall 2023 and fall 2024, respectively. Likewise, the remaining health and safety projects were also on target for completion by 2024, spending up to the remaining unallocated balance for the projects. The Benson High School project's costs increased slightly since the last audit report in 2022, but Lincoln High School is projected to have cost savings of

approximately \$9 to \$9.5 million that will go back into the overall Bond program as of May 2023.⁹ PPS is still determining how and where to allocate those funds and will wait until both phases of the project are completed before making those decisions.

According to PPS staff, while no formal protocol exists for determining how non-health & safety unallocated funds should be spent, typically PPS would consider whether items previously removed from a specific project during value engineering could reasonably be added back in where warranted, funds could be used on the project for other improvements, or cost savings should be returned to the overall Bond program contingency to be allocated as needed.¹⁰ Because sizeable cost savings have not occurred in the past, PPS noted that they did not have or need a formal procedure for allocating those funds. PPS explained these discussions on how to memorialize the unallocated funding prioritization process will occur at the end of the Lincoln High School project if funds continue to remain available at project end. Reasonably, staff need to retain some flexibility in making those decisions depending on the status of other bond projects.

2020 Bond Program Is Generally Progressing as Planned

The 2020 Bond pledged to modernize Jefferson High School, plan and design future high school sites, and invest in physical improvements such as roofs, seismic work, and mechanical upgrades as well as provide educational program improvements for district technology upgrades and curriculum adoption. Additionally, it allocated funds for upgrades to address the district's changing capacity and enrollment needs and for improvements as part of a new concept for a Center for Black Student Excellence (CBSE).

Though certain bond subcategories experienced some delays, cost increases, and scope changes, the overall 2020 Bond program is still delivering projects as planned. Current estimates and schedules to complete generally align with initial bond estimates except for Jefferson High School and capacity improvement projects. Notably, the scope for the capacity subcategory grew as one site, the Harrison Park K-8 school, converted to a middle school and is receiving a greater breadth of improvements with bond funds. Available bond contingency funds covered the additional cost, and reasons for the scope increases appear reasonable as detailed in a later section of this report. Similarly, costs for Jefferson High School grew due to inflation in the construction market and program contingency was allocated for those changes.

Exhibit 4 shows the status of the 2020 Bond program subcomponents in terms of cost, schedule, and scope with notable status changes flagged—although most individual bond improvement areas were progressing as planned and PPS was delivering projects as planned with no major budget and schedule concerns.

⁹ The Benson Polytechnic High School project (Benson High School) consists of several sub-projects. As of May 2023, sub-project status was as follows: Multiple Pathways to Graduation (MPG) building at 30 percent of construction completed and the Benson Main campus building at 68 percent of construction completed. All swing sites were completed and in-use.

¹⁰ In the 2020 Bond Budget Summary presented to the Board on July 13, 2020, by the Chief Operating Officer, PPS stated that program contingency could be used for a variety of unanticipated costs including estimation errors, discretionary scope additions, cost escalation, or other unanticipated costs.

Icons reflected in Exhibit 4 flag these notable changes related to cost, schedule, and scope. Areas not flagged by an icon did not have significant changes that warranted raising in this audit cycle.

EXHIBIT 4. 2020 BOND AREAS WHERE NOTABLE CHANGES HAVE OCCURRED, AS OF MAY 2023 ^A

2020 Bond Components	Original Budget	Cost	Schedule	Scope
Benson High School MPG Building	\$64M	!		
Jefferson High School	\$311M	!		
Center for Black Student Excellence	\$60M		!	
Capacity Improvements	\$10M	!		!
Planning and Design				
Cleveland High School	\$20M			
Ida B. Wells High School ¹	\$20M			
Roosevelt High School	\$2M			
Educational Improvements				
Technology	\$128.2M		!	!
Curriculum	\$53.4M			
Special Education (SPED)	\$13.4M			
Physical Facility Improvements				
Roofs	\$65.7M	!		
Mechanical	\$75M			!
Security	\$25.9M			
Seismic	\$17.2M			
Americans with Disabilities Act	\$33.8M			

Source: PPS-provided underlying eBuilder reports used for the May 2023 BAC Report.

Note ^A: This exhibit only includes Bond dollars. Some subcomponents such as Technology and Curriculum had non-Bond funding as part of its total project costs. All figures are original budget and are different than estimates at completion noted in Exhibit 3.

Note ¹: School formerly known as Wilson High School

Costs for capital construction remain higher than expected across the industry and pandemic-related effects are still impacting projects including Benson High School’s MPG Building and Jefferson High School—but PPS has continued to persevere and deliver bond work as pledged. Yet, both the CBSE and technology areas were experiencing schedule issues as described later in this report in addition to the capacity and mechanical projects undergoing scope changes as discussed in detail in the sections that follow.

Program Contingency will Pay for Increased Escalation Costs at Jefferson High School

In December 2022, staff reported to the PPS Board of Directors (Board) that the estimated budget for the Jefferson High School Project increased \$55 million from the bond approved amount of \$311 million to \$366 million. PPS obtained third-party cost estimates that were 16 to 20 percent higher than original estimates—which was attributed to escalation.¹¹ Auditors reviewed national construction escalation reports from Rider Levitt Bucknall (RLB), a construction consulting firm specializing in cost estimation, and found that RLB’s escalation aligned with what PPS reported to the Board for the same period.

PPS plans to use \$55 million, or 59 percent, of its \$93.3 million 2020 Bond program contingency to cover the additional cost for the Jefferson High School project, leaving approximately \$38 million, or 41 percent,

¹¹ The 16 to 20 percent cost increase reflects changes in external cost estimates between February 2020 and November 2022.

of the program contingency left for other 2020 Bond needs.¹² Although PPS intentionally set aside a large program contingency amount for the 2020 Bond projects as shown in Exhibit 5 so that more funds are available for unexpected circumstances, there is still a risk that there will be a shortage of funds as the bond program progresses—especially if high escalation in the market and other labor or supply conditions continue as other unexpected challenges arise. Nonetheless, as of the end of audit fieldwork on June 30, 2023, contingency funds remained available nearly three years into the timeframe of the 2020 Bond program.

EXHIBIT 5. COMPARISON OF BOND CONTINGENCY AMOUNT ACROSS THE 2012, 2017, AND 2020 BONDS

	2012	Percent of Total Bond	2017	Percent of Total Bond	2020	Percent of Total Bond
Program Admin	\$84.5M ¹	18%	\$20M	2.5%	\$63.1M	5.2%
Contingency			\$40M	5.1%	\$93.3M	7.7%
Total Administration & Contingency	\$84.5M ¹	18%	\$60M	7.6%	\$156.4M	13%
Total Bond Amount	\$482M		\$790M		\$1.208B	

Source: 2012 Bond Fact Sheet, 2017 Bond FAQ, 2020 Bond Project Overview at <https://www.pps.net/Page/17502>

Note 1: In 2012, these amounts were combined into a category titled “program costs” and included items such as required reserves, materials and labor cost escalation, bond issuance costs, improvements, and transportation to buildings where students attend while school is renovated.

Scope Expansion Related to Capacity Improvement Projects Appear Reasonable and Other Bond Funds and Program Contingency will Cover Additional Costs

At the time PPS was selecting projects and estimating costs for the 2020 Bond, PPS included “capacity” improvement funds to pay for activities supporting its evolving student capacity and enrollment—though at the time no specific capital improvements or unique sites were designated.¹³ The November 2020 Bond passed by voters included \$10 million set aside for this purpose. As PPS progressed with its student capacity and enrollment planning, it allocated approximately \$6 million of the planned \$10 million capacity funds as part of a project that PPS’ department of Facilities & Asset Management (FAM) had already started for a program at Terwilliger Elementary School know as Acceleration, Community, Creativity, Equity, Service, and Self-Sufficiency (ACCESS).¹⁴

PPS allocated the remaining approximate \$4 million to the Harrison Park K-8 School project, a K-8 school that PPS is converting to a middle school in accordance with Board direction. In fact, six months after the 2020 Bond passed, the PPS Board-commissioned Southeast Guiding Coalition (SEGC) started developing a plan in May 2021 for student enrollment and program balancing in Southwest Portland to address changing capacity and enrollment needs in the region and provided a number of recommendations to the Board, including converting the Harrison Park K-8 School into a middle school and providing necessary budget support for capital improvements and programming.¹⁵ The Board of Education adopted the SEGC

¹² The remaining contingency amount is as of the May 2023 Bond Accountability Committee (BAC) report and does not include contingency set aside for the Harrison Park Middle School project. PPS provided the budget for the Harrison Park Middle School project after the end of audit fieldwork in July 2023.

¹³ Based on information in the 2020 Bond Budget Summary to the Board of Education from the Chief Operating Officer, July 13, 2020.

¹⁴ ACCESS is an alternative academic program designed for highly accelerated students in grades 2-8.

¹⁵ The SEGC is a group of 36 parent and community member volunteers and 21 PPS principals commissioned by the PPS Board of Education.

charge as PPS progressed through its boundary redrawing process. Because of its unique position as a site already slated for planned 2020 bond improvements, including mechanical upgrades and security, and its identification as a high need school in the 2021 Long Range Facility Plan, PPS chose the Harrison Park K-8 School as one of the school sites to receive 2020 capacity funds. According to PPS executive leadership, no other school sites were in the same position as Harrison Park School to be selected for conversion to a middle school. Thus, PPS allocated more than \$4 million of bond capacity funds to the Harrison Park Middle School project for modernization improvements upgrading the heating-ventilation-air conditioning system, adding science classrooms, installing security cameras, and modernizing spaces for middle school students.

Yet, the Harrison Park Middle School project’s total estimated cost was over \$42.6 million as of July 2023—more than \$38 million greater than the capacity funding allocated to the site because of additional needed work to meet middle school education specifications. The total project activities and related costs do not equate to a full modernization of the site, though the work will significantly upgrade the school. PPS will use \$12.7 million from four other individual 2020 Bond categories for work at Harrison Park—special education, mechanical, security, and technology—as shown in Exhibit 6. The remaining \$25.6 million will be paid by the 2020 Bond program contingency funds.

EXHIBIT 6. HARRISON PARK MIDDLE SCHOOL FUNDING SOURCES AS OF JULY 2023 ^A

2020 Bond Fund Category	Original Bond Subcategory Amount	Amount	Percent of Bond Subcategory
Capacity	\$10 million	\$4.4 million	44.0%
Special Education	\$13.4 million	\$308 thousand	2.3%
Mechanical	\$75 million	\$11.5 million	15.3%
Security	\$25.9 million	\$52 thousand	0.2%
Technology	\$128.2 million	\$856 thousand	0.7%
Bond Program Contingency	\$93.3 million	\$25.6 million	27.4%
Total Estimated Budget		\$42.7 million	

Source: eBuilder Cost Report for Harrison Park, May 2023 Report to the BAC.

Note ^A: Amounts rounded to the nearest thousandth.

The portion of funding allocated to the Harrison Park Middle School project from the other 2020 Bond subcategories was less than three percent each for the special education, security, and technology categories—and, thus, minor changes compared to the overall subcategory amounts. Though the funding from the mechanical subcategory was more significant at over 15 percent, this appears reasonable given that the Harrison Park Middle School was one of the top high-priority sites slated for mechanical improvements recommended by the 2022 Mechanical Systems Capital Planning Assessment that aided PPS in selecting sites for 2020 mechanical bond fund improvements. Moreover, the 2020 Bond Budget Summary presented to the Board on July 13, 2020, by the Chief Operating Officer noted that staff recommend that the 2020 Bond include a robust program contingency and flexible bond language that will allow contingency funds to be allocated to capacity and enrollment needs if necessary.

Although Other Delivery Challenges Occurred, PPS Alternate Actions Taken Met Intent Behind Bond Commitments While Not Compromising Delivery of Overall Bond Program

Four other 2020 Bond categories—mechanical, roofs, technology, and the Center for Black Student Excellence (CBSE)—experienced delivery challenges with individual project improvements initially envisioned, although improvements in each category were generally still able to fulfill delivery outcomes in line with initial bond plans with some adjustments to schedule and budget.

One 2020 Bond subcategory experiencing delivery challenges was the mechanical category. PPS proposed a \$75 million budget to make significant mechanical repairs that included full system replacements and targeted replacements at approximately 15 of PPS' highest priority sites, yet the cost for mechanical system replacements was significantly higher than estimated. This imbalance in costs was partly attributed to external consultant estimates that were too low and not fully made known until 2022 when PPS had estimated that half, or \$40 million, of its \$75 million planned budget would be spent replacing mechanical systems at just four school sites. Given the extraordinary costs, PPS made the decision in fall 2022 to adjust its approach to provide various robust mechanical system control upgrades and component replacements to allow systems to appropriately function across more school sites rather than full system replacements at just a small handful of sites.¹⁶ Though this alternate plan will not deliver full system replacements to 15 high-priority sites as initially planned, PPS staff stated that providing control upgrades at more sites will still partially address the bond's intent to improve temperature control and air quality in classrooms.

Roof projects are another 2020 Bond subcategory that also experienced higher than expected costs. The original budget for roofs was \$65.7 million. As of May 2023, the estimated cost to deliver the initial planned scope of the project grew by \$4.9 million—attributed to bid overruns. The cost overrun will be covered by program contingency. With both the mechanical and roof categories, PPS endeavored to deliver as many improvements with allotted bond budgets as possible. The facility improvement needs at PPS exceed the available funding as was the case during prior bonds. For the 2017 Bond, the funding for health and safety projects were a pool of funds to spend—knowing that PPS must judiciously use limited resources to provide as many improvements as possible but will not address all existing needs. Similarly, while each type of facility improvement in the 2020 Bond like roofs has a designated budget to spend, market conditions may impact costs and require additional budget to address critical facility improvement needs. The impact is that PPS is not able to deliver as much as planned for its investment—though it is still addressing physical improvements in line with the 2020 Bond intent.

In another instance, projects in the technology 2020 Bond subcategory were delayed by a year, with projected end dates extending to 2026 rather than the original completion date by 2025. Details on the cause of the delay are provided in Section 3 of this report. Further, the CBSE also experienced delays with design and engagement planning delayed two years from baseline plans. PPS made progress with its CBSE concept outside the bond program, but still had not identified what capital improvement projects will

¹⁶ Full system upgrades would entail replacing entire underlying machinery behind a heating, ventilation, and air condition cooling system. Although control upgrades do not provide improvements that are as extensive as full mechanical replacements, they have a direct impact on heating and ventilation to improve the classroom climate, provide energy cost savings, and reduce maintenance requests.

be delivered within the CBSE concept using bond funds. Additional details related to CBSE are discussed in Appendix A, Status of Prior Performance Audit recommendations. Although these two 2020 Bond subcategories experienced delays, they are still progressing to meet the intent behind bond plans.

Recommendations

No recommendations noted.

Section 2: Career Learning Equity Program is Inadequate to Meet Stated Objectives

The Program Overview section in PPS' Career Learning Administrative Directive (AD) states that through PPS' existing Career Pathways/Career and Technical Education Program (CTE), the District will help students connect classroom learning to real-world applications, expose them to a variety of career options, provide programming with modern skills, and support district milestones for college and career-readiness. The key components of PPS' approach focus on career awareness, exploration, and preparation.

Despite this charge being in place since 2013, PPS has not established or implemented a dedicated, structured program to meet elements outlined in the AD. While some protocols and practices existed, they were sparse and not sufficient to support PPS' goals to increase the number of young women and students of color participating in career learning opportunities. PPS also did not set targets and metrics to measure its progress against objectives and report outcomes as outlined in the AD. As such, PPS is unable to determine if it met its AD objectives.

At the time the AD was adopted, a staff report to the PPS Superintendent noted that staff were researching the costs, systems, and resources to support the program—specifically for data management and reporting. To date, PPS has not allocated specific resources to this program.¹⁷

PPS Did Not Have a Structured Program in Place to Meet Career Learning Objectives

The Career Learning Program sought to be an extension of existing efforts led by PPS' existing Career Pathways/CTE providing learning opportunities for students. Although PPS leveraged CTE staff knowledge and the use of CTE's Partner Connect automated system to track career learning opportunities as part of implementing the AD, there was no structured program approach in place with assigned process owners, sufficient protocols, and clear procedures to implement the AD as described.

To initiate program implementation efforts, CTE staff collaborated with Purchasing and Contracting (P&C) staff in employing steps as shown in the bullets that follow.





- ✓ Included career learning program requirements into contractual obligations for applicable contracts;
- ✓ Operated an online database through Partner Connect where contractors and PPS staff could coordinate to provide learning opportunities to students;

¹⁷ In response to the audit draft report, PPS reported that staff have begun accessing its efforts and developing collaborative process to support the Career Learning Equity Program including improvements to program management, intradepartmental coordination and compliance reporting, and regular planning meetings to talk through engagement strategies and actions. Reported progress involved updated Partner Connect architecture to tag and organize partner organizations, evolved event management process to better identify opportunities offered, and additional events such as monthly career learning sessions and vendor open houses on career opportunities. Other improvements PPS reported were development of a partner menu to help organizations understand involvement opportunities and the process to sign up, plans to create a visual data dashboard and custom report to provide "real-time" review of impact of the Career Learning Program, and training for career coordinators on the program foundation and how to access or contact potential partner organizations.

- ✓ Entered contract data into Partner Connect; and
- ✓ Tracked and reported certain career learning information annually to the Board.

However, roles and responsibilities for implementing the program were not designated to specific PPS departments, offices, and staff—leading to uncertainty on who was responsible and inaction on key steps to execute the AD. The AD broadly states that PPS school-based staff will implement the program with full consultation and alignment with the existing CTE program.¹⁸ Although certain reporting duties to capture data and report career learning participation were assigned to CTE staff in partnership with P&C, more critical, discrete activities for implementation—such as managing contractor compliance—were not specifically assigned. In interviews with CTE, P&C, and OSM staff, there was no consensus on which departments and staff should be assigned responsibilities for those areas shown in Exhibit 7.

EXHIBIT 7. SPECIFIC CAREER LEARNING ADMINISTRATIVE DIRECTIVE RESPONSIBILITIES

Responsibility	
	Ensure applicable contractors register on Partner Connect and offer required number of learning opportunities
	Ensure applicable contractors coordinate with PPS career coordinators to plan, schedule, and conduct care learning activities.
	Manage, track, and report on contractor and student participation. Tracking and reporting will include disaggregation of participating contractor and student demographics by race, ethnicity, gender, school, and program as well as school and program-based categories.
	Seek to develop processes and resources to expand the program to middle school students

Source: Auditor generated based on Administrative Directive 8.50.098.

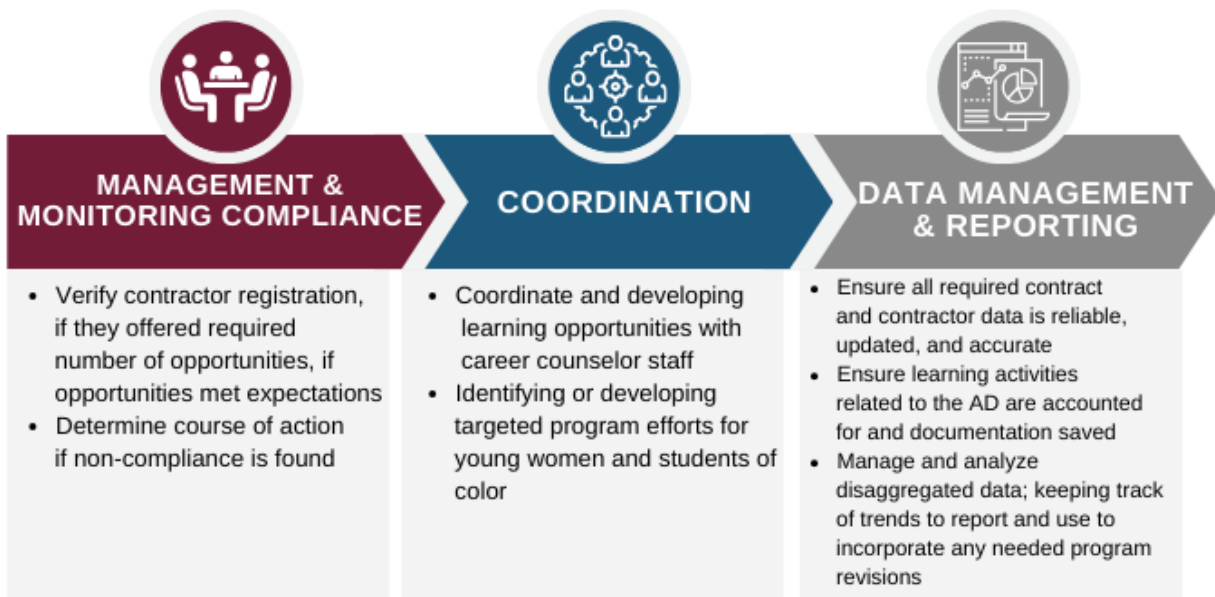
As a result, no active PPS management of the program occurred to ensure program benefits are delivered as expected, activities are coordinated, and results can be tied to goals.¹⁹ Managers should monitor progress, control the work of producing the results, respond to the impact of environment changes by adjusting plans as needed, and measure success against the organization’s stated goals. To apply these principles to the Career Learning AD in pursuit of PPS’ goals, staff could demonstrate appropriate, sufficient, and active program management with activities such as managing and monitoring contractor compliance by verifying if contractors registered on Partner Connect as contractually required and offered

¹⁸ PPS school-based staff are College and Career Coordinators or College Counselors housed at each of PPS’ high schools.

¹⁹ Project Management Institute (PMI) 6th Edition of the Guide to the Project Management Body of Knowledge (PMBOK).

required opportunities, coordinating with career counselor staff to provide targeted programming for intended student beneficiaries, and managing and reporting disaggregated data as described in the AD. Some examples of expected project management steps are shown in Exhibit 8.

EXHIBIT 8. PROGRAM MANAGEMENT NEEDED TO IMPLEMENT CAREER LEARNING ADMINISTRATIVE DIRECTIVE



Source: Auditor generated based on analysis of Career Learning AD and best practices in the Project Management Institute (PMI) 6th Edition of the Guide to the Project Management Body of Knowledge (PMBOK).

The AD described the general scope of work of the program and objective, but neither the AD nor other PPS protocols and procedures clearly operationalized what steps were needed to fulfill the scope of work, delegated specific roles and responsibilities and process owners, nor detailed the structure of the program. Additionally, PPS could not demonstrate intentional effort toward PPS’ goal of increasing the numbers of students in career learning programs particularly as it targets young women and students of color. Without intentional intervention, the status quo will be perpetuated—although some efforts were recently started.²⁰ Specifically, during our audit fieldwork, PPS’ newly hired Certified Business Program Manager began discussions with CTE staff on what steps could be taken to re-energize the career learning program.

PPS Is Unable to Determine if It Met Career Learning Equity Goals Because It Did Not Set Targets or Adequately Track Outcomes, Though Some Data Were Available

Though PPS set forth an objective in its Board Policy as operationalized through the AD to expand the number of young people of color and young women participating in a variety of career learning programs, it did not define quantitative targets or measurements by which it would determine whether it met its

²⁰ According to the Government Alliance on Race and Equity’s “Racial Equity Toolkit: An Opportunity to Operationalize Equity”. The Government Alliance on Race and Equity is a national network of governments working to achieve racial equity and advance opportunities for all. It was launched by the Hass Institute for a Fair and Inclusive Society at the University of California Berkeley in early 2014 and has over 400 members at the state, local, and regional government level.

objective. The AD also states that PPS staff will manage, track, and report on contractor and student career learning participation, which must include disaggregation of participating contractor and student demographics by race, ethnicity, gender, school, and program-based categories. This language describing how career learning participation should be tracked and reported reasonably relates back to PPS' objective to expand the number of participating young people of color and women in its programs. Yet, PPS is unable to determine if it met its goals because those specific targets were not set, and staff lacked direction on how to track and report disaggregated metrics.

In the absence of targets or sufficient direction, PPS only reported the number of contractors that were registered in Partner Connect as its record of program outputs and did not track meaningful data to measure toward its objectives. While PPS had access to some disaggregated contractor and student participation data starting at least as early as 2019, it did not measure and report on the career learning equity participation objective described in the AD. For instance, in the most recent fiscal year 2021-2022 annual Equity in Purchasing and Contracting update to the Board, PPS reported that cumulatively since the start of the tracking system there were 115 unique contractors registered since 2018 to provide career learning activities to PPS students—with those contractors representing 215 separate contracts.²¹ Reporting on the number of contractors registered to provide opportunities and the respective number of contracts does not indicate whether targeted students participated in programs nor whether the numbers of participating students were expanded.

According to PPS staff, some disaggregated data of participating students, contractors, demographics, and other related information were available across a combination of databases including PPS' Partner Connect, PPS' Cobblestone Contract Management system, and PPS' B2G Certified Business payment tracking system.²² However, staff stated that these data would have to be manually sorted, organized, analyzed, and tracked live at the time of analysis to produce meaningful data for assessment and reporting against the AD objectives because data continually updates in real time. Reviewing, managing, and reporting these types of data would require staff resources to produce meaningful analyses. Moreover, staff did not know if all needed data was captured and available through these existing systems or if other supplemental data would need to be captured. Data needs would depend on what targets PPS wants to establish to measure program efficacy.

Staff informed us that the general charge of the AD has operated in practice as an unfunded mandate—where no resources have been formally allocated for its stated work though the AD set the foundation for the program and a 2013 staff report to the Superintendent acknowledged that research was needed on cost estimates, systems, and resources to support the program—specifically for data management and reporting. To date, PPS has not allocated specific resources to this program. If resources were dedicated, PPS staff could work with existing disaggregated data from the different systems to perform more in-depth analysis and gauge whether PPS is meeting intended objectives and considering questions such as, but not limited to, the following:

²¹ Auditors were not able to validate figures reported for career learning in annual EPPC reports because CTE staff noted that those figures were point-in-time shared informally in preparation for the annual reports, but underlying data was not maintained.

²² B2G would allow PPS to link firms with specific backgrounds to specific student interest for career learning opportunities.

- ✓ Are students interested in specific career fields being connected to contractors who hold that expertise?
- ✓ Which types of students (e.g., by gender, grade, race, etc.) are participating and benefiting most from AD career learning opportunities?
- ✓ Which type of career learning experiences are most prevalent, and which experiences do students need to better access?

Results from that type of data analyses could be used to modify program strategies, as needed, to help meet equity objectives. However, PPS would need to evaluate the costs, benefits, and workload it would require to sufficiently resource the program to gain intended outcomes.

Further, staff would need to validate any data used from PPS' three systems, or any other sources, for accuracy and reliability. For instance, PPS staff informed us that school site career counselor staff can engage contractors directly outside of the Partner Connect system—resulting in some career learning engagements not being captured in the system or counted as progress toward meeting the AD equity goals.²³ Before relying on data from Partner Connect, PPS should work with school contacts to refine business processes surrounding the capture of equity opportunities into the appropriate designated systems prior to dedicating resources to target setting, data collection, and improved reporting.

Thus, while having data available is a good starting point, PPS would need to invest some additional time and resources to strengthen its use for outcome measurement and reporting. As is, PPS is unable to verify whether PPS met its objective to expand the number of young people of color and young women participating in a wide variety of career learning programs.

Although Not Broadly Tracked, Some Career Learning Opportunities Did Occur

While comprehensive data were not readily available to verify and summarize the breadth of career learning opportunities that occurred during the audit period, auditors found examples of contractors and consultants providing learning opportunities on Bond projects.

For instance, for a 2020 Bond roof project, auditors reviewed evidence that a woman-owned architectural firm provided 5-week internships for six students in the summer of 2023. The internship was described as a hands-on learning experience about careers in architecture and interior design that follows the traditional phases of a project from conception to construction. Completing the internship provided students work-based learning, eligibility to apply for a college architecture scholarship, and minimum wage pay.

Internships were also provided by the general contractor for Lincoln High School, one of the 2017 Bond modernizations. The internship advertised a firsthand experience learning how the new school was being built—particularly in how engineering and construction overlap on a major construction project. The same general contractor also provided construction management classes during the 2021-2022 school year. Auditors reviewed sample PowerPoint presentations used in the classes and found that materials were

²³ No enforcement mechanism exists in the AD to require school career counselors to comply with AD-specific Career Learning Program requirements.

robust, detailed, and included practical and realistic content for students interested in construction careers including overviews of project cost controls, developing construction estimates, jobsite record keeping, union versus non-union benefits, and more.

While no data was available to comment on contractor or consultant impact on students' career learning during the audit period especially as it related to the target beneficiaries of the Career Learning Equity AD, these examples demonstrate efforts by PPS and its contractors to implement the AD charge and provide career benefit to students.

Recommendations

As PPS leverages its connections with the local contractor and consultant community involved with the school improvement bonds to connect with its career learning equity objectives, it could consider:

1. Researching and assigning the resources needed to implement a structured Career Learning Equity Program that has clearly designated roles and responsibilities, protocols for coordination, contractor and consultant management, and data management and reporting, and set targets to track outcomes.
2. Alternatively, PPS could revise the Administrative Directive to limit the scope of the Career Learning Program to more appropriately align with the district's capacity.

Section 3: Practices Were in Place to Ensure Bond Curriculum and Technology Improvements Will be Delivered as Intended, with Cost and Scope Challenges Being Mitigated

For the 2020 Bond, PPS expanded its scope of bond-funded work to include improvements to curriculum and technology assets—a first for work implemented through its School Improvement Bonds. As the newly involved Office of Teaching and Learning (OTL) and the Office of Technology & Information Services (OTIS) managed bond work alongside OSM, it is critical that both offices had a framework for establishing and monitoring bond funds and plans, were appropriate stewards of bond funds, and delivered pledged work as planned.

Although both OTL and OTIS bond projects experienced scope and compensability challenges that required the leveraging of PPS general funds to supplement bond funding, both curriculum and technology projects were generally on target to be delivered as planned. We found that OTL and OTIS had strong frameworks in place to manage bond funds and work, used pragmatic tools and systems to monitor progress, and had documented methodologies for decision-making. Both offices also established metrics for measuring success of their respective work to ensure bond funds were achieving intended benefits—though actual results were not yet available for review.

Framework to Manage Curriculum and Technology Bond Work Was in Place

Appropriate management of bond-funded implementation is important to provide assurance that taxpayer funds are being expended in alignment with the promised commitments—and that students and other PPS stakeholders are receiving the intended benefits. We found that both OTL and OTIS had an appropriate framework in place for management and oversight including clear roles and responsibilities, the use of pragmatic tracking and monitoring tools, formalized processes and controls for physical equipment inventory management, and strategic communication of roll-out plans to end-users.

Roles, Responsibilities, and Coordination Meetings Were Established to Administer Bond Projects

The 2020 Bond expanded improvement projects to include not only traditional capital improvements and modernization of physical school buildings, but also funding for educational curriculum and technology improvements. With these new project scopes, PPS had to establish protocols for coordination, communication, and clear distinction of roles and responsibilities between multiple PPS departments to ensure improvements were delivered in line with bond commitments.

As the office responsible for ultimate oversight of bond funds, OSM led OTL and OTIS in early discussions after the bond passed to guide high-level decisions related to accountability and provided construction-related expertise for some technology projects. OTL and OTIS were responsible for the more granular decisions that fell within their areas of expertise, each with an office lead focused on decision-making and reporting in addition to key staff tasked with handling the day-to-day activities such as contract and cost management and preparing status reports for the Bond Accountability Committee. Because the technology scope required extensive work related to specific material determinations and inventory control, OTIS also

employed Northwest Information Services, an external consultant to help with project management, inventory management, and material ordering.

Several coordination meetings were held between all PPS stakeholders. For instance, OTIS informed us they regularly held separate meetings with OSM staff to discuss eBuilder approvals for bond commitments requiring construction, along with director level check-ins to discuss budget, schedule, and scope. OTIS also held meetings with their external consultant to ensure the consultant managed its scope of work in line with bond commitments. Similarly, OTL also reported meeting with OSM as needed to check in on curriculum related items that fall under the purview of the Bond and met monthly with OTIS to discuss learning technologies where the curriculum and technology bond work overlapped. Finally, representatives from OTIS, OTL, OSM, and other applicable PPS office and department areas described meeting with the Bond Compensability Committee as needed to discuss whether certain expenses met criteria to be paid by bond funds. These efforts, assigning duties and responsibilities as well as coordinating aspects of the curriculum and technology bond commitments, provided an appropriate foundation for PPS to manage delivery of its 2020 Bond work.

Bond Curriculum and Technology Decisions Considered Multiple Factors and Were Guided by Documented Analysis

To meet broad 2020 Bond commitments related to curriculum and technology projects, both OTL and OTIS applied documented, analysis-driven methodologies to make implementation decisions to deliver improvements that best prioritized school needs and aligned with applicable state or district standards.

A basic school technology infrastructure is critical for supporting communication and collaboration, productivity, standardized instruction, and increased student engagement. To determine the most significant areas of need, OTIS utilized building schematics, its internal record of existing district-wide technology infrastructure, and school site designations (e.g., Title I schools) to prioritize the technology needs across the district to place in the 2020 Bond.²⁴ For instance, OTIS described using building schematics to determine which classrooms had limited wireless access points where internet connectivity would be impaired to prioritize those schools for improvements. Based on those planned improvements, OTIS stated they use industry standard practices, talked with peer entities, consulted with teaching subject matter experts, and relied on its internal expertise to determine the best approach for selecting which technology solutions to implement.

This resulted in documented rationale and consideration of factors including quantity, lifecycle and quality of products, and cost. For instance, quantity of assets such as Chromebooks were supported by analysis on student enrollment and teacher counts, breakage rates, and market support for supporting hardware such as cables. Analysis and consideration were given to product warranties, average longevity, and product quality. OTIS prioritized its improvements at schools using documented criteria that reviewed

²⁴ Title I, Part A (Title I) of the Elementary and Secondary Education Act of 1964, as amended by the Every Student Succeeds Act, provides federal financial assistance to local educational agencies to help ensure disadvantaged students meet state academic standards. Designations like Title I help distinguish underserved school sites that PPS considers when determining priority of school sites that will receive capital improvements.

historically underserved communities, sites that had not received prior modification, and other factors to group schools by need.

Likewise, OTL put steps in place to ensure it efficiently delivered needed bond improvements for its curriculum to support the goal of full compliance with state curriculum mandates that covered all teaching materials associated with a specific subject's curriculum adoption. For each curriculum subject category, OTL allocated budget and made purchase decisions using a multitude of factors including enrollment numbers, average estimates from vendors, and historical price information.

Solid Tools Were Used to Monitor Funds and Oversee Delivery

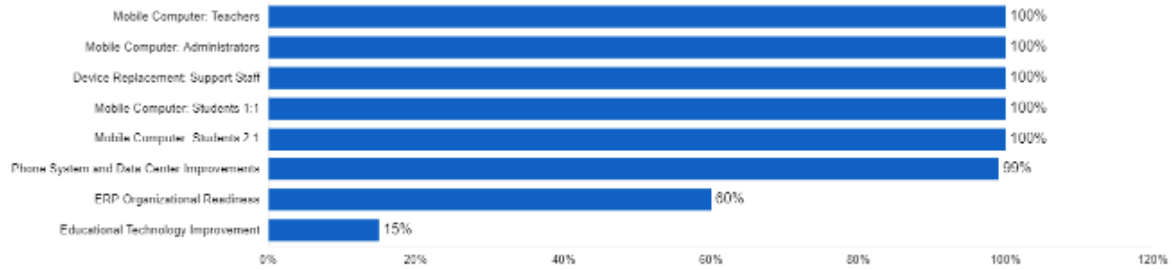
To track the use of 2020 Bond funds for curriculum and technology improvements, PPS used various electronic tools. For instance, like with the school modernization projects, both the curriculum and technology teams used eBuilder to track and authorize purchase order payments, contracts, and monitor project delivery metrics related to budget, schedule and scope. For technology, the scope of work included both purchasing items as well as more complex installation, related to Wi-Fi and fiber upgrades for its capital improvement work. As such, OTIS coordinated with OSM and its external contractor to create contracts, process change orders, and review and approve initial contractor invoices through eBuilder.

In addition to eBuilder, both OTIS and OTL staff maintained separate files to manage and monitor bond work using Smartsheet and Google Sheets, respectively. For instance, OTIS and its consultant maintained multiple Smartsheet spreadsheets to monitor project schedule and completion status, inventory receipt, and infrastructure deployment and installation. In fact, one of these Smartsheet trackers was used for a public-facing dashboard that provided live status updates on bond technology improvements by site and type of improvement such as device replacement or classroom technology, in addition to percentage complete and general work in progress as shown in Exhibit 9 that follows.

Similarly, OTL used a Google Sheets tool to keep a progress log of bond curriculum improvements. This included status updates on each subcategory of curricula by grade, subject, contract, purchase order, schedule, and budget—which separated bond and non-bond funding sources used to pay for project components. Overall, these tools seemed effective to monitor and manage the progress of curriculum and technology bond projects.

EXHIBIT 9. EXAMPLE OF PUBLIC-FACING DASHBOARD SHOWING STATUS OF TECHNOLOGY PROJECTS

Bond 2020 District Wide Projects: Percentage Complete



Bond 2020 Classroom Technology Improvement: Work In Progress



Teacher Station Upgrade: the classroom will receive a new Chrome desktop computer, a new keyboard, and a new mouse.



Classroom Technology: the classroom will receive wall phone, projection, and audio enhancement



Wi-Fi Upgrade: the school will receive wireless connectivity in the classrooms throughout the building



Fiber Upgrade: the school will receive an upgraded fiber backbone to support increased wireless network speeds.

Pilot Group: Currently In Implementation Phase

Task Name	Actual Start	Actual Finish	% Complete	Projected Start	Projected Finish	T	W	C	F	% Underserved	Total Student Impact	CSI	TSI	Title 1	Year Built
George Middle School: Design	04/20/21	12/15/21	100%	04/20/21	12/14/21		Wi-Fi	Headset	TV	89%	432	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	1950
Boise-Eliot Elementary/Humboldt School: Design	11/23/20	12/15/21	100%	12/18/20	12/16/21		Wi-Fi	Headset	TV	85%	331	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	1926
Lane Middle School: Design	05/03/21	12/15/21	100%	03/23/21	12/16/21		Wi-Fi	Headset	TV	74%	416	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	1927
Cesar Chavez KB: Design	12/01/20	12/15/21	100%	12/18/20	12/21/21		Wi-Fi	Headset	TV	86%	544	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	1928
Cesar Chavez Kindergarten - 8th Grade: Teacher Station Upgrade	04/13/22	04/26/22	100%	04/11/22	04/21/22					86%	544	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	1928
Boise-Eliot Elementary/Humboldt School: Teacher Station Upgrade	04/26/22	05/03/22	100%	04/25/22	05/05/22					85%	331	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	1926
George Middle School: Teacher Station Upgrade	05/06/22	05/17/22	100%	05/04/22	05/14/22					89%	432	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	1950
Lane Middle School: Teacher Station Upgrade	05/16/22	05/24/22	100%	05/16/22	05/26/22					74%	416	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	1927
Boise-Eliot Elementary/Humboldt School: Implementation	02/21/22		97%	04/05/22	02/22/24		Wi-Fi	Headset	TV	85%	331	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	1926
Lane Middle School: Implementation	08/02/22		94%	02/15/22	02/22/24		Wi-Fi	Headset	TV	74%	416	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	1927
George Middle School: Implementation	05/02/22		67%	02/15/22	02/22/24		Wi-Fi	Headset	TV	89%	432	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	1950
Cesar Chavez KB: Implementation	02/21/22		75%	02/15/22	07/16/24		Wi-Fi	Headset	TV	86%	544	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	1928

Source: OTIS's public-facing Smartsheet Dashboard of 2020 Technology project progress:
<https://app.smartsheet.com/b/publish?EQBCT=d0c4b16d3e9b42d0ba1161df50a2dd97>

Processes and Controls Existed to Manage Inventory of Improvements

After bond purchases are made, PPS described that physical equipment and curriculum often must be stored until they are ready for deployment. We found that both OTL and OTIS had processes and controls in place to track and store curriculum and technology purchases. OTL uses an automated inventory management software product to capture material types, teacher guides, and student textbooks for inventory levels. This system assists staff in managing instructional material over a lifecycle for curriculum adoption and materials distribution. Although not part of a specialized software product, OTIS used Smartsheet to similarly capture the receipt, transfer, and deployment of technical gear at school sites using serial numbers and quantities.

Communication of Planned Curriculum and Technology was Thorough and Transparent

Like school modernizations, the 2020 Bond curriculum and technology improvements have direct impacts on school site stakeholders, making it important for PPS to communicate progress, challenges, and activities to its community. Our review found that both OTL and OTIS followed strong protocols to ensure the end users are kept aware of improvements planned and delivered. With curriculum, OTL worked closely with teachers as part of the curriculum selection process allowing the educators to be familiar with specific materials before teaching the curriculum to students. OTL also provided teachers with written implementation expectations that were reinforced through districtwide professional learning in addition to support plans for schools that felt overwhelmed or challenged with curriculum implementation.

For technology, OTIS provided roll-out plans prior to and during technology implementations at school sites that included meeting with and providing updates to school principals and staff members to discuss project scope, schedule, walk-through of improvements, and a weekly look-ahead to detail specific classrooms for upcoming improvements. OTIS solicited feedback and concerns from its school stakeholders and provided webpage updates highlighting milestone progress and videos of improvements. Moreover, OTIS provided school principals with training materials on using the new technology and answers to frequently asked questions.

Both OTL and OTIS provided budget and schedule status updates quarterly to the BAC and presented a detailed status update by subcategory annually. These combined efforts demonstrate good faith efforts to be transparent to taxpayers and the greater PPS community.

Technology and Curriculum Projects are on Target to be Delivered as Pledged and Supplemented by PPS General Funds

The 2020 Bond intended for PPS to spend up to \$128.2 million in bond funds for technology improvements to provide needed critical upgrades for outdated systems and up to \$53.4 million in bond funds for curriculum improvements to get PPS in compliance with state educational requirements. Our review found that OTL and OTIS are on track to deliver pledged improvements—though some technology work will be slightly delayed, and both offices needed general funds to supplement budgets due to higher than estimated costs and bond compensability determinations.

Curriculum Bond Project Spending and Schedule are Progressing as Planned

As of February 2023, OTL has spent approximately \$38.1 million, or 71 percent, of its \$53.4 million allotted bond funds as shown in Exhibit 10. OTL stated it expected to spend all curriculum bond money by Fall 2024 with all materials in place for the fall 2024 school year. This delivery timeline is in alignment with the baseline schedule of final curriculum planned to be implemented by end of 2024. No notable changes in scope occurred, and the curriculum budget remained on track through the supplemental addition of general funds. Because the 2020 Bond curriculum funds were intended to be spent on purchased assets—in contrast to other bond capital delivery projects that require installation or construction—bond pledges will be fulfilled once OTL makes its planned purchases. Moreover, once all purchases are made, PPS will be compliant with the Oregon Department of Education curricula standards for seven years from the start of each subject implemented.

EXHIBIT 10. 2020 BOND CURRICULUM BUDGET AND SCHEDULE STATUS, AS OF FEBRUARY 2023

2020 Bond Curriculum Components ¹	Bond Budget	Actual Expenditures	Estimated Completion	Reported Status ²
Climate Change ³	\$1M	N/A	2023	On Target. In-Progress
Digital Toolkit ⁴	N/A	\$6.2M	2022	Complete
Health	\$1.3M	\$0.2M	2024	On Target. In-Progress
Humanities	\$12.8M	\$17M	2024	On Target. In-Progress
Math	\$6.5M	\$8.3M	2023	Grades K-5: Complete Grades 6-12: On Target. In Progress
Physical Education	\$2.5M	\$0.7M	2023	On Target. In-Progress
Science	\$6.7M	\$2.8M	2024	On Target. In-Progress
Social Emotional Learning	\$1M	\$0.3M	2024	On Target. In-Progress
Visual and Performing Arts	\$5.7M	\$1.2M	2024	On Target. In-Progress
Unallocated Curriculum Funds ⁵	\$13.9M	N/A	N/A	N/A
Curriculum Program Administration	\$2M	\$1.4M	N/A	N/A
Totals	\$53.4M	\$38.1M		

Source: 2020 BAC Bond Curriculum Status Update from February 2023. Note that this was the most recent status report that displayed detailed funding information.

Note ¹: Subcategories of the 2020 Curriculum projects were recategorized to make them more easily understandable and to simplify reporting. The categories in this exhibit reflect the most recategorizations.

Note ²: Complete means that curriculum is currently being taught to students.

Note ³: The Climate Change curriculum commitments were folded in Science and Social Sciences.

Note ⁴: The original bond subcategories – Integrated Learning, Learning Management Systems, Portfolio Management System and Project-Based Learning – were folded into one category, Digital Toolkit.

Note ⁵: \$10.5M of the initial planned Middle School Redesign project, found to be non-compensable, was folded in the Unallocated Curriculum funds and eventually distributed to other adoptions, primarily Humanities, Digital Toolkit and Math.

For instance, PPS has fully implemented its new Language Arts curriculum, which is part of the Humanities subcategory, for Grades K-12. As part of this implementation, students will have access to both upgraded textbooks and novel sets. Prior to this, some Language Arts materials had not been updated for more than

a decade since 2010. Additionally, PPS is in the final stages of field-testing Social Sciences curriculum for Grades K-12, scheduled for implementation in the fall of 2023. This will provide significant updates to existing materials as Grades 9-12 Social Sciences have not been updated since the early 2000's with existing materials not reflecting major recent historical events.

Though no major schedule delays have occurred, some risks exist for the remaining curricula that is still being procured. Like others in the industry, OTL described facing supply-chain issues with curricula that strained schedules—particularly for mass produced items such as core textbooks. OTL staff stated they were able to mitigate past delays through the implementation of digital alternatives. If a curriculum adoption is delayed, OTL stated they will have the entire grade throughout the district continue using the existing curriculum until the ordered curriculum is available from suppliers.

Technology Projects are Generally Progressing as Planned, Although Schedule and Scope were Impacted by Planning Issues

The 2020 Bond Technology work was intended to provide broad critical updates to core technological infrastructure, classroom modernization, and purchased devices addressing outdated and vulnerable systems in place at the district for over two decades. While PPS did not plan or promise specific quantities of purchases or improvements at specific school sites, OTIS detailed the types of technology improvements it intended to deliver using bond funds as shown in Exhibit 11.²⁵

As of May 2023, OTIS spent \$70.3 million of its \$128.2 million set aside in the 2020 bond for technology—or over half of its available funds. We found that the amount of technology funds spent was generally commensurate with delivery progress—with approximately half of available funds spent three years into OTIS's estimated five-year delivery plan.^{26,27} OTIS has made notable progress on its technology delivery. For instance, OTIS purchased more than 80,000 individual devices for its planned device replacements with approximately 95 percent of devices made available for students. This means that every student in Grades 3-12 has their own Chromebook and that there is one Chromebook for every two students in Grades K-2. The remaining budget is reserved for “refresh” needs meaning that, should device breakage occur, these funds will be available to replace the broken devices.

Activities related to infrastructure and security technology work are also progressing as planned with 99 percent of the phone and data center improvements completed as well as Wi-Fi upgrades and fiber upgrades efforts in progress. Yet, OTIS experienced some challenges in the classroom technology subcategory that led to a one-year schedule delay as shown in Exhibit 11.

²⁵ As reported to the Board School Improvement Bond Committee on March 4, 2021.

²⁶ While overall status for Technology was available as of May 2023, budget values broken down by subcategory were only available as of February 2023 as shown in the following Exhibit.

²⁷ The 2020 Bond Conceptual Schedule dated December 7, 2020, estimated that by December 2025, all technology improvements would be completed.

EXHIBIT 11. 2020 BOND TECHNOLOGY BUDGET AND SCHEDULE STATUS, AS OF FEBRUARY 2023 ^A

	Original Bond	Revised Bond \$	Non-Bond \$	Actuals	Planned Scope	Baseline Completion Date	Estimated Completion
Program Administration	\$23.2M	\$27.5M	\$2.3M	\$1.6M	-	-	-
Classroom Modernization	\$25M	\$23.7M	\$50,000	\$11.3M	Wireless access point, mounted projector, Chrome desktop computers, monitor, voice amplification, wireless display, projection surface	2025	2026
Device Replacement	\$31M	\$38.7M	\$35,000	\$37.3M	Student Chromebooks, Admin Devices, Support staff desktops windows computers, Teacher pixel books	2025	Completed ¹
ERP Replacement Planning	\$11M	\$250,000	\$3.3M	\$1M	Business process analysis, development of requirements, architecture, and RFP	2025	2023
Infrastructure & Security	\$38M	\$38M	\$396,000	\$12.8M	Wireless upgrades, data center server refresh, phone upgrades, security focused dashboard, handsets, security assessment, switch replacements, fiber interconnections, gym call box installations	2025	2025
Totals	\$128.2M	\$128.2M	\$6M	\$64M			
		\$134.2M including Non-Bonds					

Source: Bond 2020 Technology Plan from March 4, 2021, presented to the School Improvement Bond Committee, February 2023 BAC Status Report, 2020 Bond Conceptual Schedule dated December 7, 2020

Note A: The February 2023 BAC Status Report was used in lieu of the more recent, May 2023 BAC Status Report, because the February 2023 report included budgetary breakdowns for each Technology category.

Note 1: While all the pledged devices have been purchased, the remainder of the funds are part of the “refresh” budget, to replace items in case of breakage.

Specifically, the classroom modernization scope of work committed that each classroom would have a whiteboard mounted to the wall for laser projections. OTIS, with its external consultant as the project manager implementing the scope, began work as early as May 2021 to install whiteboards over existing

boards. In April 2022, PPS Leadership met with OTIS to propose an alternative plan which included the removal of older, existing boards to a more modern design look. Once it was discovered that the removal of existing boards required abatement of environmental hazards which would have increased the budget and schedule significantly, PPS revised its approach in January 2023 to eliminate the need for costly abatement and reduce potential hazardous situations by installing ceiling-mounted projectors with pull-down projector screens in front of existing whiteboards. While this scope differs from the original pledge, the revised plan still aligns with the intent of the original commitment that envisioned appropriate surfaces for projection. However, these changes led to the overall schedule being delayed until 2026 rather than the initial forecasted completion of 2025.

To prevent future incidents, OSM, OTIS and its consultant put into place regular meetings to help all parties stay aligned ahead of time on major decisions.

Both 2020 Bond Technology and Curriculum Scopes of Work Needed General Funds to Replace Non-Compensable Expenses

Prior to the 2020 Bond, past school improvement bonds focused primarily on capital construction of buildings and capital projects to address health and safety needs such as asbestos and lead paint remediation in old structures. The 2020 Bond provided PPS the opportunity to include other asset areas into its bond scope to address overdue curriculum and technology needs that were tangible and capitalizable.²⁸ With it being PPS' first time determining the allowability of items in new program areas to be charged to the bond, various planned improvement costs from both Curriculum and Technology were found by the Bond Compensability Committee to not meet PPS' criteria for compensability. Other funds, primarily general funds, were used to pay for those non-compensable expenses. But even with these changes, PPS was still able to deliver its curriculum work to meet state compliance requirements and bring technology upgrades to the district as intended.

In a presentation to the School Improvement Bond Committee on March 4, 2021, OTL reported that there was an estimated \$18 million in non-compensable curriculum expenses needed to supplement the \$53.4 million in bond funds.²⁹ These expenses deemed non-compensable included the cost of professional development for teachers, extended work hours related to the professional development, certain student field test materials, supplies, and workbooks. In addition to this, of the \$53.4 million in bond funds, \$14 million or 26 percent was found to be non-compensable—the majority of which was originally imagined for Middle School Redesign that was found to be non-compensable and redistributed to Humanities, Digital Toolkit, and Mathematics.³⁰ Because this \$14 million was repurposed within the overall bond curriculum

²⁸ According to the PPS Bond Compensability Guidance (developed to align with Generally Accepted Accounting Principles), tangible assets are those that have physical substance, including buildings, equipment, vehicles, land, and computers. Capital equipment and/or furnishings are movable or fixed assets that must be non-expendable and are tangible property with an expected lifespan of more than one year. A tangible asset needs to retain its original shape and appearance with use and represent a substantial investment of money. Intangible assets are those items without physical substance that also have an initial useful life of over one year. Common examples include computer software, easements, licenses, and websites.

²⁹ Data from February 2023 was the best available breakdown of non-bond funds for the Curriculum scope of work during our audit fieldwork. As of February 2023, the estimated need for non-Bond funds was slightly reduced to \$17.7 million.

³⁰ The 2020 Bond Budget Summary provided on July 13, 2020, from the COO to the Board stated that the Middle School Redesign was an initiative to implement authentic, real-world learning experiences for students PK-12 including project-based learning, work-based learning, and problem-based learning opportunities. The bond funding for this redesign had been intended to provide necessary resources to engage in intentional teaching and learning experiences both virtually and in-person.

budget, students still received curriculum upgrades in other subject areas. Moreover, the non-compensable expenses did not have an impact on PPS’ ability to meet ODE compliance requirements.

Similarly, within the technology bond category, PPS also identified planned expenses in its initial budget that were subsequently deemed non-compensable and OTIS reallocated funds within its budget. For the \$11.1 million initially set aside for enterprise resource planning (ERP) replacement planning, \$10.9 million was determined to be non-compensable and budgeted funds were reallocated to Technology Program Administration and Device Replacement categories within the overall Bond Technology scope of work. The reallocated amounts from ERP will fund other technology expenses in the Device Replacement subcategory that will provide a direct benefit to students and PPS staff—in line with the intent of the bond funds. Additionally, PPS allocated \$6 million in general funds to pay for non-compensable items identified through 2021 across the five categories as shown in Exhibit 12.

These non-compensability determinations were made throughout 2021—the first year that the 2020 Bond work was being implemented and bonds expended.

EXHIBIT 12. BOND 2020 TECHNOLOGY NON-COMPENSABILITY ITEMS COVERED WITH GENERAL FUNDS, AS OF FEBRUARY 2023 ^A

Category	General Funds Added	Example Non-Compensable Item	Date of Non-Compensability Determination
Technology			
Classroom Modernization	\$50,000	Teaching station desktop extended warranties	7/21/2021
Device Replacement	\$35,000	Student laptop extended warranties	03/01/2022
ERP Replacement Planning	\$3.3M	All scope, except for initial planning research services	Spring 2021
Infrastructure & Security	\$396,000	Storage area network hardware extended agreement	7/13/2021
		Third party security assessment	4/21/2021
Tech Program Admin	\$2.3M	PPS language access translations for Bond 2020 Tech website content	11/16/21
Total General Funds	\$6M		
2020 Technology Bond Funds	\$128.2M		
Grand Total Bond + General Funds	\$134.2M		

Source: February 2023 BAC Report, Bond Compensability Committee (BCC) Meeting Minutes
 Note A: Data is as of February 2023, when best available disaggregated data was provided to auditors

PPS Identified Metrics to Measure Curriculum and Technology Improvement Success, With Outcomes and Results Still to be Determined

To ensure that bond-funded improvements are providing value and the return on investment as intended, both OTL and OTIS identified several measures that were relevant and appropriate to gauge whether bond-funded curriculum and technology improvements were providing intended benefits to the District. However, actual results are not yet available.

For nearly two decades, PPS has not been fully compliant with state curriculum requirements due to lack of resources to fund needed curriculum updates. The 2020 Bond provided an opportunity to make these overdue curriculum improvements and OTL identified ways to assess the efficacy of the improvements with a goal of measuring outcomes before and after OTL implemented the bond curriculum improvement. Specific outcome measurements have not yet occurred, but OTL plans to measure success through the following efforts:

✓ **Standardized Test Scores**

As an educational institution, standardized test scores are one common method that PPS utilizes to evaluate student impact. Although it is challenging to causally tie test scores to a specific bond-funded curriculum improvements, the Oregon Statewide Assessment System administers annual assessments by subject matter and grade that can be utilized to help assess the impact of curriculum enhancements before and after the new adoptions take effect.

✓ **Stakeholder Feedback**

OTL plans to collect feedback from principals and teachers through classroom observations, surveys, and samples of work to assess effectiveness of curriculum at pilot sites over a defined interval. OTL's goal is to engage approximately 5 percent of teachers and classroom or more in participation, across all grade levels for which the curriculum is being taught and use that feedback to include in curriculum recommendations to be adopted. More specifically, OTL stated that PPS' plan is to test one unit, within each set of curricula. For example, one unit from the Social Studies curriculum, such as the Holocaust genocide, would be tested for the duration of the unit, if feasible—which includes gathering feedback from both teachers and students, assessing whether the curriculum was favorable from their perspectives, observing the classrooms using the materials, and reviewing sample student work that occurred during the process.

OTL also provided surveys available on the PPS website for parents and other stakeholders to provide feedback on pilot curriculum in place. A sample survey reviewed included solicitation of feedback on criteria such as rigor of the content, cultural relevancy and representation, and opportunities for student engagement. While it is not clear what methodology OTL will use to factor in stakeholder feedback into long term curriculum decisions, these vehicles to incorporate community buy-in represents positive efforts to involve stakeholders.

✓ **Electronic Material Utilization**

For some curricula with digital components, OTL can track student and educator use of products through an online platform. OTIS manages this platform and provides the data to OTL for decision-making such as which digital subscription to renew based on user usage. For example, OTL can review login statistics for teachers and students accessing digital learning applications.³¹

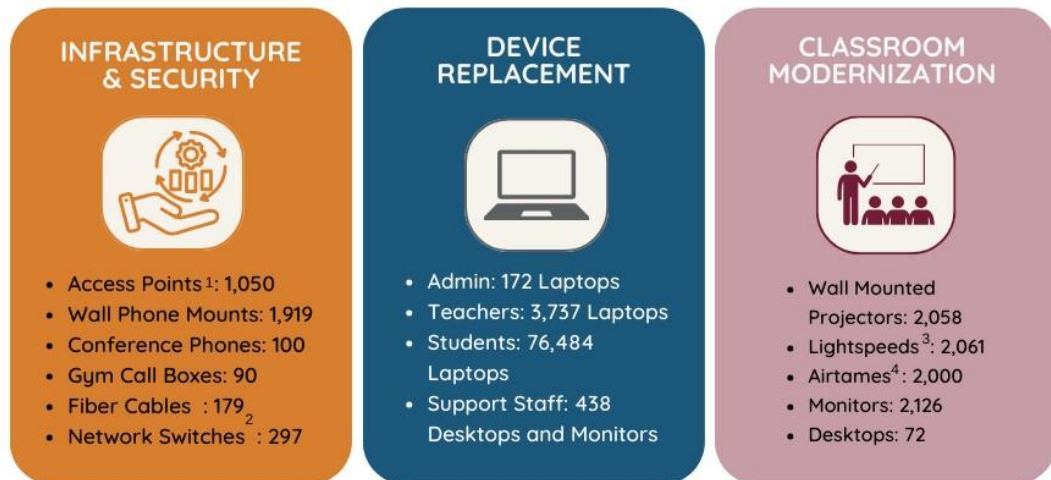
³¹ Online platforms include LearnPlatform, which is a Google Chrome extension that can be used for tracking educator product related metrics; and ClassLink which is an example dashboard within LearnPlatform that allows teachers and students to access digital learning applications such as iReady, which is used in math curricula.

Like curriculum, OTIS's bond technology performance outcome measurement efforts were still in-progress and development at the time of our audit. Acknowledging that measuring the success and outcomes of technology improvements is challenging to demonstrate a tangible outcome, OTIS identified some metrics it plans to consider for measuring success of 2020 Bond technology improvements, including:

✓ **Outputs**

By investing funds into updated technology, PPS elevated the ability of students, teachers, and staff to operate within current day technology and security standards. Exhibit 13 shows sample outputs delivered through the 2020 Bond funds. For example, as described earlier in this chapter, OTIS has completed delivery of its device replacement goals with more than 80,000 devices purchased for students, teachers, and administrators. Because technology is ever evolving and needs regular refreshment, the devices purchased with 2020 Technology Bond funds and used for classroom modernization inherently serve as one way to demonstrate improved technological advancement from what previously existed.

EXHIBIT 13. EXAMPLES OF OUTPUTS FROM 2020 BOND TECHNOLOGY EFFORTS ¹



¹ Device that creates a wireless local network
² Device that forwards data between devices, essential for fast Wifi speeds
³ Voice amplification system
⁴ Device that facilitates screensharing, used for presenting

Source: Auditor-generated based on documents provided by OTIS

Note 1: Because the bond did not promise specific quantities of outputs, no baseline values of outputs is available for comparison.

✓ **User Feedback**

Although the implementation of technology improvements represents an important first step in ensuring bond commitments are met, it is important that the intended users have buy-in and are receiving the intended benefits. As such, OTIS described plans to survey teachers once improvements are completed to gain feedback and apply lessons learned where possible for future improvements. According to OTIS, all installations required for classroom modernization improvements are scheduled to be finalized by the end of 2023, which will include Wi-Fi upgrades. In January 2024, teachers will be asked to provide qualitative feedback regarding Wi-Fi speeds

after Wi-Fi improvements are implemented. Additionally, teachers will be asked questions related to how disruptive the 2020 Bond technology installation process was to their classrooms, if they are satisfied with improvements provided, and other user impact related questions so that OTIS can apply lessons learned to future work.

✓ **Performance Metrics**

Though not specific to just bond-funded improvements, OTIS tracks various information technology related performance metrics at the district and reports them to the Council of Great City Schools.³² The Council issues an annual Report of the Performance Measurement and Benchmarking Project that establishes a common set of key performance indicators related to school operations, business services, and technology, among other areas so that urban public school districts can benchmark and compare performance against one another to improve operational performance. These metrics can provide a point-in-time comparison of PPS' performance for available technology related metrics before and after bond improvements were put into place. Related to technology, many metrics are included in the report such as, but not limited to, bandwidth per 1,000 students, number of devices per student, and Wide Area Network Availability among other metrics.³³ Although the latest report issued in 2022 for fiscal year 2020-2021 did not always cite PPS' submitted data in its report, OTIS-provided data for fiscal year 2020-2021 and 2021-2022 demonstrated improvements as shown in Exhibit 14—though the metrics are district-wide and not limited to bond-funded improvements.

For example, OTIS reported that internet speed improved two-fold from 10,000 megabits per second to 20,000 megabits per second with a greater number of megabits translating to faster internet speed. In another example, OTIS reported that the total minutes of wide area network outages reduced from 390 minutes to 270 minutes in one fiscal year—or a 31 percent positive change showing less outages. While these are unaudited, self-reported figures, OTIS demonstrates good foresight in using this data for performance measurement in determining if bond-funded technology improvements provided intended values to the district.

³² The Council of Great City Schools is a coalition of 78 of nation's largest urban public school systems dedicated to the improvement of education for children in inner cities.

³³ WAN is the technology that connects offices, data centers, cloud applications, and cloud storage together and can be used to assess connectivity and performance.

EXHIBIT 14. EXAMPLES OF TECHNOLOGY PERFORMANCE IMPROVEMENTS BETWEEN FY 21 AND FY 22

2020-21		2021-22
0 Computers	Number of district computers less than 1 year old	7,518 Computers
10,000 mbps	Standard available Internet bandwidth (in megabits per second)	20,000 mbps
390 Minutes	Total minutes of all outages on WAN circuits	270 Minutes

Source: Self-reported data submitted by OTIS to CGSC for 2020-21 and 2021-22 ActPoint KPI Information Technology Survey.

Recommendations

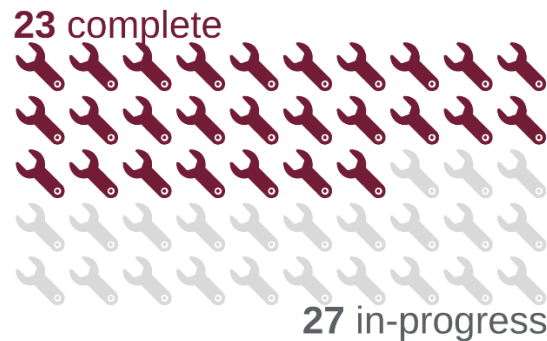
No Recommendations.

Appendix A: Status of Prior Performance Audit Recommendations

While the Office of School Modernization (OSM) retained its commitment toward addressing prior Bond audit recommendations, no evidence of progress has been provided on addressing recommendations since the last audit cycle in 2022. An updated report to the Bond Accountability Committee in May 2023 noted several additional recommendations have been closed since the fiscal year 2021-2022 report, but auditors were not able to verify reported progress because OSM was not able to provide timely supporting documentation.

In total, there have been a total of 50 audit recommendations from the four past performance audits between 2019 and 2022.³⁴ As of May 2023, there were 27 recommendations still in-progress, or 54 percent, of the total outstanding recommendations as shown in Exhibit 15.

EXHIBIT 15. SUMMARY STATUS OF ALL 2017 AND 2020 BOND PERFORMANCE AUDIT RECOMMENDATIONS AS OF MAY 2023



Source: Auditor-Generated based on review of underlying documentation supporting the implementation progress.
Note: All prior audit reports are available on the PPS website at <https://www.pps.net/Page/15137>.

The ten newest recommendations from the most recent fiscal year 2021-2022 audit report have not yet been addressed. Four out of these ten recommendations related to improvements needed for CBSE such as a formal framework for management and staffing with clear roles and responsibilities, an updated implementation schedule with targets, a plan for capital purchases or building, and a structure to monitor progress against plans. While PPS made progress outlining plans to engage the CBSE community in program design with an estimated calendar of engagement, these efforts have not progressed to reach the phase to address the more operational steps detailed in the audit recommendations. As of May 2023, no 2020 Bond funds have been expended in this area and it is still unknown what capital improvement projects will be planned as part of CBSE. The CBSE Design and Engagement calendar estimated that it would continue its research period through May 2023—which is a two-year delay from when the baseline 2020 Bond Program conceptual schedule estimated that planning would be complete. As such, the risk remains that CBSE will not be delivered on-schedule or as intended.

³⁴ All 96 recommendations from the 2012 Bond Performance Audits were addressed and closed in prior performance audit cycles. A separate independent auditor conducted the 2012 Bond Performance Audits between 2014 and 2017. Sjoberg Evashenk Consulting, Inc, conducted the 2017 and 2020 Bond Performance Audits were conducted by in 2019, 2020, 2021, and 2022.

Further, no support was available to determine progress on the following outstanding recommendations that remain open from prior years:

EXHIBIT 16. SUMMARY OF OUTSTANDING RECOMMENDATIONS FROM 2017 AND 2020 BOND AUDITS, AS OF MAY 2023

	# Open Recs	Summary
Year 1 (Phase II) FY 2018-2019	1	This recommendation related to OSM providing written guidance on OSM's decision-making hierarchy and training on standard practice for value engineering and design deviations on future projects. While these items were still under review by the OSM Audit Implementation Team, the recommended actions will not be critical until future capital construction projects begin the design phase.
Year 2 FY 2019-2020	7	Two out of the seven outstanding recommendations cannot be addressed until all the 2017 projects are closed out and when the next projects commence using the Construction Manager-General Contractor delivery and contracting approach. The remaining five outstanding recommendations related to improvements needed such as being more consistent on documenting costs for change orders, evaluating payment terms and conditions on contracts, and adjusting contract language to prohibit contractors from starting work before formally authorized.
Year 3 FY 2020-2021	9	Eight recommendations related to bolstering PPS' contractor business equity program. The remaining recommendation called for strengthening protocols to capture institutional knowledge for Bond communication efforts.
Year 4 FY 2021-2022	10	In addition to the four recommendations related to CBSE, three recommendations related to reviewing PPS' Workforce Equity program, two recommendations were related to revisiting and reporting performance metrics, and one recommendation was for PPS to complete development of construction close-out policies and processes.
Total	27	

Source: Auditor-generated based on prior Bond Performance Audit reports.

Appendix B: Audit Methodology

The Portland Public School District (PPS) hired Sjoberg Evashenk Consulting, Inc. in October 2018 to conduct annual performance audits of the School Improvement Bonds over a four-year period for the 2017 Bond. In November 2020, the 2020 Bond was passed and another four-year cycle of performance audits began with this year's fiscal year 2022-2023 report. Each year, auditors assess performance and focus on different Bond programs and project areas. For this performance audit cycle, we reviewed 2017 and 2020 Bond program activities for the period between April 1, 2022, through June 30, 2023, in the following areas:

1. 2017 & 2020 Bond Status
2. Career Learning Equity
3. 2020 Bond Curriculum and Information Technology "Deep Dive"
4. Prior Audit Recommendations

Sjoberg Evashenk Consulting performed a variety of detailed audit tasks including, but not limited to, the following fieldwork steps.

To guide our overall analyses across audit task areas, we conducted interviews with and sent inquiries to PPS staff and stakeholders from various offices and departments including:

- Office of School Modernization (OSM): Senior Director, Senior Manager of Business Operations, Certified Business Program Manager, Director of Construction, Senior Project Managers
- Office of Technology and Information Services (OTIS): Chief Technology Officer, Senior Director of Technology Operations, Communications and Change Manager
- Office of Teaching and Learning (OTL): Chief Academic Officer, Manager of Instructional Resources Adoption
- Career and Technical Education (CTE): Assistant Director of Career and Technical Education, Strategic Business Partnerships Managers
- Finance: Director of Purchasing and Contracting, Solicitations Manager, Senior Contract Analyst
- Executive Team: Chief Operating Officer, Superintendent, Chief of Staff
- PPS Board of Education (Board) members and Bond Accountability Committee (BAC) members
- Contractors and consultants involved in 2017 and 2020 Bond work

To determine the overall bond status of the remaining 2017 Bond projects and for the 2020 Bond in terms of cost and schedule, we:

- Analyzed the schedule delivery status and budget status overall for the 2017 and 2020 Bond projects as of May 2023 by reviewing underlying cost and schedule estimate at completion reports from the e-Builder system provided by OSM and materials presented to the Bond Accountability Committee in May 2023

- For some Bond subcategories like curriculum and technology, auditors also reviewed eBuilder data from February 2023 because it was the most updated available data with detailed breakdown of expense categories
- Investigated variances in budget and schedule and assessed reasonability of challenges if any issues were identified and plans for remediation if available
 - For instance, to determine if Harrison Park K-8 School's scope increase was reasonable, auditors reviewed the 2021 Long Range Facility plan, eBuilder budget changes and funding sources for Harrison Park, Board resolutions, and planning documents on PPS' website of capacity and enrollment needs that led to the scope increase using bond-funds
- Reviewed baseline schedules and planning documents to compared delivery status to initial plans

To evaluate PPS' Career Learning Equity program and whether PPS met its objectives, we:

- Reviewed Board Policy 8.50.095 and Administrative Directive 8.50.098 to identify the program's objectives, scope, and any stated requirements. Reviewed past iterations of the AD and associated staff memos
- Analyzed PPS' Career Learning opportunities database, Partner Connect, and its functionalities and obtained sample data for assessment
- Identified what protocols, procedures, and additional structures existed for the program to supplement the Administrative Directive, such as reviewing program contractual obligations included in bond contracts
- Reviewed annual Equity in Contracting reports to the Board to determine what outcomes and reporting occurred
- Validated sample career learning opportunities that were reported to have occurred on Bond contracts by reviewing sample supporting documentation from contractors and consultants
- Researched best practices in program and project management that are applicable to the Career Learning program

To assess whether practices in place at OTL and OTIS adequately ensured curriculum and technology improvements will be delivered as intended, we:

- Reviewed criteria guiding curriculum and technology improvements such as the Oregon Department of Education (ODE) administrative rules, strategic plans, OTIS purchasing rules, and other available guides.
- Assessed tools, systems, and software used by both OTL and OTIS to manage bond work

- Compared reported curriculum and technology progress to the BAC and public against underlying data in eBuilder, internal tracking spreadsheets, and sample contracts and purchase orders to confirm delivery of pledged work
- Evaluated OTL and OTIS' methodologies used for decision-making related to quantities of bond-funded purchases, improvement scopes of work, quality and type of products procured, and other factors considered to ensure both offices were good stewards of funds
- Reviewed whether curriculum and technology had identified ways to evaluate whether bond improvements are providing intended benefits and assessed whether identified metrics appeared reasonable

To determine the status of prior audit recommendations, we:

- Followed-up on the status of prior 2017 and 2020 Bond performance audit recommendations focusing on those recommendations categorized as open.
- Where applicable, verified auditee responses through fieldwork analyses, observations, and documentary review. Implementation status of areas not within the scope of this year's audit will be reviewed during future performance audits.
- Assessed corrective action on prior external construction audit recommendations were not included in our performance audit since that external auditor is reviewing corrective actions and implementation status as part of current construction audits.

We conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

Appendix C: Auditee Response



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MEMO

Date: May 2, 2024

To: Cathy Brady, Principal
Sjoberg, Evashenk Consulting Inc.

From: Stormy Shanks, Senior Director
Office of School Modernization

Subject: Performance Audit – Fiscal Year 2022/2023
Staff Response

Portland Public Schools (PPS) and the Office of School Modernization (OSM) have received and reviewed Sjoberg, Evashenk Consulting (SEC) 2022/2023 February 2023 Draft Audit Report titled “Annual Bond Performance Audit: Performance Audit – Fiscal Year 2022/2023” (the Draft Report).

PPS appreciates SEC’s work this year in reviewing career learning equity, 2020 Bond Curriculum, and 2020 Bond Technology. We are pleased to note that SEC recognized the strong frameworks PPS put in place for implementation of both the 2020 Bond Curriculum and 2020 Bond Technology funding. These strong frameworks led SEC to conclude that no audit recommendations were needed for these audit areas. We also appreciate SEC’s acknowledgment of the challenges inherent in implementing a district-wide program such as career learning equity without dedicated resources in PPS departments other than OSM. Their recommendations recognize that ongoing budget concerns in those non-Bond funded departments may require a reassessment of the scope and goals of the program. Similarly, as PPS continues contending with the impacts of high inflation on project costs, SEC has noted the diligence PPS has put into ensuring that it continues to address physical improvements in line with the 2020 Bond intent, even when the number of projects needs to be fewer due to higher costs per project. As with all audit reports and recommendations, PPS is committed to continuous quality improvement and providing Bond-funded improvements in an environment of quality, accountability and transparency.

Based on our review of the Draft Report, PPS has prepared responses to each of your 2 recommendations. Each response contains one of the following statements:

- Concur – Goal is to implement the recommendation by December 30, 2024
- Concur with Comment – Goal is to implement the recommendation by December 30, 2024 with qualifying comments
- Nonconcur – Recommendation may not be implemented with comments to explain
- Completed – Recommendation has been implemented

The following table presents a tabulated summary of PPS’s responses.

#	Abbreviated Recommendation	Dept	Response
1	Research and assign resources needed to implement a structured Career Learning Equity Program that has clearly designated roles and responsibilities, protocols for coordination, contractor and consultant management, data management and reporting, and set targets to track outcomes.	PPS	Concur with comment
2	Alternatively, revise the Administrative Directive to limit the scope of the Career Learning Program to align with the district's capacity more appropriately.	PPS	Concur with comment

Attached is our specific response to each of your recommendations. Please contact me if you have any questions or comments. Thank you again for your hard work and efforts to identify areas for improvement.

Recommendation 1

Research and assign resources needed to implement a structured Career Learning Equity Program that has clearly designated roles and responsibilities, protocols for coordination, contractor and consultant management, data management and reporting, and set targets to track outcomes.

Staff Response: Concur with comment

Staff concur with this recommendation that resources are needed to implement the Career Learning Equity program as it was originally envisioned, while noting that budget challenges continue to create capacity issues in the non-Bond funded PPS departments that play a critical role in this program.

Recommendation 2

Alternatively, revise the Administrative Directive to limit the scope of the Career Learning Program to align with the district's capacity more appropriately.

Staff Response: Concur with comment

Staff agree that this may be the appropriate response to District capacity challenges, and will review this option as part of reviewing implementation and development needs noted in Recommendation 1 above.

Catherine Brady, Partner
Sjoberg Evashenk Consulting

PPS Bond Audit Yr 5

Board Presentation

December 16, 2024



School Capital Improvement Bond Audits

1. **Why?** Ballot language includes annual audits of bond projects and expenditures
2. **What?** 2012, 2017, and 2020 Bond scope areas vary year-to-year as approved by OSM
3. **When?** Continual annual audits concurrent with project progress & expenditures

Bond Audit Background

- Audits Started During 2012 Bond with Different Auditor
- PPS Hired Sjoberg Evashenk Consulting to conduct annual performance audits for the 2017 and 2020 bond programs
- Follow Generally Accepted Government Auditing Standards
- Approach to Annual Audit Scope Area Development



Who We Are

- Sjoberg Evashenk Consulting is a Certified Woman-Owned Small Business for 25 years
- Public Sector Clients Only
- Founded by former California State Auditor
- Team of Professional CPAs, MBAs, CIAs, CCAs, and more





Past Annual Bond Audits

1

Year 1 (4/2017-3/2019)

- Cost estimation for pre-bond budgets
- 2017 Bond project status
- Program delivery framework and document management
- Project planning, ed specs, design, value engineering
- 2012 prior audit recommendations
- Final report: Phase I (April 2019), Phase II (Sep 2019)

2

Year 2 (4/2019-3/2020)

- 2017 Bond project status
- Health & Safety projects
- Contracting & procurement
- Construction management
- Prior audit recommendations
- Final report: July 2020



More Annual Bond Audits

3

Year 3 (4/2020-3/2021)

- 2017 Bond project status
- Business equity
- Bond communications
- Prior audit recommendations
- Final report: November 2021

4

Year 4 (4/2021-3/2022)

- 2017 Bond project status
- Closeout practices
- Workforce equity
- Project performance and related metrics
- 2020 Bond program framework
- Expenditure testing and bond compensability
- Final report: February 2023



Year 5 Audit (4/2022-6/2023)

- 2017 & 2020 Bond Status
- Career Equity Learning
- Curriculum Delivery, Management & Outcomes
- Technology Delivery, Management & Outcomes
- Prior Audit Recommendations

**Final Report:
May 2024**

Report Section 1

2017 Bond Program on Target for Completion

Focus

- Budget and Schedule for Lincoln & Benson HS
- Budget and Schedule for Health & Safety Projects

Key Results

- Benson cost increased but covered by 2020 bond
- Lincoln est. to have \$9 million in savings
- Lincoln & Benson HS generally on schedule
- H & S projects on target for completion spending up to budget

Recommendations

None

Report Section 1 (cont.)

2020 Bond Program Generally Progressing as Planned

Focus

Budget and Schedule for:

- Benson & Jefferson HS
- Physical Improvements
- Curriculum
- Technology
- Special Education
- Capacity (Harrison Park)
- Center for Black Student Excellence (CBSE)
- Planning/Design of Cleveland & Ida B. Wells HS

Key Results

- Delivering as planned but some delays, cost increases, & scope changes
- Contingency funds used for cost increases
- Alternate actions to address challenges met bond intent
- Technology & CBSE projects delayed

Recommendations

None in this section, CBSE discussed in Appendix A

Report Section 2

Career Learning Equity Program Inadequate to Meet Objectives

Focus

- Program Structure and Framework
- Protocols and Practices
- Targets and Metrics
- Monitoring and Outcomes

Key Results

- No structured program, protocols, clear procedures, defined responsibilities, or active management
- No targets or outcome tracking, so PPS can't tell if it met equity goals
- Opportunities for some career learning did occur

Recommendations

1. Research & assign resources needed to have a structured program, clear responsibilities, coordination, data tracking, and outcomes
2. Revise the AD to limit scope of program to align with PPS capacity

Report Section 3

Practices in Place to Deliver Curriculum & Technology as Intended, with Cost & Scope Challenges being Mitigated

Curriculum Focus

- Framework to Manage:
 - Roles & responsibilities
 - Prioritization & decisions
 - Process, controls, monitor
- Delivery of improvements scope, cost, and schedule
- Metrics, Outcomes, & Results

Curriculum Results

- Appropriate framework to manage and monitor
- Used analysis-driven methodologies to make decisions and prioritize
- Solid tools to monitor funds & oversee delivery
- On target to be spent and delivered as pledged
- Outcomes & results still TBD
- General Fund needed to replace non-compensable exp

Recommendations

None

Report Section 3 (cont.)

Practices in Place to Deliver Curriculum & Technology as Intended, with Cost & Scope Challenges being Mitigated

Technology Focus

- Framework to Manage:
 - Roles & responsibilities
 - Prioritization & decisions
 - Process, controls, monitor
- Delivery of improvements scope, cost, and schedule
- Metrics, Outcomes, & Results

Technology Results

- Similar adequate framework, analysis-driven methods for prioritization & decision, & solid tools to monitor delivery
- Generally progressing as planned, but schedule & scope impacting by planning issues
- General Fund needed to replace non-compensable exp
- Outcomes & results still TBD

Recommendations

None

Appendix A

Status of Prior Performance Audit Recommendations

Lack of Progress

- No evidence of progress since prior audit in 2022
- OSM Progress reported could not be verified since no supporting documents were provided

54% of Recs Outstanding

- 27 of 50 recs still in-progress (23 complete)
- Most recs outstanding from Year 3 and Year 4 audits
- 2 recs cannot be addressed until 2017 projects closed out
- 4 recs relate to CBSE with no 2020 bond funds spent and no projects identified—risk is that it won't be on-schedule or delivered as intended

Other Examples

- 8 prior recs relate to business equity program
- 5 prior recs relate to change orders and contract language related to contractor payments.
- 2 prior recs related to performance metrics
- 1 prior rec from 2019 relates to guidance on value engineering & design deviations on future projects

Looking Forward...In-Process Year 6 Focus Areas

- **2017 Bond Status**
- **2020 Bond Status**
- **2020 Physical Facility Improvements**
- **Bond Program Staffing**
- **Bond Oversight**
- **Prior Audit Recommendations**





Questions?

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Bond Performance Audit Recommendation Implementation Plan

Bond Performance Audit Recommendations				Implementation Plan	
Year Report Issued - Recommendation Number / Bond Program / Audit Year	Abbreviated Recommendation	Response	Responsible Administrator / Manager	Implementation Plan (Specific steps to be implemented)	Anticipated date implementation will be complete (generally expected within 6 months)
2019 P2 - #7 2017 Bond Year 2018-2019	Formally communicate, clarify and train OSM project teams and individuals involved with project delivery on existing document management protocols including requirements and expectations for usage.	Concur	Stormy Shanks, Sr. Director, School Modernization	<ul style="list-style-type: none"> - Distribute PPS computers to contracted staff and require that all PPS work be performed on PPS devices using PPS document management systems (complete) - Gather list of common documents generated during OSM projects (complete) - Develop folder structures in eBuilder, X: drive, and Google Drive, and determine standard locations for all common documents (complete) - Develop template folder with standard sub-folder structure that can be copied for new projects - Develop training materials and deliver training to OSM staff and contractors - Define process for continuous improvements and updates 	February 2025
2020 - #7 2017 Bond Year 2019-2020	Conduct a post-project completion analysis for the Madison and Lincoln High School projects to evaluate benefits and challenges of the CM/GC delivery method overall, as well as specific aspects such as timing of Guaranteed Maximum Price (GMP) contract amendments, and make process changes as warranted. The evaluation should consider components suggested by ORS279.103 and provide a comparison of actual project cost against original project estimates, change order number, value and type, as well as descriptions of success and failures during design and construction.	Concur with Comment	Stormy Shanks, Sr. Director, School Modernization	<ul style="list-style-type: none"> - Gather examples of ORS 279C.355 compliant post-project evaluations for CM/GC projects completed by other contracting agencies (complete) - Develop post-project evaluation template for CM/GC projects - Gather "Findings in Support of Alternative Contracting Methodology" documents for Lincoln and McDaniel (Formerly Madison) - Gather applicable data from eBuilder - Analyze data, write narratives, and assemble reports - Deliver reports to the Contract Review Board <p><i>Note: The ORS section that describes post project evaluations and is referenced in PPS contracting rules is ORS 279C.355, not ORS 279.103.</i></p>	February 2025
2021 - #1 2017 Bond Year 2020-2021	The PPS Board should revisit its Equity in Public Purchasing and Contracting ("EPPC") Policy to clarify and define the District's vision, goals, and commitment to business equity. This should include reassessing the overall intent, determining how equity is characterized, and expanding on what attainment of business equity goals for the District should entail.	Concur with Comment	Stormy Shanks, Sr. Director, School Modernization	<ul style="list-style-type: none"> - Identify responsible administrator / manager for liaising with the Board's Policy Committee Policy - OSM collaborate with Policy Committee Staff Liaison to develop proposed workplan and inputs into Board Policy Committee consideration of this recommendation 	

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2021 - #2 2017 Bond Year 2020-2021	Further develop the Board’s overarching vision into more succinct measurable subgoals or objectives, support new goal setting defensible data, and define qualitative and quantitative metrics to measure against new goals.	Concur	Stormy Shanks, Sr. Director, School Modernization	<ul style="list-style-type: none"> - Recommendation #1 is implemented as a prerequisite to implementing recommendation #2 - Staff identify new potential focus areas in reporting on EPPC goals and develop new reports and reporting processes 	
2021 - #3 2017 Bond Year 2020-2021	Conduct a cost-benefit analysis of available business equity strategies, such as those outlined in this report, and include considerations such as long-term versus short-term strategies, direct versus intangible “investment” type strategies, and unintended consequences.	Concur	Stormy Shanks, Sr. Director, School Modernization	<ul style="list-style-type: none"> - Create a central, living document in OSM in which to analyze cost/benefit of business equity strategies (complete) - Assemble list of available business equity strategies (complete) - Calculate/narrate quantitative and qualitative costs and benefits of available strategies (complete) - In EPPC Annual Reporting SOP, add requirement to analyze cost-benefit of new business equity strategies under consideration, publish SOP 	January 2025
2021 - #4 2017 Bond Year 2020-2021	Develop tools and protocols to capture outcomes of chosen equity strategies, and validate outcome data accuracy.	Concur with Comment	Stormy Shanks, Sr. Director, School Modernization	<ul style="list-style-type: none"> - Create a central, living document to capture outcomes of chosen equity strategies alongside cost/benefit analysis (complete) - Define what outcomes will be measured and measurement methods for chosen strategies - Define roles and responsibilities for measuring and documenting outcomes 	March 2025
2021 - #5 2017 Bond Year 2020-2021	Create protocols to expand on existing business equity annual reporting to include an assessment of whether annual equity outcomes realized meet the intent of the EPPC Policy and goals of the Administrative Directive, or if modification to the portfolio of equity strategies is warranted, and based on results, adjust strategies as necessary.	Concur	Stormy Shanks, Sr. Director, School Modernization	<ul style="list-style-type: none"> - Develop Standard Operating Procedure (SOP) for an annual review and reporting of business equity strategies. Reporting to include assessment of strategies in place during the previous year, potential changes or new strategies, cost-benefit analyses for use in selection of the strategies in the upcoming year, and outcome data over the course of the year. Publish SOP. - Develop annual report template to encourage consistency across annual reports 	March 2025
2022 - #1 2017 / 2020 Bond Year 2021-2022	Complete development of and memorialize policies, procedures, and e-Builder processes related to construction closeout as well as train project staff on new closeout protocols before the remaining 2017 Bond projects are completed.	Concur with comment	Stormy Shanks, Sr. Director, School Modernization	<ul style="list-style-type: none"> - Gather requirements and design project closeout workflow, step actors, required documents (complete) - Develop document templates (complete) - Develop eBuilder project closeout process (complete) - Develop training materials, conduct training with staff - Identify pilot projects and execute pilot - Make adjustments following pilot project - Go live with project closeout process for all projects 	February 2025

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2022 - #2 2017 / 2020 Bond Year 2021-2022	Develop protocols for regularly identifying, reviewing and assessing workforce equity strategies on a designated timeline.	Concur	Stormy Shanks, Sr. Director, School Modernization	Integrate an annual review of workforce equity strategies into the broader annual report developed in response to the 2021 Audit Recommendation #5.	March 2025
2022 - #3 2017 / 2020 Bond Year 2021-2022	Clarify the Workforce Equity Administrative Directive protocols for whether workforce equity outcomes and progress should be measured and reported in aggregate or disaggregated by each apprenticeable trade.	Concur	Stormy Shanks, Sr. Director, School Modernization	<ul style="list-style-type: none"> - Review the existing Workforce Equity AD and history of staff memos that led up to it to understand more about the original intent of the AD - Analyze the value of different methodologies in reporting workforce equity outcomes and make decisions about how to report going forward - Update reporting templates and publishing methods if justified 	March 2025
2022 - #4 2017 / 2020 Bond Year 2021-2022	Conduct a review of workforce equity program specifications and analyze whether existing rules could be enhanced to benefit intended target audiences.	Concur	Stormy Shanks, Sr. Director, School Modernization	<ul style="list-style-type: none"> - Thoroughly review and understand the City of Portland's workforce equity program specifications and rules (PPS contracts with the City to administer the workforce equity program compliance according to their pre-existing program specifications and rules) - Determine whether there's value in customizing the rules for PPS to better align with PPS workforce equity goals. 	May 2025
2022 - #5 2017 / 2020 Bond Year 2021-2022	Continue in-progress efforts to revisit the types of key performance indicators it should track and report on that best align with PPS overall objectives and Bond project objectives.	Concur	Stormy Shanks, Sr. Director, School Modernization	<ul style="list-style-type: none"> - Develop KPIs that are meaningful, measurable with existing data, and aligned with Bond project objectives - Develop standard templates for reporting KPIs - Develop eBuilder Reports and spreadsheet tools for automating KPI reporting where possible - Assign roles, responsibilities, and expectations around KPIs - Define audience, publishing method, and reporting frequency as well as set frequency of evaluating the usefulness/value of KPIs 	April 2025
2022 - #6 2017 / 2020 Bond Year 2021-2022	Require general contractors to consistently report specific safety performance data to OSM.	Concur	Stormy Shanks, Sr. Director, School Modernization	<ul style="list-style-type: none"> - Update the Project Status Update process in eBuilder to add required safety performance data fields (complete) - Develop and deliver training to project management staff - Update contracts to require contractors to report on standard safety metrics 	February 2025
2022 - #7 2020 Bond Year 2021-2022	Establish a formal framework for CBSE management and staffing with clear roles and responsibilities with defined authority and accountability.	Concur	Toye Watson, Director, CBSE	The CBSE has established a comprehensive framework, encompassing clear roles, responsibilities, authorities, and accountabilities for PPS departments, aligning with Audit Recommendation 7.	November 2024

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2022 - #8 2020 Bond Year 2021-2022	Update existing CBSE implementation schedule with realistic dates, interim milestones or progress targets, general tasks and activities, and plans to get CBSE back on track.	Concur with comment	Toye Watson, Director, CBSE	The CBSE has developed a revised implementation schedule, incorporating realistic timelines, interim milestones, and specific tasks to ensure timely progress, aligning with Audit Recommendation 8. This revised schedule is currently pending approval from Deborah Kafoury and other senior staff.	September 2025
2022 - #9 2020 Bond Year 2021-2022	Work with key PPS departments to put a general CBSE implementation plan in place and ensure a quick start for capital purchases or capital building as soon as CBSE concepts and goals are solidified.	Concur	Stormy Shanks, Sr. Director, School Modernization	<ul style="list-style-type: none"> - OSM to develop workplans, schedules, and conceptual cost opinions for three options for development of the CBSE facility. Options will address constructing on existing PPS property and adapting or constructing on newly acquired property. - The analysis of the options will be provided to CBSE leadership for decision-making. - When a decision is made, Planning and Real Estate and OSM will execute existing processes to acquire property and/or construct facilities while collaborating with internal and external stakeholders. 	February 2025
2022 - #10 2020 Bond Year 2021-2022	Create CBSE project management plans and structure to identify general tasks and monitoring mechanisms to set, track, and report on baseline and revised schedules, original and revised budgets, and progress toward meeting delivery goals.	Concur with comment	Toye Watson, Director, CBSE	The CBSE has developed a robust project management plan to track and monitor project progress, including baseline and revised schedules, budgets, and delivery goals, aligning with Audit Recommendation 10. This plan is currently pending approval from Deborah Kafoury and other senior staff.	December 2025
2023 - #1 2020 Bond Year 2022-2023	Research and assign resources needed to implement a structured Career Learning Equity Program that has clearly designated roles and responsibilities, protocols for coordination, contractor and consultant management, data management and reporting, and set targets to track outcomes.	Concur with comment	Stormy Shanks, Sr. Director, School Modernization	<ul style="list-style-type: none"> - Develop clear processes for contractors to coordinate with OSM at contract execution - the supply side of career opportunities (complete) - Update procurement and contract documents to define the required career learning processes for contractors (complete) - Work in collaboration with Academic Programs/CTE to develop a standard process for connecting CTE teachers and staff (demand side of career learning) with the opportunities offered by contractors for career learning (supply side of career learning). - Identify responsible administrator / manager in Teaching and Learning organization to manage the demand side of career learning program. - Develop tools for managing data and measuring contractor compliance, and outcome metrics around career learning events delivered 	April 2025

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2023 - #2 2020 Bond Year 2022-2023	Alternatively, PPS should revise the Administrative Directive to limit the scope of the Career Learning Program to align with the district's capacity more appropriately.	Concur with comment	Emily Courtnage, Director, Purchasing and Contracting	Update the Administrative Directive: - Remove reference to "Partner Connect" system no longer in use by PPS (complete) - Raise the dollar thresholds at which the AD applies to focus on larger, longer term contracts (complete) - Exclude small dollar, short-term contracts – often completed over the summer when school buildings are empty – where it has been difficult to obtain any meaningful student involvement (complete) <i>The AD revision has been drafted, approved by legal, and is at the Superintendent Review step before publishing.</i>	January 2025

Portland Public Schools

Update on the role of the Audit Committee in the RFP process for external auditors December 16, 2024

As discussed in the Audit Committee's October 29 meeting, the district's current contract for Financial Auditing Services with Talbot, Korvola & Warwick will end on March 31, 2025. The Finance Department is developing a Request for Proposal (RFP) process for a five-year contract for April 1, 2025 - March 31, 2030, with five additional annual contract extensions that can be used at the district's discretion through March 31, 2035. The RFP was issued on October 31, and proposals are due on January 8, 2025.

Here is the timeline for the RFP process:

ACTIVITY	DATE
Issuance of Request for Proposal	November 1, 2024
Deadline for Questions or Clarifications	December 3, 2024
Final Addenda Deadline	December 18, 2025
Proposals Due	January 8, 2025
Interviews - if applicable	TBD
Notice of Intent to Award	January 31, 2025
Anticipated Contract Start	April 1, 2025
Project Completion Date	March 31, 2030

Staff recommends the following composition of the evaluation panel to review and score the proposals:

- 2 PPS Staff Members (to be selected by the Superintendent)
- 1 PPS Internal Auditor
- 1 PPS Board Member
 - The Chair of the Audit Committee may serve on the panel or ask another Board member, preferably an Audit Committee member, to serve as their designee
- 1 Audit Committee Community Member, preferably with relevant experience

As an additional consideration, Committee members may wish to apply aspects of the evaluation processes for this solicitation to future RFPs for external auditors. If so, the composition of panels for future solicitations may call for adaptations to this particular configuration. For example, Audit Committee members during a future RFP might not include a community member with relevant professional experience. Accordingly, it may be helpful to identify roles that could be designated for alternate panelists, anticipating cases in which the composition recommended here does not apply as well for future solicitations. For example, another Board member could serve on a panel if no suitable Audit Committee community member is available.