



PORTLAND PUBLIC SCHOOLS
OFFICE OF CHIEF FINANCIAL OFFICER
501 North Dixon Street / Portland, OR 97227
Telephone: (503) 916-3115

Date: December 17, 2019

To: School Board

From: Claire Hertz, Deputy Superintendent, Business and Operations
Cynthia Le, Chief Financial Officer
Tracy Pinder, Director, Financial Services

Subject: 2018-19 Comprehensive Annual Financial Report (CAFR) and Report on Requirements for Federal Awards

BACKGROUND

The District's financial auditor, Talbot, Korvola & Warwick, LLP, has issued an unmodified opinion on our financial reports for the year ended June 30, 2019. An unmodified opinion is the technical term used to indicate a "clean audit" and is the highest level of opinion. It is the outcome that we expected.

RELATED POLICIES/BEST PRACTICES

Sound fiscal management provides a solid financial foundation for effective, efficient operations and informed spending decisions that ultimately benefit our historically underserved student population.

ANALYSIS OF SITUATION

This audit report expresses an unmodified opinion, which is indicative of a high level of fiscal accountability by PPS Finance staff. An unmodified audit opinion is evidence of excellent performance. Last year the Association of School Business Officials and the Government Finance Officers Association awarded PPS their certificates of excellence and achievement in financial reporting.

There are six areas of particular interest. They are:

- The Independent Auditor's Report (last paragraph on page 13 of the CAFR).
- The Management's Discussion and Analysis, which provides an executive summary of the District's financial status (pages 17-28 of the CAFR).
- The 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 (pages 168-169 of the CAFR).
- The 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 (last paragraph on page 1 of the Report on Requirements for Federal Awards).

- The Independent Auditor's Report on Compliance for Each Major Federal Program; Report on Internal Control over Compliance; and Report on the Schedule of Expenditures of Federal Awards Required by the Uniform Guidance (last paragraph on page 3 of the Report on Requirements for Federal Awards).
- Summary of Independent Auditor's Results (pages 13-14 of the Report on Requirements for Federal Awards).

General Fund Ending Fund Balance increased \$1.6 million to \$39.9 million, which is 6.4 percent of General Fund Revenues. This level is in keeping with Board Policy 8.10.025-P, which sets the goal of maintaining an Ending Fund Balance ranging from 5 to 10 percent of annual General Fund Revenues. G.O. Bonds Fund Ending Fund Balance decreased \$136.7 million, comprised of \$149.3 million in expenditures offset by \$12.6 million investment earnings. This is as expected as the construction projects progress.

FISCAL IMPACT

There is no direct fiscal / budget impact because of this audit. A less positive outcome could potentially have indirect negative impacts on PPS' fiscal outlook, including the District's ability to secure grant funding and its ability to borrow funds at the most advantageous interest rates. Additionally, in the case of adverse audit findings/issues, the State Office of the Department of Education has the authority to withhold State School Fund payments until audit findings and/or issues are resolved by the District.

COMMUNITY ENGAGEMENT (IF APPLICABLE)

The CAFR and Report on Requirements for Federal Awards will be published on the District's website and are shared with the Audit Committee. Various interested parties, primarily state agencies, financial institutions and granting agencies, are issued copies as required or requested.

TIMELINE FOR IMPLEMENTATION / EVALUATION

Once these reports are received by the Board, they will be published and sent to the Oregon Secretary of State's office, Oregon Department of Education, and other key stakeholders, as well as being published on the District's website. Some of these agencies require reporting no later than December 31.

BOARD OPTIONS WITH ANALYSIS

N/A

STAFF RECOMMENDATION

Staff recommends the Board of Education receive the CAFR, Reports to Management, and Report on Requirements for Federal Awards of School District No. 1J, Multnomah County, Oregon for the fiscal year ended June 30, 2019 at the December 17, 2019 board meeting.

Finance staff will be happy to answer board members' questions; and any comments and suggestions for improvement are valuable to us.

As a member of the PPS Executive Leadership Team, I have reviewed this staff report.

CH (Initials)

ATTACHMENTS

- A. Comprehensive Annual Financial Report for the year ended June 30, 2019
- B. Report on Requirements for Federal Awards for the year ended June 30, 2019

School District No. 1J, Multnomah County, Oregon

PORTLAND PUBLIC SCHOOLS



COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the year ended June 30, 2019



Portland Public Schools

Comprehensive Annual Financial Report

For the year ended June 30, 2019

School District No. 1J, Multnomah County, Oregon

Portland, Oregon

Prepared by the Finance Department

SCHOOL DISTRICT NO.1J, MULTNOMAH COUNTY, OREGON
 Comprehensive Annual Financial Report
 For the Year Ended June 30, 2019

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SCHOOL DISTRICT NO.1J, MULTNOMAH COUNTY, OREGON
Comprehensive Annual Financial Report
For the Year Ended June 30, 2019

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SCHOOL DISTRICT NO.1J, MULTNOMAH COUNTY, OREGON

Comprehensive Annual Financial Report For the Year Ended June 30, 2019

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Introductory



Dual Language Summer



Astor K-8

Introductory



PORTLAND PUBLIC SCHOOLS

Chief Financial Officer

Cynthia Huang Le

501 North Dixon Street / Portland, OR 97227

December 17, 2019

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

We are pleased to submit the Comprehensive Annual Financial Report (CAFR) of School District No.1J, Multnomah County, Oregon (Portland Public Schools or the District or PPS) for the fiscal year ended June 30, 2019, together with the audit opinions of our auditors as required by Oregon Revised Statutes. Responsibility for both the accuracy of the presented data and the completeness and fairness of the presentation, including all disclosures, rests with District management. We believe the financial statements and related information reflecting the financial position and results of the operations of the District are stated fairly in all material aspects. All disclosures necessary to enable the reader to gain understanding of the District's financial affairs have been included.

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

Financial Report Presentation

The financial statements of the District are prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the governing body and establishes governmental accounting and financial reporting principles. The more significant of the District's accounting policies are discussed in Note 1 of these financial statements.

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

The **Introductory Section** includes the table of contents, this transmittal letter, the District's organizational chart, and copies of certificates awarded for Portland Public Schools' 2018 CAFR.

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

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

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

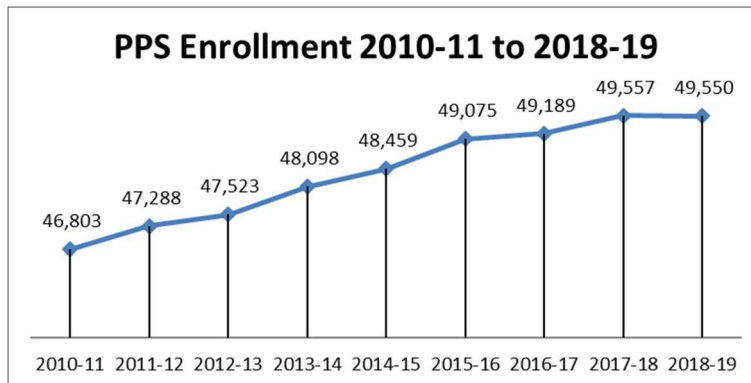
GAAP requires that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management’s Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The District’s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

Profile of the District

Portland Public Schools, founded in 1851, is a PK-12 urban school district in Portland, Oregon. With more than 49,000 students in 84 schools, it is one of the largest school districts in the Pacific Northwest, and the largest and oldest school district in Oregon. With highly trained teachers and staff, an engaged parent community, strong partnerships, and a focus on closing the racial educational achievement gap, the PPS graduation rate has consistently improved since 2009-10¹. Thanks to the state Legislature, school funding is improving and thanks to Portland voters, a PPS School Building Improvement Bond is now fueling the modernization of our aging school buildings for 21st century learning.

The District covers an area over 152 square miles, including portions of the cities of Portland (total population 648,740), Lake Oswego (total population 38,215), and Milwaukie (total population 20,525), based on 2018 estimates by the [Portland State University Population Research Center](#). The District maintains over 100 campuses with more than 300 buildings and a total floor area of more than 9 million square feet. Please see Schedule 17 of the Statistical Section for details of each building’s size, age and enrollment.

Student enrollment as of October 2018 was 49,550. 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.



| October 2018 Portland Public Schools Student Enrollment (by Program Type) | | | |
|---|----------------------------|---------------|----------------|
| Program Type | Number of Schools/Programs | Enrollment | Distribution |
| Regular Schools and Programs | | | |
| Elementary Schools | 57 | 25,248 | 50.95% |
| Middle Schools | 13 | 7,516 | 15.17% |
| High Schools | 10 | 12,220 | 24.66% |
| Total Regular Schools & Programs | 80 | 44,984 | 90.77% |
| Alternative/Focus Programs | 4 | 1,631 | 3.29% |
| Total Regular & Alternative Programs | 84 | 46,615 | 94.06% |
| Community-Based Programs | 8 | 912 | 1.84% |
| Special Services Programs | 11 | 529 | 1.07% |
| Public Charter Programs | 7 | 1,494 | 3.01% |
| Total Programs and Enrollment | 110 | 49,550 | 100.00% |

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

¹ Source: [PPS System Planning and Performance](#)

Beginning in 2009, the District experienced increases in enrollment every year until 2018-19. Enrollment counts from October 2018 show that total enrollment decreased by 7 students from the previous year. Demographic studies conducted by Portland State University project enrollment levels fluctuating over the next 12 years, increasing by 800 students and reaching a high in 2021-22 and then declining by 1,400 students over the following seven years in the PSU “Medium Growth” scenario. Additional detail regarding that enrollment projection may be found at: https://www.pps.net/cms/lib/OR01913224/Centricity/Domain/207/PPS_Report_1819.pdf.

The Board of Education

An elected seven-member board establishes and oversees the District’s policies. The Board of Education is the chief governing body and is exclusively responsible for its public decisions. A list of board members can be found on page 9 of this report. The chief administrative officer of the District is the Superintendent, who is appointed by the Board. The Board of Education is accountable for all fiscal matters that significantly affect operations. Guadalupe Guerrero is the Superintendent of Portland Public Schools. Mr. Guerrero served as the chief administrative officer of the district for all of 2018-19.

Budgetary Controls

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

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

District Budget Principles

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

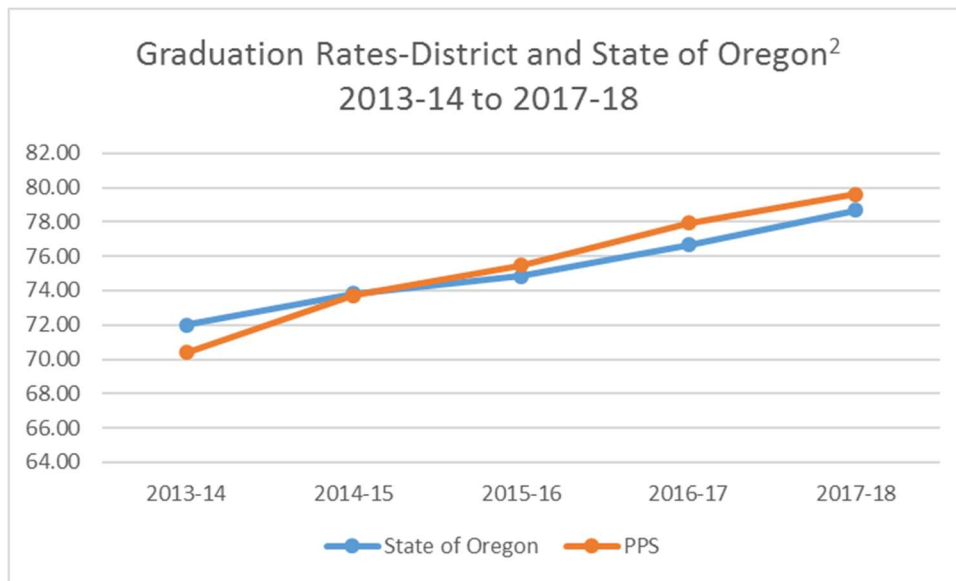
- Providing Students with an Exceptional Educational Experience and Ensuring their Academic Success Should Drive the Budget Process
- Decisions Should Be Driven by Data
- Base Resourcing Decisions on Cost-Effectiveness
- Prioritize the Core Program in All Schools
- Critically Re-Examine Patterns of Spending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

Service Efforts and Accomplishments

On October 2, 2018, the Board of Education adopted, by Resolution 5736, their priorities for 2018-19. Portland Public Schools' vision is this: Every student, every teacher, and every school succeeding. The school district's mission is that every student by name is prepared for college, career and participation as an active community member, regardless of race, income or zip code.

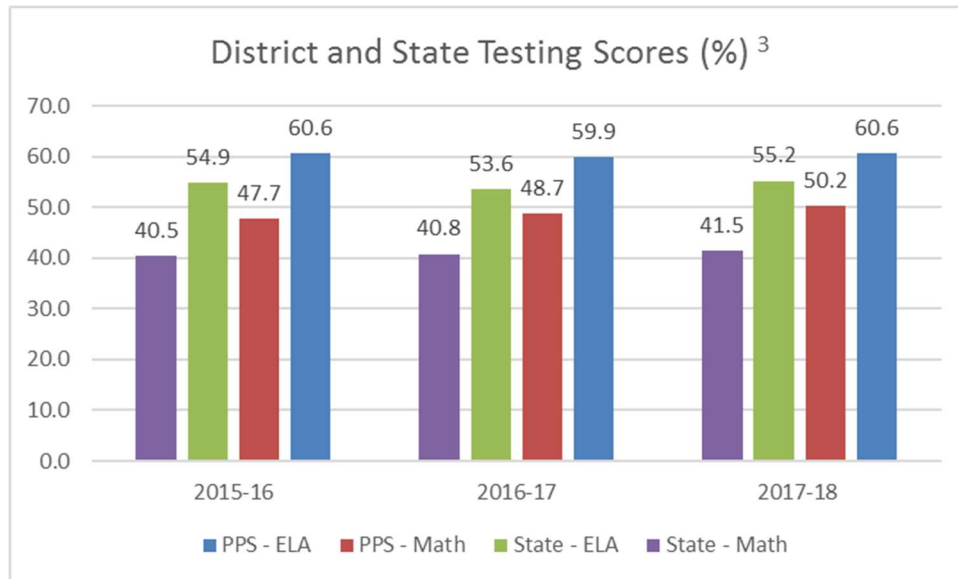
The Board adopted the following four priorities for the 2018-19 school year to move the school district toward the above aspirations:

- Set a clear vision and strategic plan.
- Create equitable opportunities and outcomes for all students.
- Build management accountability systems and structures.
- Allocate budget, funding, and resources focused on improving outcomes for students.



The PPS four-year graduation rate has improved from 70.4 percent for the Class of 2014 to 79.6 percent for the Class of 2018 (most recent year available from Oregon Department of Education). This rate exceeds the average graduation rate for the State of Oregon.

² Source: ODE Cohort Graduation Rates (<https://www.oregon.gov/ode/reports-and-data/students/Pages/Cohort-Graduation-Rate.aspx>)



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

While the district still has significant work to do in improving student outcomes, trends of these key metrics indicate that efforts are moving the District in the right direction. The District is excited to deliver on a community promise, by implementing “PPS Re-Imagined” – which the Portland Public Schools’ Board of Education adopted in August 2019.

Factors Affecting Financial Condition

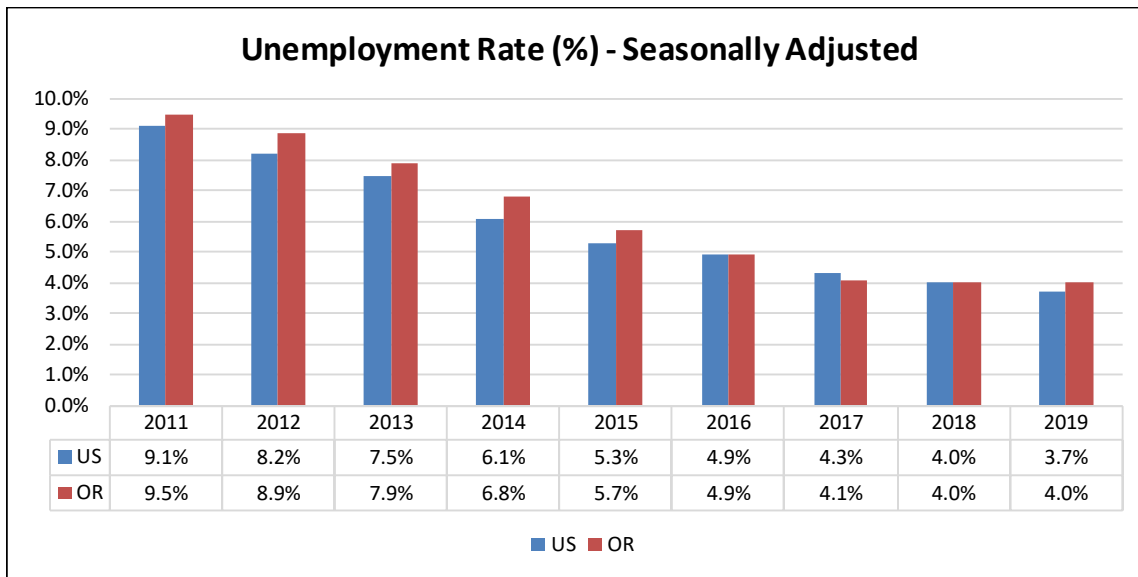
The information presented in the financial statements is perhaps best understood when it is considered in the broader perspective of the specific environment within which the District operates.

PPS derives about 71 percent of its General Fund revenues from the State School Fund and the associated funding distribution formula. Roughly half of the State School Fund money comes via the appropriation made by the state legislature, while the other half is the aggregate of the local permanent rate property taxes from school districts across the state. The state budget and the legislative appropriation are highly dependent upon state revenues through income taxes. The outlook for the state economy is a leading indicator for the health of this revenue stream and is, therefore, of great importance for PPS.

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

³ Source: Source: ODE Statewide Assessments

Oregon State Economy – In June of 2019, Oregon’s unemployment rate remained steady at about 4 percent. While this represents a dramatic drop from a high of 10.9 percent in 2009, the rate of job growth has slowed. While current indicators are mostly positive, there is less of a consensus among economists on the short-term forecast for both the state and national economy. In addition, despite this continued economic growth, the state faced a budget shortfall of \$1.7 billion for the current biennium, due to increasing costs related to healthcare and retirement costs and other rising costs related to programs funded by the state.



Source: Bureau of Labor Statistics, Unemployment Data

Approximately 25 thousand jobs were added over the past year, contributing to workforce growth of 1.33 percent from June 2018 to June 2019. The Professional & Business Services sector was the leader with the addition of 7.8 thousand jobs and second was Manufacturing with the addition of 6.6 thousand jobs. The Government sector also grew, adding 5.4 thousand jobs, with those three sectors accounting for almost 80% of increases in the Oregon job market in 2018-19.

| Oregon Employment by Industry (number of jobs, in thousands) | | | | |
|--|----------------|----------------|---------------------------|---------------------------|
| Industry | June 2018 | June 2019 | Year-over-Year Change (#) | Year-over-Year Change (%) |
| Government | 293.7 | 299.1 | 5.4 | 1.84% |
| Other Services | 65.1 | 64.2 | (0.9) | -1.38% |
| Leisure & Hospitality | 217.0 | 213.8 | (3.2) | -1.47% |
| Education & Health Services | 297.8 | 302.9 | 5.1 | 1.71% |
| Professional & Business Services | 245.6 | 253.4 | 7.8 | 3.18% |
| Financial Activities | 101.9 | 102.5 | 0.6 | 0.59% |
| Information | 33.6 | 33.7 | 0.1 | 0.30% |
| Trade, Transportation, and Utilities | 354.8 | 353.7 | (1.1) | -0.31% |
| Manufacturing | 194.6 | 201.2 | 6.6 | 3.39% |
| Construction | 105.5 | 110.2 | 4.7 | 4.45% |
| Mining and Logging | 6.9 | 7.3 | 0.4 | 5.80% |
| Total Nonfarm | 1,916.5 | 1,942.0 | 25.5 | 1.33% |

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

Local Economy – Portland and the surrounding metropolitan area has a widely diversified economy. Its centralized location and excellent transportation facilities have established the area as a major distribution point on the West Coast for wholesale trade and high-tech exports. During 2018-19, Education, Health Services, and Hospitality accounted for 26.6 percent of the city’s economy while the Trades, Transportation and Utilities made up another 18.2 percent.

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

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

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

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

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

The School Board approved the master plan for the new Kellogg Middle School and demolition has been completed. The current project schedule has Kellogg ready for new students at the start of the 2021 school year. The master plan for Madison High School was approved in May 2018 and demolition and construction began in the summer of 2019. PPS remains committed to deliver robust high school and middle school projects as envisioned by the voters, steward bond resources prudently and efficiently and build and maintain the trust of voters in our community.

Charter Schools

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

Independent Audits

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

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

Awards and Acknowledgments

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the District for its Comprehensive Annual Financial Report for the fiscal year ended June 30, 2018. This was the 39th consecutive year that the District has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a governmental entity must publish an easily readable and efficiently organized CAFR that satisfies both GAAP and applicable legal requirements. A Certificate of Achievement is valid for a period of one year only. We believe our current report continues to conform to Certificate of Achievement Program requirements, and we are submitting it to GFOA to determine its eligibility for this coveted Certificate.

The Association of School Business Officials International (ASBO) awarded its Certificate of Excellence in Financial Reporting to the District for its Comprehensive Annual Financial Report for the fiscal year ended June 30, 2018. This was the 39th consecutive year that the District earned this significant award. Receiving the Award is recognition that the District has met the highest standards of excellence in school financial reporting as adopted by ASBO. The District believes that this 2019 CAFR, which will be submitted to ASBO for review, will also conform to these standards.

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

Respectfully submitted,



Cynthia Le, Chief Financial Officer

SCHOOL DISTRICT NO. 1J, MULTNOMAH COUNTY, OREGON

Principal Officials

At June 30, 2019

SCHOOL BOARD

| <u>Member</u> | <u>Zone</u> | <u>Term Expiration</u> | <u>Phone</u> |
|---------------------|-------------|------------------------|--------------|
| Julie Esparza Brown | 1 | June 30, 2019 | 503-916-3741 |
| Paul Anthony | 2 | June 30, 2019 | 503-916-3741 |
| Amy Kohnstamm | 3 | June 30, 2019 | 503-916-3741 |
| Rita Moore | 4 | June 30, 2021 | 503-916-3741 |
| Scott Bailey | 5 | June 30, 2021 | 503-916-3741 |
| Julia Brim-Edwards | 6 | June 30, 2021 | 503-916-3741 |
| Mike Rosen | 7 | June 30, 2019 | 503-916-3741 |

ADMINISTRATIVE STAFF

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

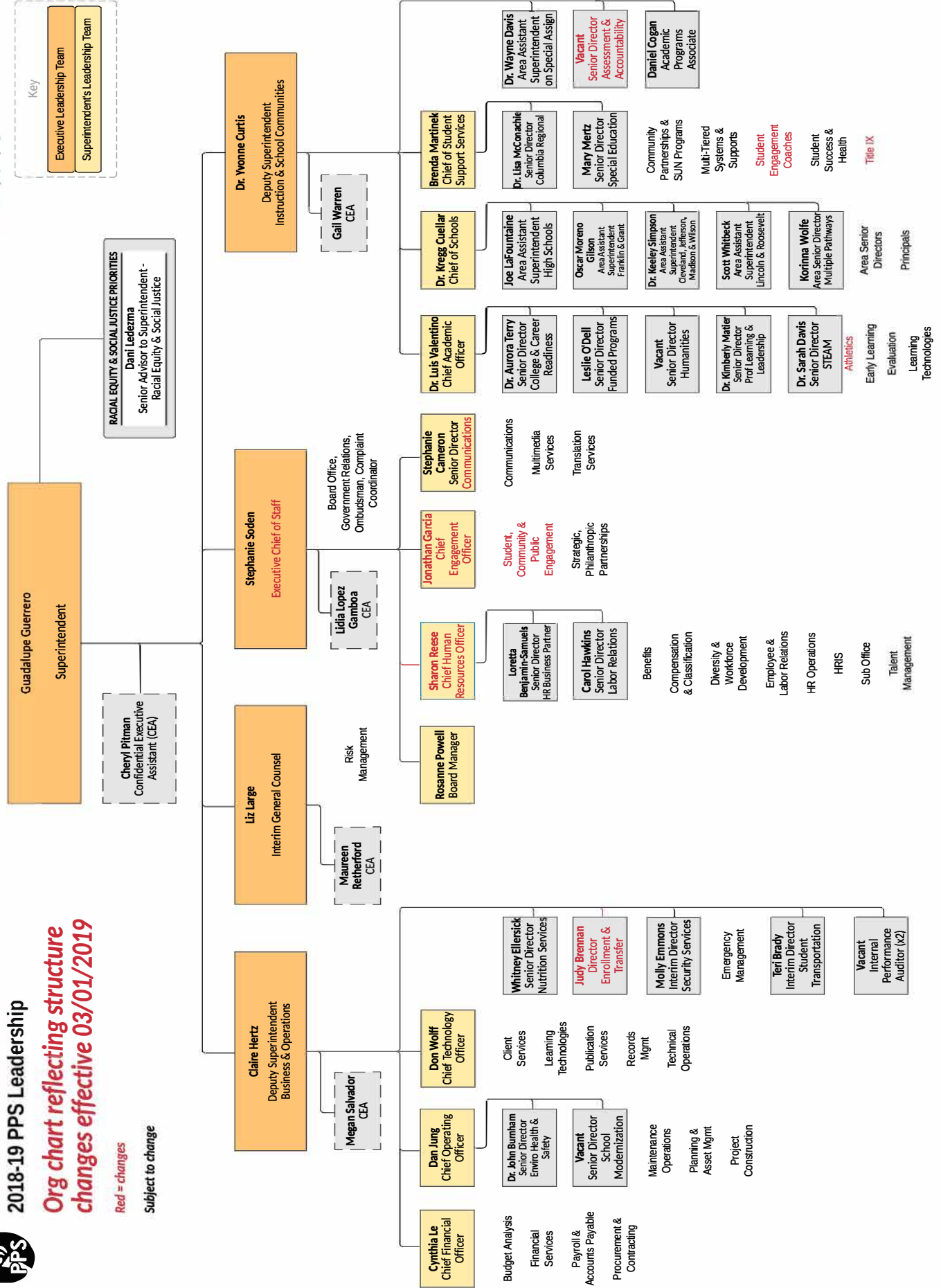
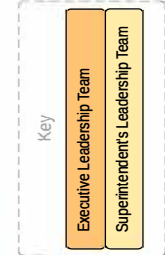


2018-19 PPS Leadership

Org chart reflecting structure changes effective 03/01/2019

Red = changes

Subject to change





ASSOCIATION OF
SCHOOL BUSINESS OFFICIALS
INTERNATIONAL

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

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

**for its Comprehensive Annual Financial Report (CAFR)
for the Fiscal Year Ended June 30, 2018.**

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



A handwritten signature in black ink, reading 'Tom Wohlleber'.

Tom Wohlleber, CSR
President

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

David J. Lewis
Executive Director



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

School District No. 1J
Multnomah County, Oregon

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2018

Christopher P. Morill

Executive Director/CEO

Financial



Kelly Early Learning



Project Community Care

Financial



**Talbot, Korvola
& Warwick, LLP**

4800 Meadows Road, Suite 200
Lake Oswego, OR 97035

P 503.274.2849
F 503.274.2853

www.tkw.com

INDEPENDENT AUDITOR'S REPORT

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

REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of School District No. 1J, Multnomah County, Oregon (the District), as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the Table of Contents.

MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

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

AUDITOR'S RESPONSIBILITY

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

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

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

OPINIONS

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the District, as of June 30, 2019,



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INDEPENDENT AUDITOR'S REPORT (Continued)

and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

OTHER MATTERS

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Required Supplementary Information, such as Management's Discussion and Analysis, Schedule of Changes in the District's Total OPEB Liability and Related Ratios-RHIS, Schedule of the District's Proportionate Share of Net OPEB Liability (Asset) and District Contributions-RHIA, Schedule of the District's Proportionate Share of Net Pension Liability (Asset) and District Contributions, Schedule of Changes in the District's Total Pension Liability and Related Ratios-Stipend, and Notes to the Required Supplementary Information, as listed in the Table of Contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The other schedules and combining statements, listed in the Table of Contents as Supplementary Information, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The Supplementary Information is the responsibility of management and was derived from and relates directly to the

INDEPENDENT AUDITOR'S REPORT (Continued)

underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Supplementary Information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

REPORTS ON OTHER LEGAL AND REGULATORY REQUIREMENTS

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 4, 2019, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Other Reporting Required by Oregon Minimum Standards

In accordance with *Minimum Standards for Audits of Oregon Municipal Corporations*, we have also issued our report dated December 4, 2019, on our consideration of the District's compliance with certain provisions of laws and regulations, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules. The purpose of that report is to describe the scope of our testing of compliance and the results of that testing and not to provide an opinion on compliance.

By 

Timothy R. Gillette, Partner

Lake Oswego, Oregon
December 4, 2019



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, 2019. 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

New Accounting Standard Implemented

The District implemented one new accounting standard in fiscal year 2018-19: Governmental Accounting Standards Board (GASB) Statement 88 - Certain Disclosures Related to Debt, Including Direct Borrowings and Placements. The District anticipates no financial impact as a result of implementing GASB 88.

Budget

On June 26, 2018 the Board of Education (the Board) adopted the fiscal year 2018-19 budget by way of Board Resolution No. 5668. On June 11, 2019, the Board voted to amend the 2018-19 budget, by way of Board Resolution No. 5904. This one and only Amendment to the budget reallocated appropriation levels in various funds to accurately reflect intended expenditures.

- General Fund: \$2.8 million was reallocated from Support Services to Instruction.
- Grants Fund: \$1.75 million was reallocated from Support Services to Instruction.
- Dedicated Resource Fund: \$50 thousand was reallocated from Facilities Acquisition & Construction to Support Services.
- GO Bonds Fund: \$100 thousand was reallocated from Facilities Acquisition & Construction to Support Services.

With the 2018-19 budget, the District continued its focus on student achievement, closing racial achievement gaps, and improving student health and safety. The District maintained investments started with the fiscal year 2017-18 budget:

- Increased high school teaching positions were maintained;
- All high school athletic directors continued at full-time positions;
- Focus and priority schools continued to receive additional support; and
- K-5, K-8, and middle schools received funding sufficient to ensure a minimum of one full-time counselor.

Other Highlights

Summary of Bond Resources as of June 30, 2019
(in thousands)

| | Authorization | Issued | Unspent Balance |
|-------|---------------|------------|-----------------|
| 2012 | \$ 482,000 | \$ 482,000 | \$ 32,364 |
| 2017 | 790,000 | 348,680 | 272,006 |
| Total | \$ 1,272,000 | \$ 830,680 | \$ 304,370 |

In November 2012, District voters passed an eight-year, \$482.0 million capital bond measure. With that bond measure, Portland Public Schools began a 30-year effort to modernize every school in the District. During the year ended June 30, 2019, seismic roof work was underway at Sitton, Rigler and Jackson Elementary schools, elevator installations were started at Rigler and Rose City Park, lead paint stabilization was completed at 30 sites and low lead water stations were installed at six schools as part of a pilot program. At June 30, 2019 the 2012 bond authorization had a balance remaining of \$32.4 million, comprised of proceeds and related investment earnings.

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

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

In 2018-19, work to reduce hazardous materials continued, as well as fire alarm replacements and ADA accessibility improvements. Security upgrades were made at the first and second groups of schools, with the third group to follow in the fall of 2020.

Of the \$348.7 million issued to date, \$272.0 million was available as of June 30, 2019 for design and construction of the projects covered by the 2017 bond authority. Design work was initiated or continued in support of Lincoln High School replacement and Benson High School modernization.

Construction and/or design started or progressed regarding:

- Roof replacement and seismic upgrades at ten schools;
- Fire Alarms and sprinkler upgrades at eleven schools;
- Improved disability access at ten schools;
- Hazardous materials reduction or elimination at 92 schools;
- School safety and security upgrades at seven schools;
- Grant High School modernization;
- Replacement of Kellogg school; and
- Madison High School modernization.

OVERVIEW OF THE FINANCIAL STATEMENTS

This 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 30-33 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 and fund group are shown in the Financial Section of the report beginning on page 34.

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

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the District's near-term financial decisions. The Governmental Fund

Balance Sheet and the Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

Portland Public Schools designates five major governmental funds. Information is presented separately in the Governmental Fund Balance Sheet and the Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balances for the General Fund, Grant Fund, PERS Rate Stabilization Reserve Fund, GO Bonds Debt Service Fund, and GO Bonds Fund. Data from the other 13 governmental-type funds are combined into a single, aggregated presentation titled "Other Governmental Funds". Individual fund data for each of these non-major governmental funds is provided in the form of combined statements elsewhere in this report.

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 34-40 of this report.

Proprietary funds are used to account for a government's business-type activities. The District maintains only one type of proprietary fund, which is an Internal Service Fund.

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

Internal service funds provide the same type of information as the government-wide financial statements. The internal service fund financial statements provide separate information for the Self-Insurance Fund. The basic internal service fund financial statements can be found on pages 41-43 of this report.

Notes to the Basic Financial Statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. These notes can be found on pages 44-87 of this report.

Required Supplementary Information (RSI) is located directly after the notes to the basic financial statements and represents the required comparison of the budget and actual results on the District's budgetary basis for the General Fund, Grant Fund, and PERS Stabilization Reserve 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. This information is on pages 89- 102.

Supplementary Information (SI) presented on pages 103-139 includes combining statements for the non-major governmental funds, budgetary comparison schedules for non-major and other funds, and other financial schedules.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

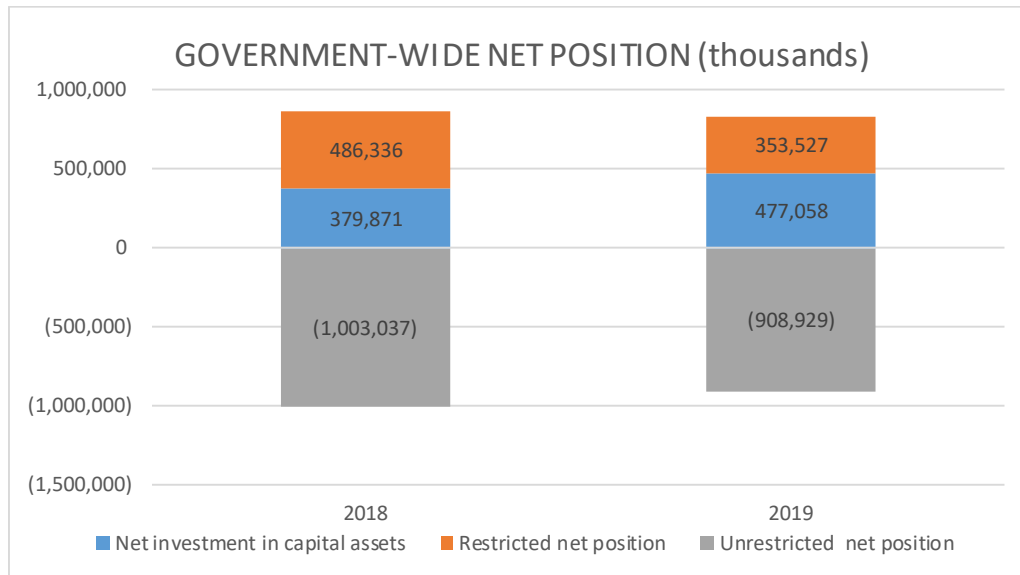
Analysis of Deferred Outflows and Inflows of Resources

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

Analysis of Net Position

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

| Net Position | Government-wide (thousands) | | | |
|---------------------------------------|-----------------------------|--------------------|------------------|----------|
| | 2018 | 2019 | \$ Change | % change |
| Assets | | | | |
| Current or other assets | \$ 716,622 | \$ 593,665 | \$ (122,957) | -17.2% |
| Net capital assets | 594,103 | 735,002 | 140,899 | 23.7% |
| Total Assets | <u>1,310,725</u> | <u>1,328,667</u> | <u>17,942</u> | 1.4% |
| Deferred Outflows of Resources | <u>173,727</u> | <u>207,186</u> | <u>33,459</u> | 19.3% |
| Liabilities | | | | |
| Long-term liabilities outstanding | 1,312,276 | 1,251,451 | (60,825) | -4.6% |
| Other liabilities | 278,587 | 298,417 | 19,830 | 7.1% |
| Total Liabilities | <u>1,590,863</u> | <u>1,549,868</u> | <u>(40,995)</u> | -2.6% |
| Deferred Inflows of Resources | <u>30,419</u> | <u>64,329</u> | <u>33,910</u> | 111.5% |
| Net Position | | | | |
| Net investment in capital assets | 379,871 | 477,058 | 97,187 | 25.6% |
| Restricted | 486,336 | 353,527 | (132,809) | -27.3% |
| Unrestricted | (1,003,037) | (908,929) | 94,108 | 9.4% |
| Total Net Position | <u>\$ (136,830)</u> | <u>\$ (78,344)</u> | <u>\$ 58,486</u> | 42.7% |



Net Position: 2018 compared to 2019

Net Position is a primary indicator of financial position. The District’s liabilities and deferred inflows exceeded assets and deferred outflows by \$78.3 million at June 30, 2019. This represents an increase of \$58.5 million in net position from the prior year and is further discussed below and on pages 22-23.

Net Investment in Capital Assets has increased to \$477.1 million, a \$97.2 million increase over prior year. The increase is primarily driven by increases in capital assets related to the capital bond work discussed on pages 17-18.

Restricted Net Position represents the unspent portions of capital project funds, debt service funds, and net assets restricted by grants, donations, post-employment benefits and leases. Restricted Net Position decreased by \$132.8 million to \$353.5 million this year, primarily due to activity in the GO Bonds Fund, as resources were spent on bond-related construction.

Unrestricted Net Position consists of all other amounts not included in categories noted above. Unrestricted Net Position at June 30, 2019 is a negative <\$908.9 million>, an increase (improvement) of \$94.1 million from fiscal year 2017-18. The primary contributors to this increase are the increases in capital assets and decreases to bond principal.

Analysis of Activities

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

Statement of Activities

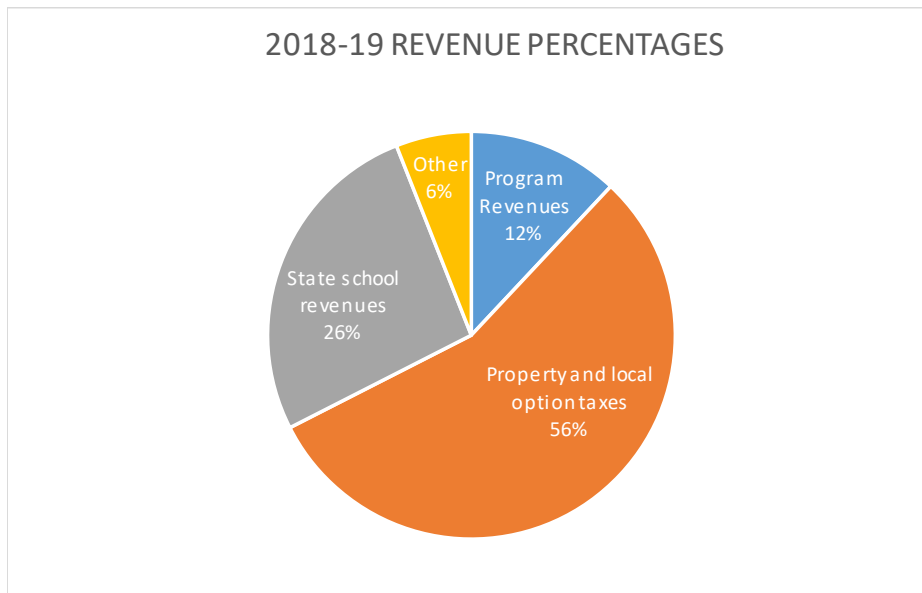
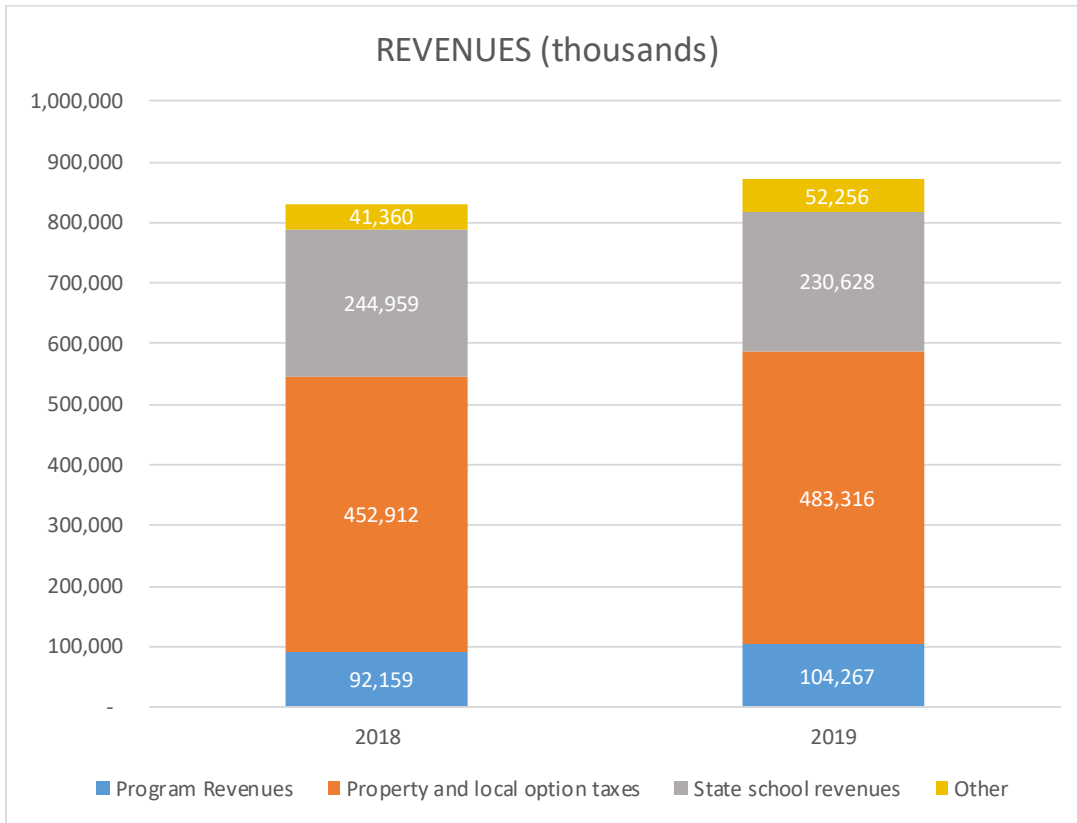
| | Government-wide (thousands) | | | | |
|-----------------------------------|------------------------------------|---------------------------|----------------------|-------------------------|---------------------|
| | 2018 | 2019 | 2019- % of Total | \$ Change | % Change |
| Revenues | | | | | |
| Program Revenues | | | | | |
| Charges for services | \$ 9,153 | \$ 9,806 | 1.1% | \$ 653 | 7.1% |
| Operating grants & contributions | 83,006 | 89,961 | 10.4% | 6,955 | 8.4% |
| Capital grants & contributions | - | 4,500 | 0.5% | 4,500 | 100.0% |
| Total Program Revenues | <u>92,159</u> | <u>104,267</u> | <u>12.0%</u> | <u>12,108</u> | <u>13.1%</u> |
| General Revenues | | | | | |
| Property taxes | 364,749 | 388,143 | 44.6% | 23,394 | 6.4% |
| Local option taxes | 88,163 | 95,173 | 10.9% | 7,010 | 8.0% |
| County & intermediate sources | 17,662 | 17,362 | 2.0% | (300) | -1.7% |
| Construction excise tax | 8,201 | 5,991 | 0.7% | (2,210) | -26.9% |
| State School Fund | 239,804 | 225,135 | 25.9% | (14,669) | -6.1% |
| State Common School Fund | 5,155 | 5,493 | 0.6% | 338 | 6.6% |
| Investment earnings | 3,473 | 20,229 | 2.3% | 16,756 | 482.5% |
| Other | 12,024 | 8,674 | 1.0% | (3,350) | -27.9% |
| Total General Revenues | <u>739,231</u> | <u>766,200</u> | <u>88.0%</u> | <u>26,969</u> | <u>3.6%</u> |
| Total Revenues | <u>831,390</u> | <u>870,467</u> | <u>100.0%</u> | <u>39,077</u> | <u>4.7%</u> |
| Expenses | | | | | |
| Instruction | 421,311 | 428,454 | 52.8% | 7,143 | 1.7% |
| Support services | 283,984 | 310,546 | 38.3% | 26,562 | 9.4% |
| Enterprise & community services | 24,218 | 22,785 | 2.8% | (1,433) | -5.9% |
| Facilities services | 8,531 | 6,030 | 0.7% | (2,501) | -29.3% |
| Interest & fees on long-term debt | 46,416 | 44,166 | 5.4% | (2,250) | -4.8% |
| Total Expenses | <u>784,460</u> | <u>811,981</u> | <u>100.0%</u> | <u>27,521</u> | <u>3.5%</u> |
| Change in net position | 46,930 | 58,486 | -74.7% | 11,556 | 24.6% |
| Net position - beginning of year | (183,760) | (136,830) | 174.7% | 46,930 | 25.5% |
| Net position - end of year | <u><u>\$ (136,830)</u></u> | <u><u>\$ (78,344)</u></u> | <u><u>100.0%</u></u> | <u><u>\$ 58,486</u></u> | <u><u>42.7%</u></u> |

The Statement of Activities of the government-wide financial statements distinguishes functions that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). Portland Public Schools currently does not have any business-type or enterprise fund activities. Additional detail regarding revenue and expense changes are presented below to provide a better understanding of the District's operations in fiscal year 2018-19 compared to fiscal year 2017-18.

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

Revenue and Expenses: 2018 compared to 2019

Revenues for 2019 were \$870.5 million, an increase of \$39.1 million, or 4.7 percent, from prior year revenues of \$831.4 million. With flat enrollment and an increase in property taxes, State School Fund revenues decreased by \$14.7 million.



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

Current year total expenses were \$812.0 million, which is a 3.5 percent, or \$27.5 million, increase over the prior year. Instruction increased by 1.7 percent, or \$7.1 million. The increase was largely driven by wage, pension and health care increases. Support Services expenses increased \$26.6 million, or 9.4 percent, over the prior year, which was primarily driven by increases in costs for transportation, maintenance/custodial, and student supports for social work, discipline, and guidance. Instruction and support services together accounted for 91.0 percent of the District’s total expenses in fiscal year 2018-19, which is a slight increase over the 90.0 percent spent in fiscal year 2017-18 on these same categories.

FINANCIAL ANALYSIS OF THE DISTRICT'S MAJOR FUNDS

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

General Fund. The General Fund is the major operating fund of the District. The fund's ending fund balance increased by \$1.6 million to \$39.9 million for fiscal year 2018-19. The General Fund saw an increase of \$9.4 million in revenue, largely due to its local option levy. Increases in regular property taxes were offset by decreased State School Fund support. Instructional expenditures increased \$8.3 million in total, largely driven by increases in wages and benefits, which include bargained step increases and cost of living adjustments. Support services costs increased \$17.2 million, due primarily to increases in payroll and associated costs, increases in transportation expenditures, increases in contracted services to cover staff vacancies, and continued investment in replacement computer software and equipment.

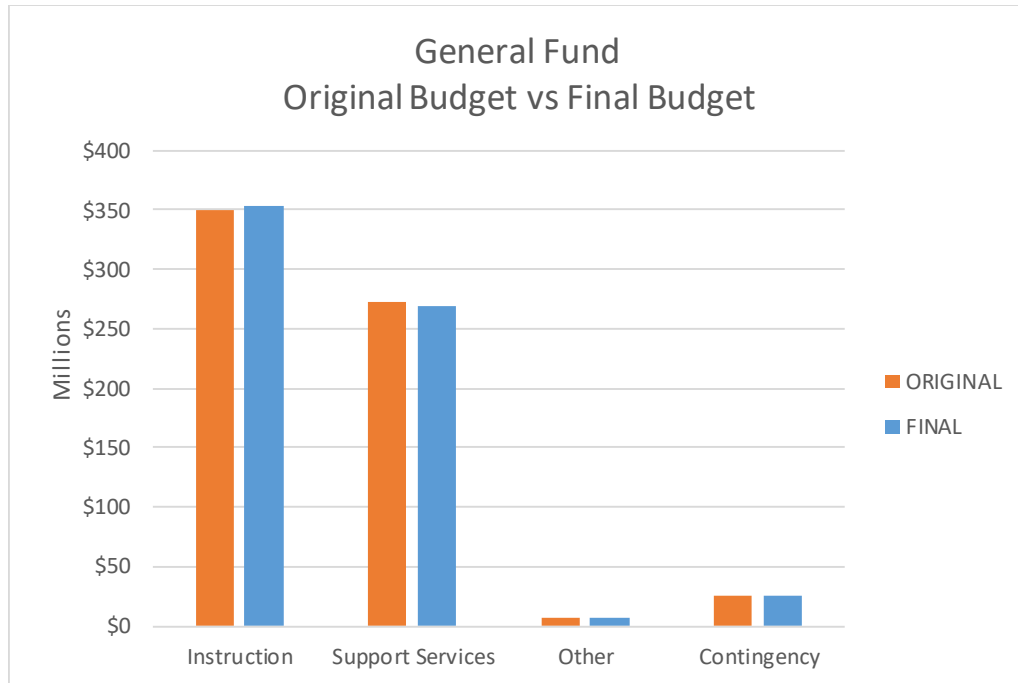
Grant Fund. Grant fund revenue increased by \$6.9 million year over year, with \$64.5 million attributable to federal and state grants. Funding for Title I, other Title programs, School Improvement programs, College and Career Preparation programs and other State and Federal grants targeted to students disadvantaged by poverty, including those homeless or migrant, totaled \$25.1 million. Funding for IDEA, Special Education, Early Vocabulary Intervention treatment/DART grants and contracts, totaled \$26.1 million. Head Start funding totaled \$10.7 million. Other Federal, State, Public and Private Entity awards accounted for \$4.7 million. Total grant expenditures were essentially flat with the exception of an increase due to higher utilization of Measure 98 funding. Measure 98, also known as the High School Success Act, funds three priorities: career technical education, drop-out prevention and post-secondary success.

PERS Rate Stabilization Reserve Fund. The PERS Rate Stabilization Reserve Fund currently has a dedicated revenue stream in the form of property taxes that have been committed at a rate of 0.11 percent. Current year revenues from property taxes and investment earnings were \$0.7 million. The PERS Rate Stabilization Reserve Fund currently has an ending fund balance of \$18.0 million. The Board also established conditions under which the Fund may be used that are consistent with the Fund's original objectives: (1) upon PERS rate increases per specified limits, and (2) upon PERS UAL increase, also per specified limits.

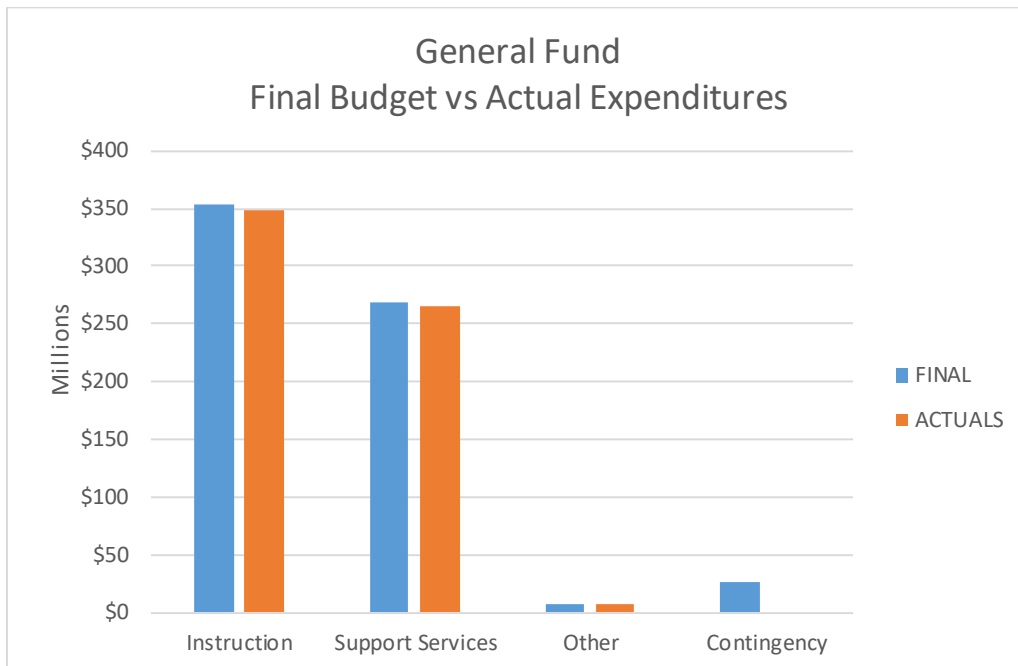
GO Bonds Debt Service Fund. The GO Bonds Debt Service Fund was established to account for tax revenues and debt service payments related to bond measures approved by voters. The fund's ending fund balance increased by \$6.3 million to \$10.6 million, due to property tax collections exceeding budgeted estimates.

GO Bonds Fund. The GO Bonds Fund was established to account for the debt proceeds, revenues, and capital expenditures related to bond measures approved by voters. The GO Bonds Fund currently has an ending fund balance of \$304.4 million, which is a decrease of \$136.8 million from the prior year. This decrease is primarily due to capital construction expenditure of \$148.9 million, less investment income of \$12.6 million. Reported investment earnings were slightly impacted by an accounting requirement to adjust investments to market values at the fiscal year end, including those investments that will be held to maturity, and for which no loss will eventually be incurred.

BUDGETARY HIGHLIGHTS FOR THE GENERAL FUND



Original budget compared to final budget. There was one amendment to the 2018-19 budget. The amendment did not change the total general fund budget but reallocated \$2.8 million from Support Services to Instruction to align appropriation levels with the increased focus and prioritization on Instruction.



Final budget compared to actual results. In fiscal year 2018-19 the district invested 53 percent of total budgeted General Fund dollars on Instruction, 41 percent on Support Services and 1 percent on other supports. Contingency represents 4 percent of General Fund budget. Instructional expenditures were 98.5 percent of the appropriated amount, and support services expenditures were 98.7 percent of the appropriated amount.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets. The District's investment in capital assets includes land, building and improvements, vehicles and equipment, and construction in progress. As of June 30, 2019, the District had invested \$735.0 million in capital assets, net of depreciation and amortization, as shown in the following table:

| Capital assets | Government-wide (thousands) | | | |
|-------------------------------------|-----------------------------|-------------------|-------------------|--------------|
| | 2018 | 2019 | \$ Change | % change |
| Land | \$ 9,174 | \$ 9,174 | \$ - | 0.0% |
| Buildings and site improvements | 728,258 | 712,441 | (15,817) | -2.2% |
| Vehicles and equipment | 35,756 | 37,064 | 1,308 | 3.7% |
| Construction in progress | 92,128 | 247,924 | 155,796 | 169.1% |
| | <u>865,316</u> | <u>1,006,603</u> | <u>141,287</u> | <u>16.3%</u> |
| less accumulated depreciation | (271,213) | (271,601) | (388) | 0.1% |
| Capital assets, net of depreciation | <u>\$ 594,103</u> | <u>\$ 735,002</u> | <u>\$ 140,899</u> | <u>23.7%</u> |

District-wide, capital assets increased by \$140.9 million in fiscal year 2018-19, and the District recognized \$18.7 million of depreciation and amortization. Asset disposals of \$23.3 million (with associated accumulated depreciation of \$18.3 million, were recorded for fiscal year 2018-19) which held accumulated depreciation relatively flat. Capital construction accounted for the majority of the increase. Further discussion of capital assets can be found in Note 7 of the financial statements.

Debt Administration. At the end of the current fiscal year, the District had total debt outstanding of \$855.5 million (excluding premiums and discounts), which is comprised of limited tax pension and refunding bonds (\$348.2 million) and debt backed by the full faith and credit of the District (\$507.3 million). During fiscal year 2018-19, the District reduced debt by making scheduled debt service payments of \$114.5 million and did not issue any new debt. Further explanation of debt is shown in Note 10 of the Financial Statements.

| Outstanding Debt | Government-wide (thousands) | | | |
|--|-----------------------------|---------------------|-------------------|----------|
| | 2018 | Decreases | 2019 | % change |
| Limited tax pension and refunding bonds | \$ 360,172 | \$ (11,950) | \$ 348,222 | -3.3% |
| Other debt | 609,871 | (102,588) | 507,283 | -16.8% |
| Total Long Term Debt | <u>970,043</u> | <u>(114,538)</u> | <u>855,505</u> | |
| Unamortized Bond Premium/(Discount) | <u>43,772</u> | <u>(2,701)</u> | <u>41,071</u> | -6.2% |
| Total Long Term Debt, net of Premium (Discount) | <u>\$ 1,013,815</u> | <u>\$ (117,239)</u> | <u>\$ 896,576</u> | -11.6% |

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 \$9.9 billion.

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

The District participated in the Oregon School Board Association ("OSBA") sponsored pooled pension obligation bond program, in which the proceeds from bond issues were put into a PERS "side account" and used to offset a portion of the OPERS Net Pension Liability (NPL). The reduced contribution rate charged for the NPL that has resulted from the District's decision to borrow, has saved an estimated \$30.1 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 2019-20 budget will focus on building capacity in key strategic areas the District will use to deliver on its community promise - PPS Re-Imagined - which the Portland Public Schools' Board of Education adopted in August 2019. This vision encapsulates input from students, parents, educators and community members, and defines the skills, mindsets and dispositions we expect of our graduates. It also outlines the characteristics of our educators and the system shifts we must address over the next decade.

The budget focuses additional resources in the classroom through increases in both school staffing and in teacher pay for a second straight year. Additionally, it aligns resources to support a better-defined instructional framework and professional development for educators and leaders. The budget continues the use of the more equitable school staffing model developed during the 2018-19 budget process. The new model aims to place resources in areas where they are most needed by providing additional equity funding to better support underserved students and school communities.

The 2019-20 budget sustains increased funding to improve the learning environment with enhanced custodial staff. It also includes the establishment of a new Community Partnerships department tasked with outreach to the communities served by the district. This outreach will focus on elevating the voices of historically underserved communities, while also partnering with local businesses to increase funding available for preparing graduates for the workforce. Lastly, the budget includes specific investment to complete the visioning process.

The board has recently approved the Board Goals using our vision's Graduate Portrait to outline a set of academic milestones to monitor progress and hold district accountable to achieving: Third Grade Reading, Fifth Grade Mathematics, Eight Grade Graduate Portrait, and Post-Secondary Readiness/ Ready for College & Career. The district will develop its 2020-21 budget based on the approved Board Goals.

The Oregon state economy and labor market remained strong in 2018 and 2019, however the state is adding jobs at a much slower pace than the rates seen in 2014 through 2016. Oregon's unemployment rate has kept steady at around 4 percent for the 27 months preceding July 2019 although only 17,000 jobs (0.8% growth) were added to the Oregon workforce from June 2018 to June 2019¹. Given that context, there is less of a consensus amongst economists than in previous years on the short-term forecast. Lowered interest rates, and slowing growth trends, along with several other national economic indicators point toward a possible recession, however consumer confidence is close to an 18-year high. More locally, historic tax revenue has contributed to the triggering of the state's "kicker" tax rebate, but state analysts warn that this level of revenue is very unlikely in 2020.

While the continued strength of the Oregon economic recovery has insulated Portland Public Schools from the level of difficulty faced during the Great Recession, the state is facing real budget challenges due to rising costs related to Medicaid, PERS-related retirement costs, and other rising costs related to programs funded by the state. If pessimistic projections of the economy and labor market are accurate, these challenges will be exacerbated.

Housing Trends in the Portland metro area, within the context of the City of Portland's 2035 Comprehensive Plan project a significant increase in the number of housing units in the PPS boundary. Real estate market values in the Portland area are expected to continue to increase, along with the increased density of housing, which will continue to drive increases in local property tax revenue. Without the generous support of local voters and taxpayers who have chosen to increase support to the District through a local option levy, the fiscal situation for PPS would be significantly more challenging.

Population and enrollment trends in Portland show increases in the overall population within the PPS boundary, from 505,000 in 2017 to a forecast of 566,000 by 2030. However, declining fertility rates among the fastest growing cohort of that population, young adults (20 to 34 year olds) mean that the population of school-aged children is forecasted to stay relatively flat, not keeping pace with the overall population growth. Enrollment for

the District as of October 1st, 2018 was 49,550 students. For budgeting purposes, and based on the April 2019 enrollment forecast prepared by the Portland State University Population Research Center, District K-12 student enrollment was projected to increase by about 250 students, or approximately one half of one percent in the 2019-20 school year. However, according to the District's student information system, October 1, 2019 enrollment was down 72 students from the same day the prior year.² Current long-range enrollment forecasts see a flattening trajectory over the next 15 years, with a range of 47,354 to 51,270 by 2033-2034.

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>.

¹ Source: United States Department of Labor, Bureau of Labor Statistics, Economy at a Glance – Oregon.
<http://www.bls.gov/eag/eag.or.htm>

² Source: PPS System Planning and Performance department report -
<https://www.pps.net/cms/lib/OR01913224/Centricity/Domain/207/Enrollment%20Summary%20by%20Program%20Type%20Year%202018-19.pdf>

BASIC FINANCIAL STATEMENTS

SCHOOL DISTRICT NO.1J, MULTNOMAH COUNTY, OREGON
Statement of Net Position
June 30, 2019
(amounts expressed in thousands)

| | | <u>Governmental Activities</u> |
|--|----|------------------------------------|
| ASSETS | | |
| Cash and cash equivalents-unrestricted | \$ | 174,188 |
| Cash and cash equivalents held by fiscal agents | | 5,476 |
| Investments | | 356,271 |
| Accounts and other receivables | | 36,096 |
| Property taxes and other taxes receivable | | 13,815 |
| Inventories | | 876 |
| Prepaid items | | 3,377 |
| Noncurrent assets: | | |
| Net OPEB asset-RHIA | | 3,566 |
| Capital assets, not depreciated: | | |
| Land | | 9,174 |
| Construction in progress | | 247,924 |
| Capital assets, net of accumulated depreciation: | | |
| Buildings and capital improvements | | 467,980 |
| Vehicles and equipment | | 9,924 |
| Total assets | | <u>1,328,667</u> |
| DEFERRED OUTFLOWS OF RESOURCES | | |
| OPEB contributions subsequent to measurement date | | 10,338 |
| OPEB differences between expected and actual experience | | 3,424 |
| OPEB differences due to changes in assumptions | | 7,197 |
| Pension changes in employer proportion | | 84,089 |
| Pension differences between employer contribution and proportionate share of contributions | | 249 |
| Pension differences between expected and actual experience | | 11,851 |
| Pension differences due to changes in assumptions | | 80,556 |
| Pension contributions subsequent to measurement date | | 9,482 |
| Total deferred outflows of resources | | <u>207,186</u> |

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

SCHOOL DISTRICT NO.1J, MULTNOMAH COUNTY, OREGON
Statement of Net Position (continued)
June 30, 2019
(amounts expressed in thousands)

LIABILITIES

| | |
|------------------------------------|------------------|
| Accounts payable | \$ 52,206 |
| Accrued wages and benefits payable | 92,755 |
| Unearned revenues | 2,184 |
| Claims payable | 6,843 |
| Non-current liabilities: | |
| Due within one year | |
| Accrued compensated absences | 2,378 |
| Bonds | 120,686 |
| Accrued bond interest payable | 21,365 |
| Due in more than one year | |
| Accrued compensated absences | 1,358 |
| Bonds | 775,890 |
| Accrued bond interest payable | 38,811 |
| Net pension liability- PERS | 346,266 |
| Total pension liability-stipend | 6,824 |
| Total OPEB liability-RHIS | 82,302 |
| Total liabilities | <u>1,549,868</u> |

DEFERRED INFLOWS OF RESOURCES

| | |
|--|---------------|
| OPEB differences between expected and actual experience | 203 |
| OPEB differences due to changes in assumptions | 2,156 |
| OPEB differences between actual and expected earnings | 769 |
| OPEB changes in employer proportion | 20 |
| Pension differences due to changes in assumptions | 127 |
| Pension differences between employer contribution and proportionate share of contributions | 45,678 |
| Pension differences between actual and expected earnings | 15,376 |
| Total deferred inflows of resources | <u>64,329</u> |

NET POSITION

| | |
|----------------------------------|--------------------|
| Net investment in capital assets | 477,058 |
| Restricted for: | |
| Capital projects | 317,744 |
| Grants | 10,532 |
| Student body activities | 4,968 |
| Nutrition services | 3,384 |
| Debt service | 13,333 |
| Net OPEB asset-RHIA | 3,566 |
| Unrestricted (deficit) | (908,929) |
| Total net position | <u>\$ (78,344)</u> |

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



SCHOOL DISTRICT NO.1J, MULTNOMAH COUNTY, OREGON
Statement of Activities
For the year ended June 30, 2019
(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 | \$ | 428,454 | \$ 749 | \$ 56,796 | \$ - | \$ (370,909) |
| Support services | | 310,546 | 4,818 | 30,196 | - | (275,532) |
| Enterprise and Community Services | | 22,785 | 4,239 | 2,969 | - | (15,577) |
| Facilities Services | | 6,030 | - | - | 4,500 | (1,530) |
| Interest and fees on long-term debt | | 44,166 | - | - | - | (44,166) |
| Total governmental activities | <u>\$</u> | <u>811,981</u> | <u>\$ 9,806</u> | <u>\$ 89,961</u> | <u>\$ 4,500</u> | <u>(707,714)</u> |

GENERAL REVENUES

| | |
|---|--------------------|
| Property taxes levied for general purposes | 262,657 |
| Property taxes levied for debt service | 125,486 |
| Construction excise tax | 5,991 |
| Local option taxes levied for general purposes | 95,173 |
| State School Fund - general support | 225,135 |
| State Common School Fund - general support | 5,493 |
| County and intermediate sources - general support | 17,362 |
| Investment earnings | 20,229 |
| Other | 8,674 |
| Total general revenues | <u>766,200</u> |
| Change in net position | <u>58,486</u> |
| Net position - beginning of year | (136,830) |
| Net position - end of year | <u>\$ (78,344)</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, 2019
(amounts expressed in thousands)

| | <u>General Fund</u> | <u>Grant Fund</u> | <u>PERS Rate Stabilization Reserve Fund</u> |
|--|-------------------------|-----------------------|---|
| ASSETS | | | |
| Cash and cash equivalents-unrestricted | \$ 89,749 | \$ - | \$ 3,578 |
| Cash and cash equivalents held by fiscal agents | 4,895 | - | - |
| Investments | 31,053 | - | 14,311 |
| Prepaid items | 285 | 29 | - |
| Accounts receivable | 5,399 | 20,816 | 65 |
| Property taxes and other taxes receivable | 10,690 | - | - |
| Due from other funds | 15,382 | - | - |
| Inventories | 285 | - | - |
| Total assets | <u>\$ 157,738</u> | <u>\$ 20,845</u> | <u>\$ 17,954</u> |
| LIABILITIES | | | |
| Accounts payable | \$ 18,529 | \$ 3,300 | \$ - |
| Accrued wages and benefits | 89,058 | 2,651 | - |
| Due to other funds | 744 | 13,939 | - |
| Unearned revenues | - | 955 | - |
| Total liabilities | <u>108,331</u> | <u>20,845</u> | <u>-</u> |
| DEFERRED INFLOWS OF RESOURCES | | | |
| Unavailable property tax revenue | 9,520 | - | - |
| Total deferred inflows of resources | <u>9,520</u> | <u>-</u> | <u>-</u> |
| FUND BALANCES | | | |
| Nonspendable | 570 | 29 | - |
| Restricted | - | - | - |
| Committed | - | - | 17,954 |
| Assigned | - | - | - |
| Unassigned | 39,317 | (29) | - |
| Total fund balances | <u>39,887</u> | <u>-</u> | <u>17,954</u> |
| Total liabilities, deferred inflows and fund balances | <u>\$ 157,738</u> | <u>\$ 20,845</u> | <u>\$ 17,954</u> |

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

| GO Bonds Debt Service Fund | GO Bonds Fund | Other Governmental Funds | Total Governmental Funds |
|---|--------------------------|---|---|
| \$ 9,628 | \$ 20,320 | \$ 44,384 | \$ 167,659 |
| 581 | - | - | 5,476 |
| - | 305,924 | - | 351,288 |
| - | 2,736 | 27 | 3,077 |
| - | 1,233 | 8,567 | 36,080 |
| 3,125 | - | - | 13,815 |
| - | - | 744 | 16,126 |
| - | - | 591 | 876 |
| <u>\$ 13,334</u> | <u>\$ 330,213</u> | <u>\$ 54,313</u> | <u>\$ 594,397</u> |
| \$ - | \$ 25,735 | \$ 4,436 | \$ 52,000 |
| - | 108 | 892 | 92,709 |
| - | - | 1,443 | 16,126 |
| - | - | 1,230 | 2,185 |
| <u>-</u> | <u>25,843</u> | <u>8,001</u> | <u>163,020</u> |
| 2,782 | - | - | 12,302 |
| <u>2,782</u> | <u>-</u> | <u>-</u> | <u>12,302</u> |
| - | 2,736 | 618 | 3,953 |
| 10,552 | 301,634 | 34,993 | 347,179 |
| - | - | 231 | 18,185 |
| - | - | 10,470 | 10,470 |
| - | - | - | 39,288 |
| <u>10,552</u> | <u>304,370</u> | <u>46,312</u> | <u>419,075</u> |
| <u>\$ 13,334</u> | <u>\$ 330,213</u> | <u>\$ 54,313</u> | <u>\$ 594,397</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, 2019
(amounts expressed in thousands)

| | | |
|---|-----------|-----------------|
| Fund balances - governmental funds (page 35) | \$ | 419,075 |
| 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. | | 735,002 |
| Long-term taxes and other receivables are not available to pay for current-period expenditures and therefore are a deferred inflow of resources in the governmental funds. | | 12,302 |
| Assets, deferred outflows, liabilities and deferred inflows of the internal service funds are included in activities in the Statement of Net Position. | | 7,902 |
| Bonds payable are not due and payable in the current period and therefore are not reported in the governmental funds. | | (896,576) |
| Actuarially determined pension activity is not reported in the governmental funds. | | (227,901) |
| 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. | | (3,736) |
| 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. | | (3,350) |
| Accrued interest payable is not recognized as a liability in the governmental funds. | | (60,176) |
| Actuarially determined OPEB activity is not reported in the governmental funds. | | (60,886) |
| Net position of governmental activities (page 31) | <u>\$</u> | <u>(78,344)</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, 2019
(amounts expressed in thousands)

| | <u>General Fund</u> | <u>Grant Fund</u> | <u>PERS Rate Stabilization Reserve Fund</u> |
|---|-------------------------|-----------------------|---|
| REVENUES | | | |
| Property and other taxes | \$ 267,434 | \$ - | \$ 283 |
| State School Fund | 225,135 | - | - |
| State Common School Fund | 5,493 | - | - |
| Federal and state support | 80 | 64,461 | - |
| Local option taxes | 97,188 | - | - |
| County and intermediate sources | 13,531 | 2,030 | - |
| Charges for services | 3,877 | - | - |
| Extracurricular activities | - | - | - |
| Investment earnings | 4,527 | - | 462 |
| Other | 4,976 | 159 | - |
| Total revenues | <u>622,241</u> | <u>66,650</u> | <u>745</u> |
| EXPENDITURES | | | |
| Current: | | | |
| Instruction | 347,735 | 33,485 | - |
| Support services | 265,988 | 30,196 | - |
| Enterprise and community services | 1,490 | 2,969 | - |
| Facilities acquisition and construction | - | - | - |
| Debt Service: | | | |
| Principal | - | - | - |
| Interest | - | - | - |
| Total expenditures | <u>615,213</u> | <u>66,650</u> | <u>-</u> |
| Excess (deficit) of revenues over expenditures | <u>7,028</u> | <u>-</u> | <u>745</u> |
| OTHER FINANCING SOURCES (USES) | | | |
| Transfers in | 14 | - | - |
| Transfers out | (5,492) | - | - |
| Proceeds from the sale of capital assets | 55 | - | - |
| Total other financing sources (uses) | <u>(5,423)</u> | <u>-</u> | <u>-</u> |
| Net change in fund balances | 1,605 | - | 745 |
| Fund balances - beginning of year | 38,282 | - | 17,209 |
| Fund balances - end of year | <u>\$ 39,887</u> | <u>\$ -</u> | <u>\$ 17,954</u> |

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

| GO Bonds Debt Service Fund | GO Bonds Fund | Other Governmental Funds | Total Governmental Funds |
|---|--------------------------|---|---|
| \$ 125,222 | \$ - | \$ 5,991 | \$ 398,930 |
| - | - | - | 225,135 |
| - | - | - | 5,493 |
| - | - | 16,941 | 81,482 |
| - | - | - | 97,188 |
| - | - | 1,801 | 17,362 |
| - | - | 52,434 | 56,311 |
| - | - | 7,191 | 7,191 |
| 1,533 | 12,577 | 855 | 19,954 |
| - | 31 | 7,908 | 13,074 |
| <u>126,755</u> | <u>12,608</u> | <u>93,121</u> | <u>922,120</u> |
| - | - | 12,859 | 394,079 |
| - | 502 | 3,736 | 300,422 |
| - | - | 18,371 | 22,830 |
| - | 148,876 | 15,888 | 164,764 |
| 98,490 | - | 16,047 | 114,537 |
| 21,942 | - | 37,362 | 59,304 |
| <u>120,432</u> | <u>149,378</u> | <u>104,263</u> | <u>1,055,936</u> |
| <u>6,323</u> | <u>(136,770)</u> | <u>(11,142)</u> | <u>(133,816)</u> |
| - | - | 6,111 | 6,125 |
| - | - | (633) | (6,125) |
| - | - | 15 | 70 |
| <u>-</u> | <u>-</u> | <u>5,493</u> | <u>70</u> |
| 6,323 | (136,770) | (5,649) | (133,746) |
| 4,229 | 441,140 | 51,961 | 552,821 |
| <u>\$ 10,552</u> | <u>\$ 304,370</u> | <u>\$ 46,312</u> | <u>\$ 419,075</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, 2019
(amounts expressed in thousands)

| | |
|---|--------------|
| Net change in fund balances - total governmental funds (page 39) | \$ (133,746) |
| Amounts reported for governmental activities in the Statement of Activities are different because: | |
| Governmental funds report all capital outlay as expenditures. However, in the Statement of Activities the cost of certain assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays in the current period of \$164,595 (inclusive of proceeds not recorded in governmental funds due to timing) exceeded depreciation and disposals of \$23,696. | 140,899 |
| 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. | (5,647) |
| The Internal Service Fund is used to account for all costs incurred for claims arising from workers' compensation losses. The primary funding sources are charges to other funds. This amount is the change in net position for the year. | 2,135 |
| 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. | (1,739) |
| The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on the change in net position. Also, governmental funds report the effect of issuance costs, premiums, and similar items when debt is first issued. Premium amounts are deferred and amortized in the Statement of Activities. | 117,239 |
| Pension actuarial liability activity is reported in the Statement of Activities but not in the governmental funds. | (74,810) |
| Other Post Employment Benefits actuarial liability activity is reported in the Statement of Activities but not in the governmental funds. | 2,099 |
| Change in compensated absences | (381) |
| Change in bond interest payable | 12,437 |
| Change in net position of governmental activities (page 33) | \$ 58,486 |

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, 2019
(amounts expressed in thousands)

ASSETS

| | | |
|--------------------------------|----|---------------|
| Current Assets | | |
| Cash and cash equivalents | \$ | 6,529 |
| Investments | | 4,983 |
| Accounts and other receivables | | 16 |
| Prepaid items | | 300 |
| Noncurrent Assets | | |
| Net OPEB asset-RHIA | | <u>2</u> |
| Total assets | | <u>11,830</u> |

DEFERRED OUTFLOWS OF RESOURCES

| | |
|--|------------|
| OPEB contributions after measurement date | 6 |
| OPEB differences due to changes in assumptions | 5 |
| OPEB differences between expected and actual experience | 2 |
| Pension contributions after measurement date | 6 |
| Pension changes in employer proportion | 53 |
| Pension differences between expected and actual experience | 7 |
| Pension differences due to changes in assumptions | <u>50</u> |
| Total deferred outflows of resources | <u>129</u> |

Total assets and deferred outflows 11,959

LIABILITIES

| | |
|---------------------------------|--------------|
| Current Liabilities | |
| Accounts payable | 206 |
| Accrued wages and benefits | 46 |
| Claims payable | <u>3,493</u> |
| Total current liabilities | <u>3,745</u> |
| Long-term Liabilities | |
| Total OPEB liability- RHIS | 51 |
| Net pension liability- PERS | 217 |
| Total pension liability-stipend | <u>4</u> |
| Total long term liabilities | <u>272</u> |
| Total liabilities | <u>4,017</u> |

DEFERRED INFLOWS OF RESOURCES

| | |
|--|-----------|
| OPEB differences due to changes in assumptions | 1 |
| Pension differences between employer contribution and proportionate share of contributions | 29 |
| Pension differences between actual and expected earnings | <u>10</u> |
| Total deferred inflows of resources | <u>40</u> |

Total liabilities and deferred inflows of resources 4,057

NET POSITION

| | |
|------------------------------------|-----------------|
| Restricted for Net OPEB asset-RHIA | 2 |
| Unrestricted | <u>7,900</u> |
| Total net position | <u>\$ 7,902</u> |

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

SCHOOL DISTRICT NO.1J, MULTNOMAH COUNTY, OREGON
Proprietary Fund - Internal Service Fund
Statement of Revenues, Expenses, and Changes in Net Position
For the year ended June 30, 2019
(amounts expressed in thousands)

| | |
|-----------------------------------|----------|
| OPERATING REVENUES | |
| Charges for services | \$ 3,510 |
| Insurance recoveries | 3 |
| Total operating revenues | 3,513 |
| OPERATING EXPENSES | |
| Salaries and benefits | 367 |
| Materials and services | 255 |
| Claims expense | 1,215 |
| Total operating expenses | 1,837 |
| Operating income | 1,676 |
| NON-OPERATING REVENUES | |
| Federal and state support | 184 |
| Investment earnings | 275 |
| Total non-operating revenues | 459 |
| Change in net position | 2,135 |
| Net position - beginning of year | 5,767 |
| Net position - end of year | \$ 7,902 |

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, 2019
(amounts expressed in thousands)

CASH FLOWS FROM OPERATING ACTIVITIES

| | | |
|---|----|---------|
| Cash received from interfund services provided and used | \$ | 3,510 |
| Cash received from insurance recoveries | | 21 |
| Cash payments for salaries and benefits | | (320) |
| Cash payments for goods and services | | (240) |
| Cash payments for claims | | (2,005) |
| Net cash provided by (used for) operating activities | | 966 |

CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES

| | | |
|---|--|-----|
| Cash subsidy from state return to work reimbursements | | 184 |
| Net cash provided by (used for) noncapital financing activities | | 184 |

CASH FLOWS FROM INVESTING ACTIVITIES

| | | |
|---|--|-------|
| Sale of investments | | 966 |
| Investment earnings | | 275 |
| Net cash provided by investing activities | | 1,241 |

Net increase in cash and cash equivalents 2,391

| | | |
|--|----|-------|
| Cash and cash equivalents at beginning of year | | 4,138 |
| Cash and cash equivalents at end of year | \$ | 6,529 |

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

| | | |
|--|----|-------|
| Operating income | \$ | 1,676 |
| Adjustments to reconcile operating income to net cash from operating activities: | | |
| Decrease in accounts and other receivables | | 18 |
| Increase in accounts and other payables | | 15 |
| Decrease in claims payable | | (790) |
| Increase in accrued wages and benefits | | 4 |
| Increase in pension related deferred outflows | | (12) |
| Increase in pension liability and pension related deferred inflows | | 57 |
| Decrease in OPEB asset and deferred outflows | | (8) |
| Increase in net other post employment benefits obligation | | 6 |
| Total adjustments | | (710) |
| Net cash provided by operating activities | \$ | 966 |

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, 2019
(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, 2019
(Dollar amounts, unless otherwise indicated, are expressed in thousands)

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

A. Government-wide and fund financial statements - continued

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

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

The District reports the following major governmental funds:

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

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

PERS Rate Stabilization Reserve Fund – Accounts for reserves that will be used to mitigate the budgetary impact of significant employer personnel benefit rates fluctuations when they occur in future OPERS or PERS UAL charges. Disbursements from this fund are made in accordance with resolution 2679 by the District's Board. Revenues are an allocation of property taxes.

GO Bonds Debt Service Fund – Accounts for the repayment of principal and interest for debt incurred using funds borrowed through the issuance of General Obligation bonds.

GO Bonds Fund – Accounts for General Obligation bond proceeds and expenditures for specifically authorized projects.

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.

The District reports the following non-major governmental fund types:

Special Revenue Funds – Accounts for certain revenues that are restricted to expenditures for designated purposes.

Debt Service Funds – Accounts for the accumulation of financial resources for the payment of long-term debt principal, interest, and related costs.

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

School District No. 1J, Multnomah County, Oregon
Notes to the Basic Financial Statements
For the Year Ended June 30, 2019
(Dollar amounts, unless otherwise indicated, are expressed in thousands)

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

B. Appropriations and Budgetary Controls

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

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

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

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

After the original budget is adopted, the Board of Education may approve appropriation transfers between the levels of control without limitation. Supplemental appropriations may be approved by the Board of Education if any occurrence, condition, or need exists which had not been anticipated at the time the budget was adopted. An appropriations transfer that alters estimated total expenditures by less than 10.00 percent of any individual fund may be adopted at the regular meeting of the Board of Education. For conditions that require either supplemental appropriations or an increase in expenditures greater than 10.00 percent of an individual fund, a supplemental budget must be adopted, requiring public hearings, publications in newspapers and approval by the Board of Education. Supplemental budgets are submitted, reviewed and certified, similar to the original budget, by the Multnomah County Tax Supervising and Conservation Commission subsequent to approval by the Board of Education. Appropriations lapse at the end of each fiscal year. The District had one supplemental budget during budget year 2019.

C. Encumbrances

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

D. Cash and Cash Equivalents and Investments

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

School District No. 1J, Multnomah County, Oregon
Notes to the Basic Financial Statements
For the Year Ended June 30, 2019
(Dollar amounts, unless otherwise indicated, are expressed in thousands)

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

E. Property Taxes

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

F. Inventories and Prepaid Items

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

G. Capital Assets

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

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

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

H. Grant Accounting

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

School District No. 1J, Multnomah County, Oregon
Notes to the Basic Financial Statements
For the Year Ended June 30, 2019
(Dollar amounts, unless otherwise indicated, are expressed in thousands)

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

I. Insurance

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

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

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

| | Deductibles | Excess Coverage per Occurrence |
|-------------------------------|-------------|--------------------------------------|
| General and Automobile Claims | \$ 500 | \$ 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, 2019
(Dollar amounts, unless otherwise indicated, are expressed in thousands)

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

L. Long-term Obligations

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

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

M. Retirement Plans

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

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of OPERS and additions to/deductions from OPERS's fiduciary net position have been determined on the same basis as they are reported by OPERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized by OPERS when due and payable in accordance with the benefit terms. OPERS investments are reported at fair value.

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

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

N. Other Post-Employment Benefits

The District is mandated to contribute to Retirement Health Insurance Accounts (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.

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

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

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

School District No. 1J, Multnomah County, Oregon
Notes to the Basic Financial Statements
For the Year Ended June 30, 2019
(Dollar amounts, unless otherwise indicated, are expressed in thousands)

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

O. Net Position

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

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

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

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

P. Deferred Inflows and Outflows of Resources

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

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

Q. Management Estimates

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

R. Fund Balance Definitions

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

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

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

School District No. 1J, Multnomah County, Oregon
Notes to the Basic Financial Statements
For the Year Ended June 30, 2019
(Dollar amounts, unless otherwise indicated, are expressed in thousands)

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

R. Fund Balance Definitions - continued

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

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

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

S. Use of Restricted Resources

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

T. Fund Balance Policy

In June 2019, the District’s Board updated policy 8.10.025P, *Contingencies and Reserves*. The Board has established a goal to fund and maintain an operating contingency in the General Fund that will range from 5.00 percent to 10.00 percent of annual General Fund revenues.

School District No. 1J, Multnomah County, Oregon
Notes to the Basic Financial Statements
For the Year Ended June 30, 2019
(Dollar amounts, unless otherwise indicated, are expressed in thousands)

NOTE 2 – BUDGETARY BASIS OF ACCOUNTING

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

NOTE 3 – STATE CONSTITUTIONAL PROPERTY TAX LIMITS

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

The District's tax rates for the year ended June 30, 2019 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 | \$ 128,700,000 (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, 2019, the District's cash, cash equivalents, and investments were comprised of the following:

| | June 30, 2019 | Fair Value Measurements Using |
|---|-------------------|-------------------------------------|
| Oregon Local Government Investment Pool | \$ 60,105 | N/A |
| Cash in demand deposits | 114,076 | N/A |
| Petty cash | 7 | N/A |
| Total cash and cash equivalents | <u>174,188</u> | |
| Cash and cash equivalents held by fiscal agents | <u>5,476</u> | N/A |
| U.S. Government agency securities | 309,026 | Level 1 |
| Commercial Paper | 44,064 | Level 1 |
| Municipal Bonds | <u>3,181</u> | Level 1 |
| Total investments | <u>356,271</u> | |
| Total cash, cash equivalents and investments | <u>\$ 535,935</u> | |

School District No. 1J, Multnomah County, Oregon
Notes to the Basic Financial Statements
For the Year Ended June 30, 2019
(Dollar amounts, unless otherwise indicated, are expressed in thousands)

NOTE 4 – CASH, CASH EQUIVALENTS AND INVESTMENTS – continued

A. Investments

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

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

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

The Oregon Local Government Investment Pool is unrated. Other investments held at June 30, 2019 are categorized by Moody’s and Standard and Poor’s ratings as follows:

| Moody's Rating | U.S. Government & Agency Obligations | Corporate Notes | Municipal Bonds | Total |
|---------------------------|---|--------------------|--------------------|------------|
| Aaa | \$ 282,442 | \$ 14,979 | \$ - | \$ 297,421 |
| Aa1 | - | - | 861 | 861 |
| Aa2 | - | 7,492 | - | 7,492 |
| Aa3 | - | 3,000 | - | 3,000 |
| A1 | - | 1,499 | - | 1,499 |
| A2 | - | 5,096 | - | 5,096 |
| NR | 26,584 | 11,998 | 2,320 | 40,902 |
| | \$ 309,026 | \$ 44,064 | \$ 3,181 | \$ 356,271 |

| | | | | |
|------------------|------|------|------|------|
| Weighted Average | | | | |
| Maturity (Yrs) | 1.14 | 0.19 | 0.32 | 1.02 |

| S & P Rating | U.S. Government & Agency Obligations | Corporate Notes | Municipal Bonds | Total |
|-----------------------------|---|--------------------|--------------------|------------|
| AA+ | \$ 236,751 | \$ 14,979 | \$ - | \$ 251,730 |
| AA | - | - | - | - |
| AA- | - | 4,499 | 2,320 | 6,819 |
| A+ | - | 7,492 | - | 7,492 |
| A- | - | 5,096 | - | 5,096 |
| A1 | - | 11,998 | - | 11,998 |
| NR | 72,275 | - | 861 | 73,136 |
| | \$ 309,026 | \$ 44,064 | \$ 3,181 | \$ 356,271 |

| | | | | |
|------------------|------|------|------|------|
| Weighted Average | | | | |
| Maturity (Yrs) | 1.14 | 0.19 | 0.32 | 1.02 |

School District No. 1J, Multnomah County, Oregon
Notes to the Basic Financial Statements
For the Year Ended June 30, 2019
(Dollar amounts, unless otherwise indicated, are expressed in thousands)

NOTE 4 – CASH, CASH EQUIVALENTS AND INVESTMENTS – continued

A. Investments – continued

Interest rate risk

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

Credit risk

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

Concentration of credit risk-investments

In accordance with GASB 40, the District is required to report all individual non-federal investments which exceed 5.00 percent of total invested funds. As of June 30, 2019 the District held no individual non-federal assets that exceeded 5.00 percent of total invested funds.

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, 2019, bank balances of \$1,000 were insured by the FDIC. Funds not covered by FDIC insurance are covered by the Oregon State Treasury Collateral Pool. At June 30, 2019, the carrying amount of the District's balance was \$114,076 and the bank balance was \$116,310.

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, 2019
(Dollar amounts, unless otherwise indicated, are expressed in thousands)

NOTE 5 – RECEIVABLES

Receivables at June 30, 2019 are summarized as follows:

| | General Fund | Grant Fund | PERS Rate Stabilization | GO Bonds Debt Service | GO Bonds Fund | Governmental and other funds | Total |
|--------------------------------------|------------------|------------------|-------------------------|-----------------------|-----------------|------------------------------|------------------|
| Accounts and other receivables: | | | | | | | |
| Interest | \$ - | \$ - | \$ 65 | \$ - | \$ 730 | \$ - | \$ 795 |
| Accounts receivable | 5,399 | - | - | - | 503 | 8,583 | 14,485 |
| Federal, state and local grants | - | 20,816 | - | - | - | - | 20,816 |
| Total accounts and other receivables | 5,399 | 20,816 | 65 | - | 1,233 | 8,583 | 36,096 |
| Property and other taxes receivable | 10,690 | - | - | 3,125 | - | - | 13,815 |
| Total receivables | <u>\$ 16,089</u> | <u>\$ 20,816</u> | <u>\$ 65</u> | <u>\$ 3,125</u> | <u>\$ 1,233</u> | <u>\$ 8,583</u> | <u>\$ 49,911</u> |

NOTE 6 – PREPAID ITEMS

A summary of changes in prepaid items for the year ended June 30, 2019 is as follows:

| | Beginning Balance | Additions | Reductions | Ending Balance |
|------------------------------|-------------------|-----------------|-----------------|-----------------|
| Postage | \$ 103 | \$ 260 | \$ (196) | \$ 167 |
| Insurance | 481 | 2,969 | (687) | 2,763 |
| Workers Compensation Prepaid | 300 | - | - | 300 |
| Other | - | 147 | - | 147 |
| Total Prepaid Assets | <u>\$ 884</u> | <u>\$ 3,376</u> | <u>\$ (883)</u> | <u>\$ 3,377</u> |

Prepaid insurance consists of an Owner Controlled Insurance Program (OCIP), which provides liability coverage for major construction contracts, and builders risk insurance for high school rebuilds. OCIP I is amortized for 5 years starting in fiscal year 2014, OCIP II is amortized for 5 years starting in fiscal year 2019, and the builders risk policy (Grant High School) is being amortized over 26 months starting July 2017.

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, 2019
(Dollar amounts, unless otherwise indicated, are expressed in thousands)

NOTE 7 – CAPITAL ASSETS

A summary of changes in capital assets for the year ended June 30, 2019 is as follows:

| | <u>Beginning Balance</u> | <u>Additions</u> | <u>Deletions</u> | <u>Transfers</u> | <u>Ending Balance</u> |
|--|------------------------------|-------------------|-------------------|------------------|---------------------------|
| Capital assets not being depreciated or amortized | | | | | |
| Land | \$ 9,174 | \$ - | \$ - | \$ - | \$ 9,174 |
| Construction in progress | 92,128 | 162,136 | (582) | (5,758) | 247,924 |
| Total capital assets not being depreciated or amortized | <u>101,302</u> | <u>162,136</u> | <u>(582)</u> | <u>(5,758)</u> | <u>257,098</u> |
| Capital assets being depreciated or amortized | | | | | |
| Buildings and site improvements | 728,258 | 481 | (21,392) | 5,094 | 712,441 |
| Vehicles and equipment | 35,756 | 1,978 | (1,334) | 664 | 37,064 |
| Total capital assets being depreciated or amortized | <u>764,014</u> | <u>2,459</u> | <u>(22,726)</u> | <u>5,758</u> | <u>749,505</u> |
| Total general capital assets | <u>865,316</u> | <u>164,595</u> | <u>(23,308)</u> | <u>-</u> | <u>1,006,603</u> |
| Less accumulated depreciation and amortization | | | | | |
| Buildings and site improvements | (244,715) | (16,764) | 17,036 | (18) | (244,461) |
| Vehicles and equipment | (26,498) | (1,970) | 1,310 | 18 | (27,140) |
| Total accumulated depreciation and amortization | <u>(271,213)</u> | <u>(18,734)</u> | <u>18,346</u> | <u>-</u> | <u>(271,601)</u> |
| Total capital assets, net of accumulated depreciation | <u>\$ 594,103</u> | <u>\$ 145,861</u> | <u>\$ (4,962)</u> | <u>\$ -</u> | <u>\$ 735,002</u> |

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

| | |
|-----------------------------------|------------------|
| Instruction | \$ 16,174 |
| Supporting services | 2,406 |
| Enterprise and Community Services | 154 |
| | <u>\$ 18,734</u> |

As of June 30, 2019 the District has one school that was closed and idle: Smith elementary school. As of June 30, 2019 the carrying value of this school is \$253 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, 2019
(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, 2019 are as follows:

| | Due To | Due From |
|-----------------------------|-----------|-----------|
| General Fund | \$ 15,382 | \$ 744 |
| Grant Fund | - | 13,939 |
| Nonmajor Governmental Funds | 744 | 1,443 |
| | \$ 16,126 | \$ 16,126 |

There is a \$744 interfund balance between the General Fund and Nonmajor Governmental Funds for monies invested on behalf of Student Body Fund accounts. The Grants Fund and Nonmajor Governmental Funds were advanced \$13,939 and \$1,443 by the General Fund to cover unbilled expenditures.

The composition of interfund transfers as of June 30, 2019, is as follows:

| | Transfers In | Transfers Out |
|-----------------------------|--------------|---------------|
| General Fund | \$ 14 | \$ 5,492 |
| Nonmajor Governmental Funds | 6,111 | 633 |
| | \$ 6,125 | \$ 6,125 |

The District's General Fund made debt service transfers totaling \$3,839 to Nonmajor Governmental Funds for principal and interest payments on the District's Full Faith & Credit obligations. The District's General Fund also made transfers totaling \$1,653 to Nonmajor Governmental Funds to fund facility and IT capital projects. The Nonmajor Governmental Funds made transfers of \$619 to other Nonmajor Governmental Funds for principal and interest payments on the District's Full Faith & Credit obligations and transfers of \$14 to the General Fund related to write-offs.

NOTE 9 – ACCRUED COMPENSATED ABSENCES

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

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

| Outstanding June 30, 2018 | Increases | Payments | Outstanding June 30, 2019 | Due Within One Year |
|------------------------------|-----------|------------|------------------------------|------------------------|
| \$ 3,355 | \$ 3,506 | \$ (3,125) | \$ 3,736 | \$ 2,378 |

School District No. 1J, Multnomah County, Oregon
Notes to the Basic Financial Statements
For the Year Ended June 30, 2019
(Dollar amounts, unless otherwise indicated, are expressed in thousands)

NOTE 10 – BONDED AND OTHER DEBT

Changes in District long-term debt during fiscal year 2019 were as follows:

| | Original Amount | Beginning Balance | Matured and Redeemed | Ending Balance | Due Within One Year |
|--|---------------------|----------------------|----------------------------|-------------------|---------------------------|
| Pension debt: | | | | | |
| Limited tax pension bonds | | | | | |
| Series 2002 | \$ 210,104 | \$ 151,472 | \$ (4,423) | \$ 147,049 | \$ 4,469 |
| Series 2003 | 281,170 | 194,300 | (7,527) | 186,773 | 7,691 |
| Series 2012 | <u>14,400</u> | <u>14,400</u> | <u>-</u> | <u>14,400</u> | <u>-</u> |
| Total pension debt (See Note 11) | 505,674 | 360,172 | (11,950) | 348,222 | 12,160 |
| Other Debt: | | | | | |
| Note Payable | | | | | |
| 2009 Credit Facility | 15,000 | 2,619 | (2,619) | - | - |
| Recovery Zone Economic Development Bonds | 11,000 | 4,789 | (999) | 3,790 | 1,029 |
| General Obligation Bonds Series 2013B | 68,575 | 63,425 | (2,080) | 61,345 | 2,325 |
| General Obligation Bonds Series 2015B | 244,700 | 193,595 | (19,680) | 173,915 | 21,515 |
| QZAB Series 2016 | 4,000 | 3,800 | (200) | 3,600 | 200 |
| Full Faith & Credit Obligations Series 2016 | 5,048 | 4,783 | (280) | 4,503 | 290 |
| General Obligation Bonds Series 2017A | 168,950 | 94,970 | (76,730) | 18,240 | 18,240 |
| General Obligation Bonds Series 2017B | 241,890 | 241,890 | - | 241,890 | 62,225 |
| Total other debt | <u>759,163</u> | <u>609,871</u> | <u>(102,588)</u> | <u>507,283</u> | <u>105,824</u> |
| Total long-term debt | <u>\$ 1,264,837</u> | 970,043 | (114,538) | 855,505 | 117,984 |
| Unamortized bond premium (discount) | | 43,772 | (2,701) | 41,071 | 2,702 |
| Total long-term debt, net of premiums (discounts) | | <u>\$ 1,013,815</u> | <u>\$ (117,239)</u> | <u>\$ 896,576</u> | <u>\$ 120,686</u> |

Changes in District accrued interest during fiscal year 2019 were as follows:

| | Beginning Balance | Additions | Payments and Reductions | Ending Balance |
|--------------------------|----------------------|------------------|-------------------------------|-------------------|
| Accrued Interest: | | | | |
| Current Portion | \$ 18,874 | \$ 61,795 | \$ (59,304) | \$ 21,365 |
| Long Term Portion | 53,739 | - | (14,928) | \$ 38,811 |
| Total Accrued Interest | <u>\$ 72,613</u> | <u>\$ 61,795</u> | <u>\$ (74,232)</u> | <u>\$ 60,176</u> |

School District No. 1J, Multnomah County, Oregon
Notes to the Basic Financial Statements
For the Year Ended June 30, 2019
(Dollar amounts, unless otherwise indicated, are expressed in thousands)

NOTE 10 – BONDED AND OTHER DEBT – continued

A. Limited Tax Pension Bonds

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

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

The District issued \$281,170 Limited Tax Pension Bonds, Series 2003 (Federally Taxable), of which \$124,800 are Series 2003A (deferred interest bonds) and \$156,370 are Series 2003B (current interest bonds). The Series 2003 series Limited Tax Pensions Bonds were issued on April 30, 2003, and are payable annually through June 2028. Interest on the deferred interest bonds is accreted payable semiannually at yields rates ranging from 6.15 to 6.27 percent. Interest on the current coupon bonds is payable semiannually at rates ranging from 5.45 to 5.68 percent. The bonds are federally taxable and are not subject to optional prepayment prior to their stated maturities.

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

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

School District No. 1J, Multnomah County, Oregon
Notes to the Basic Financial Statements
For the Year Ended June 30, 2019
(Dollar amounts, unless otherwise indicated, are expressed in thousands)

NOTE 10 – BONDED AND OTHER DEBT – continued

B. General Obligation Bonds

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

On May 1, 2013 the District issued \$68,575 in General Obligation Bonds, Series 2013B. The interest rate is fixed at rates ranging from 3.00 to 5.00 percent. Interest payments on the bonds are payable semiannually in June and December, beginning December 15, 2013. The bonds mature on June 15, 2033 with principal payments due annually on June 15. The bonds were issued at a premium of \$7,923 which is being amortized over the life of the bonds.

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

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

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

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

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

C. Other Debt

In October 2009 the District borrowed \$15,000 from Bank of America, N.A. to finance capital asset projects related to information technology. Loan interest at 3.40 percent is payable semi-annually beginning December 1, 2009, and principal is payable annually beginning June 1, 2010. The installment loan is a full faith and credit obligation which matured June 1, 2019.

Pursuant to the American Recovery and Reinvestment Act of 2009 (ARRA), the City of Portland was awarded \$13,500 in Recovery Zone Economic Development Bonds (RZEDBs). In July 2010, the City sub-awarded \$11,000 of the RZED bonds to Portland Public Schools, which are being used to complete energy and water conservation projects that will financially benefit the District in reduced energy and water costs and will yield on-going financial benefit once

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

NOTE 10 – BONDED AND OTHER DEBT – continued

C. Other Debt – continued

the bonds are paid off. The District makes semi-annual interest payments and annual principal payments, and the bonds will mature in December 2022. The bond's interest payments of 5.05 percent are 42.2 percent federally subsidized.

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

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

Article XI-K of the Oregon Constitution allows the state to guarantee the general obligation bonded indebtedness of school districts. For the Series 2013B, 2015B, 2017A and 2017B GO Bonds mentioned immediately above, the District participated in the Oregon School Bond Guaranty program (ORS 328.321 to 328.356), whereby the State of Oregon (State) guarantees all principal and interest payments until maturity will be made to bondholders when due. Should the District fail to make a payment of debt service on these bonds when due, the State will make the payment on behalf of the District, and then will seek recovery from the District. The State may recover funds by means of intercepting any source of operating moneys normally remitted from the State to the District. Since the inception of the bonds, the District has not used the guarantee, and there are no outstanding amounts due to the State of Oregon as of June 30, 2019.

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. ORS 328.245 establishes a parameter of bonded indebtedness for school districts, governed by real market values. The District's total Debt Limit for fiscal year 2018-19 is \$10.5 billion, and the Legal Debt Margin (remaining capacity to issue debt) is \$9.9 billion dollars.

School District No. 1J, Multnomah County, Oregon
Notes to the Basic Financial Statements
For the Year Ended June 30, 2019
(Dollar amounts, unless otherwise indicated, are expressed in thousands)

NOTE 10 – BONDED AND OTHER DEBT - continued

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

| Fiscal year | Limited tax pension bonds | Recovery zone bonds | Other full faith & credit | General Obligation Bonds | QZAB | Total |
|-----------------------|------------------------------|------------------------|---------------------------------|--------------------------------|-----------------|---------------------|
| Principal | | | | | | |
| 2020 | \$ 12,160 | \$ 1,029 | \$ 290 | \$ 104,305 | \$ 200 | \$ 117,984 |
| 2021 | 21,903 | 1,061 | 295 | 40,810 | 200 | 64,269 |
| 2022 | 23,573 | 1,093 | 305 | 10,915 | 200 | 36,086 |
| 2023 | 25,481 | 607 | 315 | 12,150 | 200 | 38,753 |
| 2024 | 48,820 | - | 325 | 13,440 | 200 | 62,785 |
| 2025-2029 | 216,285 | - | 1,775 | 87,435 | 1,000 | 306,495 |
| 2030-2034 | - | - | 1,198 | 108,560 | 1,000 | 110,758 |
| 2035-2039 | - | - | - | 49,115 | 600 | 49,715 |
| 2040-2044 | - | - | - | 68,660 | - | 68,660 |
| Total | | | | | | |
| principal | <u>348,222</u> | <u>3,790</u> | <u>4,503</u> | <u>495,390</u> | <u>3,600</u> | <u>855,505</u> |
| Interest | | | | | | |
| 2020 | 39,699 | 179 | 130 | 19,742 | - | 59,750 |
| 2021 | 32,511 | 126 | 122 | 15,137 | - | 47,896 |
| 2022 | 34,125 | 72 | 113 | 13,097 | - | 47,407 |
| 2023 | 34,561 | 15 | 103 | 12,552 | - | 47,231 |
| 2024 | 14,897 | - | 94 | 11,944 | - | 26,935 |
| 2025-2029 | 28,843 | - | 315 | 49,389 | - | 78,547 |
| 2030-2034 | - | - | 54 | 28,942 | - | 28,996 |
| 2035-2039 | - | - | - | 16,354 | - | 16,354 |
| 2040-2044 | - | - | - | 7,323 | - | 7,323 |
| Total | | | | | | |
| interest | <u>184,636</u> | <u>392</u> | <u>931</u> | <u>174,480</u> | <u>-</u> | <u>360,439</u> |
| Total debt service | <u>\$ 532,858</u> | <u>\$ 4,182</u> | <u>\$ 5,434</u> | <u>\$ 669,870</u> | <u>\$ 3,600</u> | <u>\$ 1,215,944</u> |

School District No. 1J, Multnomah County, Oregon
Notes to the Basic Financial Statements
For the Year Ended June 30, 2019
(Dollar amounts, unless otherwise indicated, are expressed in thousands)

NOTE 11 – PENSION PLANS

Pension Plans - Summary

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

| | OPERS | Stipend | Net |
|--|--------------|------------|--------------|
| Total Pension Liability | \$ (346,266) | \$ (6,824) | \$ (353,090) |
| Pension Deferred Outflows of Resources | \$ 184,974 | \$ 1,253 | \$ 186,227 |
| Pension Deferred Inflows of Resources | \$ (61,054) | \$ (127) | \$ (61,181) |

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

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

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

1. *Pension Benefits.* The OPERS retirement allowance is payable monthly for life. Members may select from 13 retirement benefit options that are actuarially equivalent to the base benefit. These options include survivorship benefits and lump-sum refunds. The basic benefit is based on years of service and final average salary. A percentage (2.00 percent for Police and Fire employees, 1.67 percent for General Service employees) is multiplied by the number of years of service and the final average salary. Benefits may also be calculated either under a formula plus annuity (for members who were contributing before August 21, 1981) or a money match computation if a greater benefit results.

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

School District No. 1J, Multnomah County, Oregon
Notes to the Basic Financial Statements
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NOTE 11 – PENSION PLANS – continued

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

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

2. *Death Benefits.* Upon the death of a non-retired member, the beneficiary receives a lump-sum refund of the member's account balance (accumulated contributions and interest). In addition, the beneficiary will receive a lump-sum payment from employer funds equal to the account balance, provided one or more of the following conditions are met:
 - the member was employed by an OPERS employer at the time of death,
 - the member died within 120 days after termination of OPERS-covered employment,
 - the member died as a result of injury sustained while employed in an OPERS-covered job, or
 - the member was on an official leave of absence from an OPERS-covered job at the time of death.
3. *Disability Benefits.* A member with 10 or more years of creditable service who becomes disabled from other than duty-connected causes may receive a non-duty disability benefit. A disability resulting from a job-incurred injury or illness qualifies a member (including OPERS judge members) for disability benefits regardless of the length of OPERS-covered service. Upon qualifying for either a non-duty or duty disability, service time is computed to age 58 (55 for Police and Fire members) when determining the monthly benefit.
4. *Benefit Changes after Retirement.* Members may choose to continue participation in a variable equities investment account after retiring and may experience annual benefit fluctuations due to changes in the market value of the underlying equity investments of that account.

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

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

1. *Pension Benefits.* The ORS 238A Defined Benefit Pension Program provides benefits to members hired on or after August 29, 2003.

This portion of the OPSRP provides a life pension funded by employer contributions. Benefits are calculated with the following formula for members who attain normal retirement age:

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

A member of the OPSRP pension program becomes vested on the earliest of the following dates: the date the member completes 600 hours of service in each of five calendar years, the date the member reaches normal retirement age, and, if the pension program is terminated, the date on which termination becomes effective.

2. *Death Benefits.* Upon the death of a non-retired member, the spouse or other person who is constitutionally required to be treated in the same manner as the spouse receives for life 50 percent of the pension that would otherwise have been paid to the deceased member.

School District No. 1J, Multnomah County, Oregon
Notes to the Basic Financial Statements
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NOTE 11 – PENSION PLANS – continued

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

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

3. *Disability Benefits.* A member who has accrued 10 or more years of retirement credits before the member becomes disabled or a member who becomes disabled due to job-related injury shall receive a disability benefit of 45 percent of the member's salary determined as of the last full month of employment before the disability occurred.
4. *Benefit Changes after Retirement.* Under ORS 238A.210 monthly benefits are adjusted annually through cost-of-living changes. The cap on the COLA vary based on the amount of the annual benefit.

Contributions:

OPERS funding policy provides for monthly employer contributions at actuarially determined rates. These contributions, expressed as a percentage of covered payroll, are intended to accumulate sufficient assets to pay benefits when due. This funding policy applies to the OPERS Defined Benefit Plan and the Other Postemployment Benefit Plans.

Employer contribution rates during the period were based on the December 31, 2015 actuarial valuation. The rates based on a percentage of payroll, first became effective July 1, 2017. 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, 2019 were:

| | |
|-----------------------|-------|
| Tier One / Tier Two | 6.16% |
| OPSRP General Service | 0.90% |

The District contributed approximately \$8.4 million for the year ended June 30, 2019.

Actuarial Valuations:

The employer contribution rates effective July 1, 2018 through June 30, 2019, were set using the entry age normal actuarial cost method. For the Tier One / Tier Two component of the OPERS Defined Benefit Plan, this method produced an employer contribution rate consisting of (1) an amount for normal cost (the estimated amount necessary to finance benefits earned by the employees during the current service year), and (2) an amount for the amortization of unfunded actuarial accrued liabilities, which are being amortized over a fixed period with new unfunded actuarial accrued liabilities being amortized over 20 years.

For the OPSRP Pension Program component of the OPERS Defined Benefit Plan, this method produced an employer contribution rate consisting of (a) an amount for normal cost (the estimated amount necessary to finance benefits earned by the employees during the current service year), (b) an actuarially determined amount for funding a disability benefit component and (c) an amount for the amortization of unfunded actuarial accrued liabilities, which are being amortized over a fixed period with new unfunded actuarial accrued liabilities being amortized over 16 years.

School District No. 1J, Multnomah County, Oregon
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NOTE 11 – PENSION PLANS – continued

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

Actuarial Valuations - continued

Actuarial Methods and Assumptions:

| | |
|-----------------------------------|---|
| Valuation Date | December 31, 2016 |
| Measurement Date | June 30, 2018 |
| Experience Study | 2016, published July 26, 2017 |
| Actuarial Assumptions: | |
| Actuarial cost method | Entry Age Normal |
| Inflation rate | 2.50 percent |
| Long-term expected rate of return | 7.20 percent |
| Discount rate | 7.20 percent |
| Projected salary increases | 3.50 percent |
| Mortality | <p><i>Healthy retirees and beneficiaries:</i> RP-2014 Healthy annuitant, sex-distinct, generational with Unisex, Social Security Data Scale, with collar adjustments and set-backs as described in the valuation.</p> <p><i>Active members:</i> RP-2014 Employees, sex-distinct, generational with Unisex, Social Security Data Scale, with collar adjustments and set-backs as described in the valuation.</p> <p><i>Disabled retirees:</i> RP-2014 Disabled retirees, sex-distinct, generational with Unisex, Social Security Data Scale.</p> |

Source: OPERS Comprehensive Annual Financial Report, For the Fiscal Year Ended June 30, 2018

Actuarial valuations of an ongoing plan involve estimates of the value of projected benefits and assumptions about the probability of events far into the future. Actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. Experience studies are performed as of December 31 of even numbered years. The methods and assumptions shown above are based on the 2016 Experience Study.

The PERS Board adopted assumption changes that were used to measure the June 30, 2018 total pension liability. The changes include the lowering of the long-term expected rate of return to 7.20 percent. In addition, the healthy mortality assumption was changed to reflect an updated mortality improvement scale for all groups, and assumptions were updated for merit increases, unused sick leave, and vacation pay.

Discount Rate:

The discount rate used to measure the total pension liability was 7.20 percent for the Defined Benefit Pension Plan. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and those of the contributing employers are made at the contractually required rates, as actuarially determined. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments for the Defined Benefit Pension Plan was applied to all periods of projected benefit payments to determine the total pension liability.

School District No. 1J, Multnomah County, Oregon
Notes to the Basic Financial Statements
For the Year Ended June 30, 2019
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NOTE 11 – PENSION PLANS – continued

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

Actuarial Valuations - continued

Depletion Date Projection:

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

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

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

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

Assumed Asset Allocation:

| Asset Class/Strategy | Low Range | High Range | OIC Target Allocation |
|-----------------------|-----------|------------|-----------------------|
| Cash | 0.0 % | 3.0 % | 0.0 % |
| Debt Securities | 15.0 | 25.0 | 20.0 |
| Public Equity | 32.5 | 42.5 | 37.5 |
| Real Estate | 9.5 | 15.5 | 12.5 |
| Private Equity | 13.5 | 21.5 | 17.5 |
| Alternative Equity | 0.0 | 12.5 | 12.5 |
| Opportunity Portfolio | 0.0 | 3.0 | 0.0 |
| Total | | | 100.0 % |

Source: OPERS Comprehensive Annual Financial Report, For the Fiscal Year Ended June 30, 2018

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

NOTE 11 – PENSION PLANS – continued

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

Actuarial Valuations - continued

Long-Term Expected Rate of Return:

To develop an analytical basis for the selection of the long-term expected rate of return assumption, in July 2015 the OPERS Board reviewed long-term assumptions developed by both Milliman’s capital market assumptions team and the Oregon Investment Council’s (OIC) investment advisors. The table below shows Milliman’s assumptions for each of the asset classes in which the plan was invested at that time based on the OIC long-term target asset allocation. The OIC’s description of each asset class was used to map the target allocation to the asset classes shown below. Each asset class assumption is based on a consistent set of underlying assumptions, and includes adjustment for the inflation assumption. These assumptions are not based on historical returns, but instead are based on a forward-looking capital market economic model.

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

Source: OPERS Comprehensive Annual Financial Report, For the Fiscal Year Ended June 30, 2018

School District No. 1J, Multnomah County, Oregon
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NOTE 11 – PENSION PLANS – continued

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

Actuarial Valuations - continued

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

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

| | 1% Decrease (6.20%) | Discount Rate (7.20%) | 1% Increase (8.20%) |
|--|------------------------|--------------------------|------------------------|
| Proportionate share of the net pension liability (asset) | \$578,676 | \$346,266 | \$154,431 |

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, 2019, the District reported a liability of \$346,266 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2016. 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, 2019, the District’s proportion was 2.29 percent, which is an increase of 0.19 from the District’s proportion of 2.10 percent for the ended June 30, 2018.

For the year ended June 30, 2019, the District recognized pension expense of \$74.7 million for the defined benefit portion of the pension plan. At June 30, 2019, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

| | Deferred Outflow of Resources | Deferred Inflow of Resources |
|--|----------------------------------|---------------------------------|
| Pension changes in employer proportion | \$ 84,089 | \$ - |
| Pension differences between employer contribution and proportionate share of contributions | 249 | (45,678) |
| Pension differences between expected and actual experience | 11,779 | - |
| Pension differences due to changes in assumptions | 80,506 | - |
| Pension differences between expected and actual earnings | - | (15,376) |
| Total (prior to post-measurement date contributions) | 176,623 | (61,054) |
| Pension contributions subsequent to measurement date | 8,351 | - |
| Net Deferred Outflow/(Inflow) of Resources | | \$ 123,920 |

Source: OPERS Schedule of Pension Amounts under GASB 68, June 30, 2018

School District No. 1J, Multnomah County, Oregon
Notes to the Basic Financial Statements
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NOTE 11 – PENSION PLANS – continued

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

Actuarial Valuations - continued

The deferred outflow of resources of \$8.4 million resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2020. 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 2020 | \$ 59,119 |
| Fiscal Year 2021 | 46,267 |
| Fiscal Year 2022 | 4,669 |
| Fiscal Year 2023 | 3,977 |
| Fiscal Year 2024 | 1,537 |
| Total | \$ 115,569 |

Source: OPERS Schedule of Pension Amounts under GASB 68, June 30, 2018

Changes in Plan Provisions Subsequent to Measurement Date

On June 11, 2019, Senate Bill (SB) 1049 was enacted by the Senate of the State of Oregon. The elements of the bill include a variety of policy and program changes which will affect the District’s pension plan. Most prominent is a one-time 22 year re-amortization of the unamortized actuarial liability for Tier 1 and Tier 2 employees and contribution rate adjustments. The effect of SB 1049 could reduce the District’s pension contribution rates by an undetermined amount. In August 2019, a petition was filed with the Oregon Supreme Court challenging the constitutionality of certain portions of SB 1049. The District cannot predict whether the petitioners will be successful in whole or part nor what the impact of a successful challenge may be. Further, the District cannot predict whether SB 1049 will be subject to additional legal challenges that could affect some or all of its provisions.

Defined Contribution Plan

OPSRP Individual Account Program (OPSRP IAP)

Plan Description:

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

School District No. 1J, Multnomah County, Oregon
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NOTE 11 – PENSION PLANS – continued

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

Defined Contribution Plan- continued

Pension Benefits:

Participants in OPERS defined benefit pension plans also participate in their defined contribution plan. An IAP member becomes vested on the date the employee account is established or on the date the rollover account was established. If the employer makes optional employer contributions for a member, the member becomes vested on the earliest of the following dates: the date the member completes 600 hours of service in each of five calendar years, the date the member reaches normal retirement age, the date the IAP is terminated, the date the active member becomes disabled, or the date the active member dies.

Upon retirement, a member of the OPSRP IAP may receive the amounts in his or her employee account, rollover account, and vested employer account as a lump-sum payment or in equal installments over a 5-, 10-, 15-, 20-year period or an anticipated life span option. Installment amounts vary with market returns as the account remains invested while in distribution. When chosen, the distribution option must result in a \$200 minimum distribution amount, or the frequency of the installments will be adjusted to reach that minimum.

Death Benefits:

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

Contributions:

Employees of the District contribute 6.0 percent of their covered payroll. The District did not make any optional contributions to member IAP accounts for the year ended June 30, 2019. Included in accrued liabilities at June 30, 2019 are \$1.9 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 Grant Fund are the primary funds from which the stipend liability is liquidated. The District does not issue a separate stand-alone financial report for this plan. The District pays for the benefits without any cost to employees. The contributions are financed on a pay-as-you-go basis, and there are no assets accumulated in a trust. The program was established under separate bargaining agreements and may be amended by the District under new collective bargaining agreements.

Total Stipend Liability

The District's total stipend liability of \$6.8 million was measured as of June 30, 2018, rolled forward to June 30, 2019, and was determined by an actuarial valuation as of July 1, 2018.

School District No. 1J, Multnomah County, Oregon
Notes to the Basic Financial Statements
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NOTE 11 – PENSION PLANS – continued
B. District Plan - Stipend – continued

Actuarial Assumptions and Other Inputs

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

| | |
|---|--|
| Valuation Date | July 1, 2018 |
| Measurement Date | June 30, 2018 |
| Inflation | 2.50% |
| Projected salary growth | 3.75% |
| Discount rate | 3.87% |
| Withdrawal, retirement, and mortality rates | December 31, 2016 Oregon PERS valuation |
| Lapse rates | 5% annual lapse rate |
| Actuarial cost method | Entry Age Normal Level Percent of Pay |
| Demographic Assumptions | |
| Mortality | RP-2014 sex-distinct base tables, as specified below. Male retiree: White collar, set back 12 months Male spouse: Blended 50% blue collar/50% white collar, set back 12 months Female retiree: White collar, set back 12 months Female spouse: Blended 50% blue collar/50% white collar, no set back |
| Withdrawal | Based on Oregon PERS assumptions. Annual rates are based on gender and duration from hire date. |
| Retirement | Based on Oregon PERS assumption. Annual rates are based on age, Tier/OPSRP, and duration of service |

Discount Rate – Under GASB 75, unfunded plans must use a discount rate that reflects a 20-year tax-exempt municipal bond yield or index rate. The discount rate in effect for the June 30, 2019 reporting date is 3.87 percent, reflecting the Bond Buyer 20-Year General Obligation Bond Index.

School District No. 1J, Multnomah County, Oregon
Notes to the Basic Financial Statements
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NOTE 11 – PENSION PLANS – continued
B. District Plan - Stipend – continued

Changes in the Total Stipend Liability

| | <u>Total Stipend Liability</u> | |
|--|--------------------------------|---------|
| Balance at 6/30/2018 | \$ | 6,753 |
| Changes for the year: | | |
| Service cost | | 194 |
| Interest | | 228 |
| Effect of plan changes | | 797 |
| Effect of economic/demographic gains or losses | | 94 |
| Effect of assumptions changes or inputs | | (68) |
| Benefit payments | | (1,174) |
| Net changes | | 71 |
| Balance at 6/30/2019 | \$ | 6,824 |

Changes in assumptions and other inputs reflect a change in the discount rate from 3.58% in 2018 to 3.87% in 2019.

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 (2.87 percent) or 1-percentage-point higher (4.87 percent) than the current discount rate:

| | 1% Decrease (2.87%) | Discount Rate (3.87%) | 1% Increase (4.87%) |
|-------------------------|------------------------|--------------------------|------------------------|
| Total Stipend Liability | \$ 7,059 | \$ 6,824 | \$ 6,587 |

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

For the year ended June 30, 2019, the District recognized stipend benefit of \$115. At June 30, 2019, the District reported deferred outflows of resources and deferred inflows of resources related to the stipend from the following sources:

| | Deferred Outflows of Resources | Deferred Inflows of Resources | Net |
|--|-----------------------------------|----------------------------------|----------|
| Pension differences between expected and actual experience | \$ 72 | \$ - | \$ 72 |
| Pension differences due to changes in assumptions | 50 | (127) | (77) |
| Total (prior to post-measurement date contributions) | 122 | (127) | (5) |
| Pension contributions subsequent to measurement date | 1,131 | - | 1,131 |
| Net Deferred Outflow/(Inflow) of Resources | \$ 1,253 | \$ (127) | \$ 1,126 |

School District No. 1J, Multnomah County, Oregon
Notes to the Basic Financial Statements
For the Year Ended June 30, 2019
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NOTE 11 – PENSION PLANS – continued

B. District Plan - Stipend – continued

Deferred outflows of resources related to the stipend of \$1.1 million 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, 2020. 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 2020 | \$ 14 |
| Fiscal Year 2021 | (27) |
| Fiscal Year 2022 | 6 |
| Fiscal Year 2023 | 2 |
| Total | \$ (5) |

NOTE 12 - OTHER POST-EMPLOYMENT BENEFITS

Other Post-Employment Benefits (OPEB) - Summary

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

| | RHIS | RHIA | Net |
|-------------------------------------|-------------|------------|-------------|
| Total OPEB Liability | \$ (82,302) | \$ - | \$ (82,302) |
| Net OPEB Asset | \$ - | \$ 3,566 | \$ 3,566 |
| OPEB Deferred Outflows of Resources | \$ 19,318 | \$ 1,641 | \$ 20,959 |
| OPEB Deferred Inflows of Resources | \$ (2,145) | \$ (1,003) | \$ (3,148) |

A. Retirement Health Insurance Subsidy (RHIS)

Plan Description

The District provides a single-employer defined benefit plan that provides postemployment health, dental, vision and life insurance benefits to eligible employees and their spouses for employees who have retired from the District with a minimum of fifteen accumulated years of service and are eligible to retire from the Oregon retirement system. There are 5,713 active and 614 retired members or beneficiaries currently receiving benefit payments in the plan. Covered employees under the plan are eligible to receive full or part District-paid medical and pharmacy benefits for up to 60 months, or until reaching age 65, whichever comes first. The District also pays a portion of the spouse/domestic partner medical and pharmacy costs during the benefit period. The program was established under separate collective bargaining agreements with the certificated and classified employees and by precedent for all other District employees. The Portland Teachers Association (PAT) group terminated this benefit after September 30, 2016. 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.

School District No. 1J, Multnomah County, Oregon
Notes to the Basic Financial Statements
For the Year Ended June 30, 2019
(Dollar amounts, unless otherwise indicated, are expressed in thousands)

NOTE 12 - OTHER POST-EMPLOYMENT BENEFITS - continued

A. Retirement Health Insurance Subsidy (RHIS) – continued

Benefits Provided

The District pays for the benefits. The contributions are financed on a pay-as-you-go basis. During fiscal year 2019 the District recognized, on a budgetary basis, expenditures of approximately \$8.7 million for the post-employment healthcare benefits. The General Fund and the Grant Fund are the primary funds from which the Other Post Employment Benefit liability is liquidated.

Employees covered by benefit terms

As of June 30, 2019, the following employees were covered by the benefit terms:

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

Total RHIS Liability

The District’s total RHIS liability of \$82.3 million was measured as of June 30, 2018, and was determined by an actuarial valuation as of July 1, 2017, rolled forward to June 30, 2019.

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 6.00% in the first year and reach an eventual ultimate rate of 4.25%. These trends are based on a model circulated by the Society of Actuaries that considers current trends in health care costs, the potential impacts of certain well-defined aspects of the Affordable Care Act, and long-term constraints on trend such as growth in per capita income. It also assumes that dental and vision costs will increase by the lesser of the medical cost trend previously described and 5.00 percent per year. First year medical, dental, and vision trends were based on actual changes to July 1, 2019 premiums compared with July 1, 2018 premiums.

School District No. 1J, Multnomah County, Oregon
Notes to the Basic Financial Statements
For the Year Ended June 30, 2019
(Dollar amounts, unless otherwise indicated, are expressed in thousands)

NOTE 12 - OTHER POST-EMPLOYMENT BENEFITS - continued

A. Retirement Health Insurance Subsidy (RHIS) – continued

Changes in the Total RHIS Liability

| | Increase (Decrease) in Total RHIS Liability |
|--|--|
| Balance at 6/30/2018 | \$ 70,784 |
| Changes for the year: | |
| Service cost | 2,319 |
| Interest | 2,475 |
| Effect of changes to benefit terms | 2,711 |
| Effect of economic/demographic gains or losses | 3,880 |
| Effect of assumptions changes or inputs | 8,157 |
| Benefit payments | (8,024) |
| Net changes | 11,518 |
| Balance at 6/30/2019 | \$ 82,302 |

Changes in assumptions and other inputs reflect a change in the discount rate from 3.58 percent in 2018 to 3.87 percent in 2019.

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 (2.87 percent) or 1-percentage-point higher (4.87 percent) than the current discount rate:

| | 1% Decrease (2.87%) | Discount Rate (3.87%) | 1% Increase (4.87%) |
|----------------------|------------------------|--------------------------|------------------------|
| Total RHIS Liability | \$ 87,187 | \$ 82,302 | \$ 77,658 |

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 (5.25 decreasing to 4.75 percent) or 1-percentage-point higher (7.25 decreasing to 6.75 percent) than the current healthcare cost trend rates:

| | 1% Decrease | Current Trend Rate | 1% Increase |
|----------------------|-------------|-----------------------|-------------|
| Total RHIS Liability | \$ 76,025 | \$ 82,302 | \$ 89,472 |

School District No. 1J, Multnomah County, Oregon
Notes to the Basic Financial Statements
For the Year Ended June 30, 2019
(Dollar amounts, unless otherwise indicated, are expressed in thousands)

NOTE 12 - OTHER POST-EMPLOYMENT BENEFITS - continued

A. Retirement Health Insurance Subsidy (RHIS) – continued

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

For the year ended June 30, 2019, the District recognized RHIS benefit of \$127,192. At June 30, 2019, the District reported deferred outflows of resources and deferred inflows of resources related to RHIS from the following sources:

| | Deferred Outflows of Resources | Deferred Inflows of Resources | Net |
|---|-----------------------------------|----------------------------------|-----------|
| OPEB differences between expected and actual experience | \$ 3,424 | \$ - | \$ 3,424 |
| OPEB differences due to changes in assumptions | 7,197 | (2,145) | 5,052 |
| Total (prior to post-measurement date contributions) | 10,621 | (2,145) | 8,476 |
| OPEB contributions subsequent to measurement date | 8,697 | - | 8,697 |
| Total as of June 30, 2019 | \$ 19,318 | \$ (2,145) | \$ 17,173 |

Deferred outflows of resources related to RHIS of \$8.7 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, 2020. Amounts reported as deferred outflows of resources and deferred inflows of resources related to RHIS will be recognized in RHIS expense as follows:

| Employer subsequent fiscal years | Deferred Outflow/(Inflow) of Resources (prior to post-measurement date contributions) |
|-------------------------------------|---|
| Fiscal Year 2020 | \$ 1,064 |
| Fiscal Year 2021 | 1,064 |
| Fiscal Year 2022 | 1,064 |
| Fiscal Year 2023 | 1,064 |
| Fiscal Year 2024 | 1,064 |
| Thereafter | 3,156 |
| Total | \$ 8,476 |

School District No. 1J, Multnomah County, Oregon
Notes to the Basic Financial Statements
For the Year Ended June 30, 2019
(Dollar amounts, unless otherwise indicated, are expressed in thousands)

NOTE 12 - OTHER POST-EMPLOYMENT BENEFITS – continued

B. Retirement Health Insurance Account (RHIA)

Plan Description

As a member of Oregon Public Employees Retirement System (OPERS) the District contributes to the Retirement Health Insurance Account (RHIA) for each of its eligible employees. RHIA is a cost-sharing multiple-employer defined benefit other postemployment benefit plan administered by OPERS. Oregon Revised Statute (ORS) 238.420 established this trust fund. Authority to establish and amend the benefit provisions of RHIA reside with the Oregon Legislature. The plan is closed to new entrants after January 1, 2004. OPERS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to Oregon Public Employees Retirement System, PO Box 23700, Tigard, OR 97281-3700.

Benefits

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

Contributions

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

The District's rates in effect for the fiscal year ended June 30, 2019 were:

| | |
|-----------------------|-------|
| Tier One / Tier Two | 0.50% |
| OPSRP General Service | 0.43% |

District contributions for the year ended June 30, 2019 were \$1,641.

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

At June 30, 2019, the District reported an asset of \$3.6 million for its proportionate share of the OPERS net RHIA asset. The net RHIA asset was measured as of June 30, 2018, and the total RHIA liability used to calculate the net RHIA asset was determined by an actuarial valuation as of December 31, 2016 rolled forward to June 30, 2018. 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, 2019, the District's proportionate share was 3.19%, which is an increase from its proportion of 3.16% as of June 30, 2018.

School District No. 1J, Multnomah County, Oregon
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For the Year Ended June 30, 2019
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NOTE 12 - OTHER POST-EMPLOYMENT BENEFITS – Continued

B. Retirement Health Insurance Account (RHIA) - Continued

For the year ended June 30, 2019, the District recognized RHIA benefit from this plan of \$1,974. At June 30, 2019, the District reported deferred outflows of resources and deferred inflows of resources related to this RHIA plan from the following sources:

| | Deferred Outflows of Resources | Deferred Inflows of Resources | Net |
|---|-----------------------------------|----------------------------------|---------------|
| OPEB differences between expected and actual experience | \$ - | \$ (203) | \$ (203) |
| OPEB differences due to changes in assumptions | - | (11) | (11) |
| OPEB differences between actual and expected earnings | - | (769) | (769) |
| OPEB changes in employer proportion | - | (20) | (20) |
| | - | (1,003) | (1,003) |
| OPEB contributions subsequent to measurement date | 1,641 | - | 1,641 |
| Total | <u>\$ 1,641</u> | <u>\$ (1,003)</u> | <u>\$ 638</u> |

Source: OPERS Schedule of OPEB Amounts under GASB 75, June 30, 2018

Deferred outflows of resources related to RHIA of \$1,641 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, 2020. 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 2020 | \$ (335) |
| Fiscal Year 2021 | (332) |
| Fiscal Year 2022 | (259) |
| Fiscal Year 2023 | (77) |
| Total | <u>\$ (1,003)</u> |

Source: OPERS Schedule of OPEB Amounts under GASB 75, June 30, 2018

Actuarial Methods and Assumptions

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

School District No. 1J, Multnomah County, Oregon
Notes to the Basic Financial Statements
For the Year Ended June 30, 2019
(Dollar amounts, unless otherwise indicated, are expressed in thousands)

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

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

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

| | 1% Decrease (6.20%) | Discount Rate (7.20%) | 1% Increase (8.20%) |
|----------------------------|------------------------|--------------------------|------------------------|
| Net RHIA liability (asset) | \$ (2,076) | \$ (3,566) | \$ (4,834) |

RHIA Plan Fiduciary Net Position

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

NOTE 13 - RISK MANAGEMENT

The Internal Service (Self-Insurance) Fund charges other funds for the costs incurred for workers’ compensation claims. Charges to other funds by the Self-Insurance Fund are recognized as revenues in the Self-Insurance Fund and as expenditures in the fund incurring the charges. The Self-Insurance Fund recognized approximately \$3.5 million of revenues from other governmental funds for the year ended June 30, 2019.

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, 2017 through 2019. There have been no reductions to the District’s insurance coverage during the year ended June 30, 2019. The District anticipates that all accrued claims losses will be paid within twelve months.

The total claims payable at June 30, 2019 of \$6.8 million was made up of approximately \$3.5 million in worker’s compensation claims (recorded in the Internal Service Fund) and \$3.3 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, 2017, through June 30, 2019, were as follows:

| Fiscal Year | Beginning Balance | New Claims | Payments on Claims | Ending Balance |
|----------------|----------------------|------------|-----------------------|-------------------|
| 2017 | \$ 4,530 | \$ 3,917 | \$ (1,575) | \$ 6,872 |
| 2018 | 6,872 | 3,543 | (4,521) | 5,894 |
| 2019 | 5,894 | 2,317 | (1,368) | 6,843 |

School District No. 1J, Multnomah County, Oregon
Notes to the Basic Financial Statements
For the Year Ended June 30, 2019
(Dollar amounts, unless otherwise indicated, are expressed in thousands)

NOTE 14 – COMMITMENTS AND CONTINGENT LIABILITIES

Operating leases

The District has operating leases for Community Transition Program and various Equipment. Future minimum required payments under these operating leases are:

| | |
|------------------------|-----------------|
| 2020 | \$ 1,766 |
| 2021 | 1,122 |
| 2022 | 506 |
| 2023 | 506 |
| 2024 | 164 |
| Total minimum payments | <u>\$ 4,064</u> |

Contracts

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

| Supplier | Commitments |
|------------------------------------|-------------------|
| Fortis Construction Inc | \$ 160,459 |
| First Student Inc | 97,033 |
| Todd Construction Inc | 41,569 |
| Bassetti Architects PS | 22,447 |
| Andersen/Colas Construction LLC | 5,683 |
| 2KG Contractors Inc | 4,127 |
| Pacific Office Automation | 3,921 |
| CBRE Heery Inc | 3,855 |
| Rosemary Anderson High School | 3,545 |
| Northwest Engineering Services Inc | 3,465 |
| Portland Community College | 3,401 |
| Copytronix | 3,078 |
| Opsis Architecture | 3,078 |
| | <u>\$ 355,661</u> |

Future District service commitments by fund are as follows:

| | Commitments |
|--------------|-------------------|
| General Fund | \$ 110,978 |
| GO Bond Fund | 244,683 |
| | <u>\$ 355,661</u> |

School District No. 1J, Multnomah County, Oregon
Notes to the Basic Financial Statements
For the Year Ended June 30, 2019
(Dollar amounts, unless otherwise indicated, are expressed in thousands)

NOTE 14 – COMMITMENTS AND CONTINGENT LIABILITIES - continued

Blanchard Educational Service Center (BESC)

In June 2000, Multnomah County leased a portion of the BESC facility from the District for \$3.5 million under a 99-year agreement. In December 2008, Portland Public Schools reacquired a portion of that space for \$800 thousand, which was fully paid as of June 30, 2014. This lease agreement stipulates that a portion of the initial lease payment received from Multnomah County be set aside to be applied toward the County's share of major repairs. Any unused balance earns interest at the monthly interest rate earned from the Local Government Investment Pool. As of June 30, 2019 the Multnomah County Reserve balance held in the Facilities Capital Fund was \$1,311.

Community Transition Program

In July 2010 the District leased commercial space for its Special Education Community Transition Program from Weigel Properties LLC. The space has approximately 2,700 square feet located on N.E. MLK Jr. Boulevard in Portland, Oregon. The initial lease was for a three-year period with an option to extend. The lease was extended through June 30, 2020, with an option to renew for an additional two years.

Equipment Leases

In March 2015, the District entered into a five-year lease for floor maintenance equipment from All Lines Leasing for \$27 thousand per month, commencing July 2015.

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

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

In October 2017, the District entered into a 51-month lease for IT equipment (laptops, Chromebooks, etc.) from Insight Investments, LLC for \$4 thousand per month, commencing November 2017.

In May 2019, the District entered into a 4-year lease for IT equipment (Chromebooks) from Insight Investments, LLC for \$28 thousand per month, commencing May 2019.

In June 2019, the District entered into a 5-year lease for CISCO telephone hardware from Insight Investments, LLC for \$14 thousand per month, commencing June 2019.

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 District No. 1J, Multnomah County, Oregon
Notes to the Basic Financial Statements
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(Dollar amounts, unless otherwise indicated, are expressed in thousands)

NOTE 14 – COMMITMENTS AND CONTINGENT LIABILITIES - continued

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, 2019
(Dollar amounts, unless otherwise indicated, are expressed in thousands)

NOTE 15 – FUND BALANCES

Fund balances by classification for the year ended June 30, 2019 are as follows:

| | General Fund | Other Major Funds | Other Govern- mental Funds | Total Govern- mental Funds |
|---|------------------|----------------------|-------------------------------------|-------------------------------------|
| Nonspendable: | | | | |
| Prepaid items - General Fund | \$ 285 | \$ - | \$ - | \$ 285 |
| Prepaid items - GO Bonds Fund | - | 2,736 | - | 2,736 |
| Prepaid items - Grant Fund | - | 29 | - | 29 |
| Prepaid items - Facilities Capital Fund | - | - | 27 | 27 |
| Inventories - Warehouse | 285 | - | - | 285 |
| Inventories - Cafeteria Fund | - | - | 591 | 591 |
| | <u>570</u> | <u>2,765</u> | <u>618</u> | <u>3,953</u> |
| Restricted: | | | | |
| Special Revenue Funds: | | | | |
| Student Body Activity Fund | - | - | 4,968 | 4,968 |
| Cafeteria Fund | - | - | 3,383 | 3,383 |
| Dedicated Resource Fund | - | - | 10,531 | 10,531 |
| Capital Projects Funds: | | | | |
| Construction Excise Tax Fund | - | - | 13,050 | 13,050 |
| Full Faith and Credit Fund | - | - | 277 | 277 |
| Energy Efficient Schools Fund | - | - | 1,943 | 1,943 |
| GO Bonds Fund | - | 301,634 | - | 301,634 |
| Facilities Capital Fund | - | - | 523 | 523 |
| Partnership Fund | - | - | 318 | 318 |
| Debt Service Funds: | | | | |
| GO Bond Debt Service Fund | - | 10,552 | - | 10,552 |
| | <u>-</u> | <u>312,186</u> | <u>34,993</u> | <u>347,179</u> |
| Committed: | | | | |
| PERS Rate Stabilization Fund | - | 17,954 | - | 17,954 |
| Debt Service Fund- PERS UAL | - | - | 231 | 231 |
| | <u>-</u> | <u>17,954</u> | <u>231</u> | <u>18,185</u> |
| Assigned: | | | | |
| Capital Projects Funds: | | | | |
| IT System Project Fund | - | - | 50 | 50 |
| Full Faith and Credit Fund | - | - | 3,896 | 3,896 |
| Facilities Capital Fund | - | - | 761 | 761 |
| Capital Asset Renewal Fund | - | - | 5,763 | 5,763 |
| | <u>-</u> | <u>-</u> | <u>10,470</u> | <u>10,470</u> |
| Unassigned | <u>39,317</u> | <u>(29)</u> | <u>-</u> | <u>39,288</u> |
| Total fund balances | <u>\$ 39,887</u> | <u>\$ 332,876</u> | <u>\$ 46,312</u> | <u>\$ 419,075</u> |

School District No. 1J, Multnomah County, Oregon
Notes to the Basic Financial Statements
For the Year Ended June 30, 2019
(Dollar amounts, unless otherwise indicated, are expressed in thousands)

NOTE 16 – RELATED ORGANIZATIONS

The District includes seven charter schools that are legally separate, tax-exempt organizations. The most recent data available indicates charter school total students were 1,494 (representing 3.0% of the District’s total enrollment); and that charter schools’ Net Position was \$1,131. 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, 2019 are recorded in the General Fund as follows:

| | Arts Tax <u>Revenues</u> | Arts Tax <u>Expenditures</u> ¹ | FTE <u>Funded</u> | Number of Schools <u>Funded</u> |
|---------------------|-----------------------------|--|----------------------|---------------------------------------|
| Non-Charter Schools | \$ 4,837 | \$ 5,120 | 68.82 | 59 |
| Charter Schools | <u>150</u> | <u>138</u> | <u>3.12</u> | <u>7</u> |
| District Total | <u>\$ 4,987</u> | <u>\$ 5,258</u> | <u>71.94</u> | <u>66</u> |

¹ Includes amounts for unexpended revenues carried forward from prior years.

NOTE 18 – TAX ABATEMENTS

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

Historic Property (ORS 358.475 to 545)

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

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

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

School District No. 1J, Multnomah County, Oregon
Notes to the Basic Financial Statements
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NOTE 18 – TAX ABATEMENTS – continued

Transit Oriented Development (ORS 307.600 to 307.637)

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

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

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

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

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

The Following schedule represents the District’s portion of tax abatements granted by Multnomah County for 2018-19. Programs with exemptions totaling more than \$500 thousand were listed separately; all other programs were grouped together:

| Exemption Program | Amount |
|---|-----------|
| City of Portland Low Income Rental Housing | \$ 3,561 |
| Historic Property | 3,251 |
| Day Care Centers, Student Housing & Religious Schools | 2,754 |
| Enterprise Zone | 1,496 |
| Transit Oriented Development, Portland | 533 |
| All other exemption programs | 1,940 |
| Total Abatements | \$ 13,535 |

NOTE 19 – PERS SIDE ACCOUNT

As described in Note 10-A, Limited Tax Pension Bonds, Portland Public Schools issued limited tax pension bonds in 2002, 2003 and 2012 to finance the estimated unfunded actuarial liability of the District. The total costs of financing the actuarial obligation resulted in significant savings to PPS. Bond proceeds were deposited in an OPERS side account, where accumulated earnings helped to reduce the District’s OPERS contribution rate. In some years, PPS’ contractually established OPERS contribution rate was reduced to a negative amount, resulting in a zero percent rate for that biennium.

School District No. 1J, Multnomah County, Oregon
Notes to the Basic Financial Statements
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NOTE 19 – PERS SIDE ACCOUNT - continued

At July 1, 2011, the District's OPERS contribution rate increased from zero percent to 1.29 percent for Tier One / Tier Two members, and remained at zero percent for OPSRP members. At July 1, 2017, the District's OPERS contribution rate increased from zero percent to 6.16 percent for Tier One / Tier Two members and 0.90 percent for OPSRP members. During the periods July 1, 2011 to June 30, 2013 and July 1, 2017 to June 30, 2018, PPS contributed the OPERS contractually established percentage of covered payroll, while OPERS continued to reduce the PPS side account, effectively creating a double payment. This accumulated approximately \$9.5 million held by OPERS for future PPS contributions. At the direction of OPERS, PPS reduced payments to OPERS in order to offset this accumulation, while continuing to accrue pension expense and liability at the contractually established percentage of covered payroll.

The District will use the accrued contributions to establish an additional OPERS side account in fiscal year 2019-20 to help reduce future contribution rates.

NOTE 20 – SUBSEQUENT EVENTS

The date to which events occurring after June 30, 2019, the date of the most recent statement of net position, has been evaluated for possible adjustment to the financial statements or disclosure is December 4, 2019, 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> |
|---|------------------|------------------|------------------|
| Service cost | N/A | \$ 2,549 | \$ 2,319 |
| Interest | N/A | 2,160 | 2,475 |
| Change in benefit terms | N/A | - | 2,711 |
| Differences between expected and actual experience | N/A | - | 3,880 |
| Changes of assumptions or other inputs | N/A | (2,848) | 8,157 |
| Benefit payments | <u>N/A</u> | <u>(8,575)</u> | <u>(8,024)</u> |
| Net change in total OPEB liability | N/A | (6,714) | 11,518 |
| Total OPEB liability - beginning | N/A | 77,498 | 70,784 |
| Total OPEB liability - ending | <u>\$ 77,498</u> | <u>\$ 70,784</u> | <u>\$ 82,302</u> |
| Covered-employee payroll | \$ 316,998 | \$ 327,668 | \$ 344,646 |
| Total OPEB liability as a percentage of covered-employee payroll | 24.45% | 21.60% | 23.88% |

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

Requests for Information:

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

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

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

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

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

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

Schedule of District Contributions

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

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

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 - (continued)
Last 10 Fiscal Years ¹
(amounts expressed in thousands)

Notes to Required Supplementary Information

Changes in Plan Provisions

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

<https://www.oregon.gov/pers/EMP/Documents/GASB/2019/2018-GASB75.pdf>

Changes of Assumptions

Additional details and a comprehensive list of changes in methods and assumptions can be found in the 2018 Experience Study for the System, which was published on July 24, 2019, and can be found at:

https://www.oregon.gov/pers/Documents/Exp_Study_2018.pdf

During a July 28, 2017 meeting, the PERS Board lowered the assumed investment rate of return from 7.5% to 7.2%, effective on January 1, 2018. This rate has been used for the determination of contribution rates beginning July 1, 2019. The Board revises the assumed rate based on the long-term projection of investment returns that can be expected from the asset allocations of the Oregon Investment Council and related capital market expectations.

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

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

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

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

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

Schedule of District Contributions

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

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.

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

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

Notes to Required Supplementary Information

Changes in Plan Provisions

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

Changes of Assumptions

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

During a July 28, 2017 meeting, the PERS Board lowered the assumed investment rate of return from 7.5% to 7.2%, effective on January 1, 2018. This rate has been used for the determination of contribution rates beginning July 1, 2019. The Board revises the assumed rate based on the long-term projection of investment returns that can be expected from the asset allocations of the Oregon Investment Council and related capital market expectations.

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.



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, 2019
(amounts expressed in thousands)**

| | Budgeted Amounts | | Actual Amounts | Variance from |
|-------------------------------------|-------------------------|----------------|---------------------------|--|
| | Original | Final | | Final Budget Positive/ (Negative) |
| REVENUES | | | | |
| Property and other taxes | \$ 261,009 | \$ 261,009 | \$ 267,434 | \$ 6,425 |
| State School Fund | 233,305 | 233,305 | 225,135 | (8,170) |
| Local option taxes | 94,934 | 94,934 | 97,188 | 2,254 |
| County and intermediate sources | 13,357 | 13,357 | 13,531 | 174 |
| Federal and state support | - | - | 80 | 80 |
| State Common School Fund | 4,902 | 4,902 | 5,493 | 591 |
| Charges for services | 4,171 | 4,171 | 3,877 | (294) |
| Investment earnings | 2,895 | 2,895 | 4,527 | 1,632 |
| Other | 5,649 | 5,649 | 4,976 | (673) |
| Total revenues | 620,222 | 620,222 | 622,241 | 2,019 |
| EXPENDITURES | | | | |
| Current: | | | | |
| Instruction: | | | | |
| Regular programs: | | | | |
| Salaries and benefits | 253,501 | 255,563 | 247,332 | 8,231 |
| Materials and services | 8,902 | 10,179 | 11,096 | (917) |
| Total regular programs | 262,403 | 265,742 | 258,428 | 7,314 |
| Special programs: | | | | |
| Salaries and benefits | 58,821 | 58,282 | 62,496 | (4,214) |
| Materials and services | 28,421 | 28,421 | 25,991 | 2,430 |
| Total special programs | 87,242 | 86,703 | 88,487 | (1,784) |
| Summer school programs: | | | | |
| Salaries and benefits | 443 | 443 | 678 | (235) |
| Materials and services | 21 | 21 | 142 | (121) |
| Total summer school programs | 464 | 464 | 820 | (356) |
| Total instruction | 350,109 | 352,909 | 347,735 | 5,174 |
| Support services: | | | | |
| Students: | | | | |
| Salaries and benefits | 60,656 | 60,697 | 57,313 | 3,384 |
| Materials and services | 5,486 | 5,888 | 7,831 | (1,943) |
| Total students | 66,142 | 66,585 | 65,144 | 1,441 |
| Instructional staff: | | | | |
| Salaries and benefits | 26,533 | 26,482 | 29,961 | (3,479) |
| Materials and services | 5,430 | 3,791 | 2,619 | 1,172 |
| Total instructional staff | 31,963 | 30,273 | 32,580 | (2,307) |
| General administration: | | | | |
| Salaries and benefits | 8,592 | 8,912 | 7,009 | 1,903 |
| Materials and services | 6,689 | 6,115 | 5,837 | 278 |
| Total general administration | 15,281 | 15,027 | 12,846 | 2,181 |

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, 2019
(amounts expressed in thousands)

| | Budgeted Amounts | | Actual Amounts | Variance from Final Budget Positive/ (Negative) |
|--|-------------------------|-----------------------|-----------------------|--|
| | Original | Final | | |
| Support services (continued): | | | | |
| School administration: | | | | |
| Salaries and benefits | \$ 40,225 | \$ 40,343 | \$ 41,451 | \$ (1,108) |
| Materials and services | 1,155 | 1,325 | 1,082 | 243 |
| Total school administration | <u>41,380</u> | <u>41,668</u> | <u>42,533</u> | <u>(865)</u> |
| Business: | | | | |
| Salaries and benefits | 50,506 | 49,303 | 44,535 | 4,768 |
| Materials and services | 43,903 | 43,556 | 47,105 | (3,549) |
| Total business | <u>94,409</u> | <u>92,859</u> | <u>91,640</u> | <u>1,219</u> |
| Central: | | | | |
| Salaries and benefits | 16,016 | 15,829 | 13,059 | 2,770 |
| Materials and services | 7,056 | 7,206 | 8,186 | (980) |
| Total central | <u>23,072</u> | <u>23,035</u> | <u>21,245</u> | <u>1,790</u> |
| Total support services | <u>272,247</u> | <u>269,447</u> | <u>265,988</u> | <u>3,459</u> |
| Enterprise and community services: | | | | |
| Food Service: | | | | |
| Salaries and benefits | 107 | 107 | 120 | (13) |
| Materials and services | - | - | 75 | (75) |
| Total Food Services | <u>107</u> | <u>107</u> | <u>195</u> | <u>(88)</u> |
| Community Services: | | | | |
| Salaries and benefits | 182 | 182 | 408 | (226) |
| Materials and services | 1,226 | 1,226 | 887 | 339 |
| Total Community Services | <u>1,408</u> | <u>1,408</u> | <u>1,295</u> | <u>113</u> |
| Total enterprise and community services | <u>1,515</u> | <u>1,515</u> | <u>1,490</u> | <u>25</u> |
| Operating contingency | <u>25,252</u> | <u>25,252</u> | <u>-</u> | <u>25,252</u> |
| Total expenditures | <u>649,123</u> | <u>649,123</u> | <u>615,213</u> | <u>33,910</u> |
| Excess (deficit) of revenues over expenditures | <u>(28,901)</u> | <u>(28,901)</u> | <u>7,028</u> | <u>35,929</u> |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers in | 50 | 50 | 14 | (36) |
| Transfers out | (5,879) | (5,879) | (5,492) | 387 |
| Proceeds from the sale of capital assets | - | - | 55 | 55 |
| Total other financing sources and (uses) | <u>(5,829)</u> | <u>(5,829)</u> | <u>(5,423)</u> | <u>406</u> |
| Net change in fund balance | (34,730) | (34,730) | 1,605 | 36,335 |
| Fund balance - beginning of year | <u>34,730</u> | <u>34,730</u> | <u>38,282</u> | <u>3,552</u> |
| Fund balance - end of year | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 39,887</u> | <u>\$ 39,887</u> |

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

SCHOOL DISTRICT NO.1J, MULTNOMAH COUNTY, OREGON

Grant Fund

**Schedule of Revenues, Expenditures, and
Changes in Fund Balance - Budget and Actual
For the year ended June 30, 2019
(amounts expressed in thousands)**

| | Budgeted Amounts | | Actual Amounts | Variance from Final Budget Positive/ (Negative) |
|-------------------------------------|-------------------------|---------------|---------------------------|--|
| | Original | Final | | |
| REVENUES | | | | |
| Federal and state support | \$ 64,408 | \$ 64,408 | \$ 64,461 | \$ 53 |
| County and intermediate sources | 2,243 | 2,243 | 2,030 | (213) |
| Other | 145 | 145 | 159 | 14 |
| Total revenues | 66,796 | 66,796 | 66,650 | (146) |
| EXPENDITURES | | | | |
| Current: | | | | |
| Instruction: | | | | |
| Regular programs: | | | | |
| Salaries and benefits | 11,094 | 11,094 | 10,944 | 150 |
| Materials and services | 1,192 | 1,442 | 1,668 | (226) |
| Total regular programs | 12,286 | 12,536 | 12,612 | (76) |
| Special programs: | | | | |
| Salaries and benefits | 13,696 | 15,196 | 14,616 | 580 |
| Materials and services | 5,460 | 5,460 | 6,063 | (603) |
| Total special programs | 19,156 | 20,656 | 20,679 | (23) |
| Summer school programs: | | | | |
| Salaries and benefits | 178 | 178 | 148 | 30 |
| Materials and services | 115 | 115 | 46 | 69 |
| Total summer school programs | 293 | 293 | 194 | 99 |
| Total instruction | 31,735 | 33,485 | 33,485 | - |
| Support services: | | | | |
| Students: | | | | |
| Salaries and benefits | 12,864 | 12,364 | 11,585 | 779 |
| Materials and services | 5,594 | 4,694 | 4,830 | (136) |
| Total students | 18,458 | 17,058 | 16,415 | 643 |
| Instructional staff: | | | | |
| Salaries and benefits | 6,346 | 6,346 | 6,760 | (414) |
| Materials and services | 1,724 | 1,724 | 1,347 | 377 |
| Total instructional staff | 8,070 | 8,070 | 8,107 | (37) |
| General administration: | | | | |
| Salaries and benefits | 711 | 711 | 421 | 290 |
| Materials and services | 37 | 37 | 27 | 10 |
| Total school administration | 748 | 748 | 448 | 300 |
| School administration: | | | | |
| Salaries and benefits | 1,223 | 1,223 | 1,107 | 116 |
| Materials and services | 570 | 220 | 163 | 57 |
| Total school administration | 1,793 | 1,443 | 1,270 | 173 |
| Business: | | | | |
| Salaries and benefits | - | - | 44 | (44) |
| Materials and services | 2,121 | 2,121 | 3,264 | (1,143) |
| Total business | 2,121 | 2,121 | 3,308 | (1,187) |

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

SCHOOL DISTRICT NO.1J, MULTNOMAH COUNTY, OREGON
Grant Fund
Schedule of Revenues, Expenditures, and
Changes in Fund Balance - Budget and Actual (continued)
For the year ended June 30, 2019
(amounts expressed in thousands)

| | Budgeted Amounts | | Actual Amounts | Variance from Final Budget Positive/ (Negative) |
|--|-------------------------|----------------------|---------------------------|--|
| | Original | Final | | |
| Support services (continued): | | | | |
| Central: | | | | |
| Salaries and benefits | \$ 98 | \$ 98 | \$ 34 | \$ 64 |
| Materials and services | 705 | 705 | 614 | 91 |
| Total central | <u>803</u> | <u>803</u> | <u>648</u> | <u>155</u> |
| Total support services | <u>31,993</u> | <u>30,243</u> | <u>30,196</u> | <u>47</u> |
| Enterprise and community services: | | | | |
| Food services: | | | | |
| Materials and services | 924 | 924 | 946 | (22) |
| Total food services | <u>924</u> | <u>924</u> | <u>946</u> | <u>(22)</u> |
| Community services: | | | | |
| Salaries and benefits | 1,757 | 1,757 | 1,887 | (130) |
| Materials and services | 387 | 387 | 136 | 251 |
| Total community services | <u>2,144</u> | <u>2,144</u> | <u>2,023</u> | <u>121</u> |
| Total enterprise and community services | <u>3,068</u> | <u>3,068</u> | <u>2,969</u> | <u>99</u> |
| Total expenditures | <u>66,796</u> | <u>66,796</u> | <u>66,650</u> | <u>146</u> |
| Excess (deficit) of revenues over expenditures | - | - | - | - |
| Fund balance - beginning of year | - | - | - | - |
| Fund balance - end of year | <u><u>\$ -</u></u> | <u><u>\$ -</u></u> | <u><u>\$ -</u></u> | <u><u>\$ -</u></u> |

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

SCHOOL DISTRICT NO.1J, MULTNOMAH COUNTY, OREGON
PERS Rate Stabilization Reserve Fund
Schedule of Revenues and
Changes in Fund Balance - Budget and Actual
For the year ended June 30, 2019
(amounts expressed in thousands)

| | Budgeted Amounts | | Actual Amounts | Variance from Final Budget Positive/ (Negative) |
|--------------------------------------|-------------------------|-------------------|---------------------------|--|
| | Original | Final | | |
| REVENUES | | | | |
| Property and other taxes | \$ 248 | \$ 248 | \$ 283 | \$ 35 |
| Investment earnings | 135 | 135 | 462 | 327 |
| Total revenues | <u>383</u> | <u>383</u> | <u>745</u> | <u>362</u> |
| Net change in fund balance | 383 | 383 | 745 | 362 |
| Fund balance - beginning of year | <u>17,138</u> | <u>17,138</u> | <u>17,209</u> | <u>71</u> |
| Fund balance - end of year | <u>\$ 17,521</u> | <u>\$ 17,521</u> | <u>\$ 17,954</u> | <u>\$ 433</u> |

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

SUPPLEMENTARY INFORMATION

SCHOOL DISTRICT NO.1J, MULTNOMAH COUNTY, OREGON
COMBINING STATEMENTS
Nonmajor Governmental Funds

SPECIAL REVENUE FUNDS

Special revenue funds account for certain revenues that are restricted to expenditures for designated purposes.

Student Body Activity Fund

This fund has separate accounts for each school's student body activities. Principal revenue sources are donations, fund raisers, individual support from PTAs, booster clubs, student store sales and club dues.

Cafeteria Fund

The Cafeteria Fund accounts for revenues and expenditures of the District's food service programs. Principal revenue sources are cash sales and federal subsidies under the National School Lunch and Breakfast Programs, and the sales of food in the BESC Cafeteria.

Dedicated Resource Fund

The Dedicated Resource Fund (formerly called the Special Revenue Fund) accounts for specific project revenues and expenditures such as state grants, foundation grants, donations, and charges to participants.

DEBT SERVICE FUNDS

Debt service funds account for the accumulation of financial resources to pay long-term debt principal, interest and related costs.

IT Projects Debt Service Fund

This fund is used for debt service payments of a \$15.0 million Full Faith and Credit bank loan that was executed on October 8, 2009.

PERS UAL Debt Service Fund

This fund was established to separately account for debt service payments related to series 2002 and 2003 Limited Tax Pension Obligation Bonds.

Full Faith and Credit Debt Service Fund

This fund is used to manage the repayment of principal and interest for debt incurred using funds borrowed under the full faith and credit facility of the District. The fund captures principal and interest payments for multiple borrowings, each of which fund a specific venture or capital expenditure.

COMBINING STATEMENTS

Nonmajor Governmental Funds (continued)

CAPITAL PROJECTS FUNDS

Capital projects funds account for financial resources used to acquire technology or construction, or for major renovation of capital facilities.

Construction Excise Tax Fund

This fund accounts for facilities improvements and construction set forth in Oregon Senate Bill 1036, which authorizes school districts to impose a construction excise tax in order to fund real property improvements.

IT System Project Fund

This fund accounts for projects relating to teacher/classroom technology, information systems, and technical infrastructure.

Full Faith and Credit Fund

This fund is used to manage capital expenditures for specifically authorized projects, including those projects funded with proceeds from full faith and credit borrowings.

Energy Efficient Schools Fund

This fund was established to separately account for resources and requirements of the Energy Efficient Schools Program receipts from the collections of the Public Purpose Charge funds by an electric company.

Facilities Capital Fund

This fund was established to separately account for resources and requirements resulting from capital improvements work conducted by the District. Primary sources of revenue are transfers from the General Fund and debt proceeds.

Capital Asset Renewal Fund

This fund was established to separately account for future resources and requirements that relate to life-cycle renewal of major building components. Primary sources of revenue are lease revenues, surplus property sales, athletic field rental income, and redirection of Recovery Zone Bond utility savings.

School Modernization Partnership Fund

This fund is used to manage non-bond-funded capital improvement work conducted by the District in conjunction with external partners. Primary sources of revenue are from external partners.

SCHOOL DISTRICT NO.1J, MULTNOMAH COUNTY, OREGON
Nonmajor Governmental Funds
Combining Balance Sheet by Fund Types
June 30, 2019
(amounts expressed in thousands)

| | Total Nonmajor | | | Total |
|-------------------------------------|--------------------------------------|-----------------------------------|---------------------------------------|------------------|
| | Special Revenue Funds | Debt Service Funds | Capital Projects Funds | |
| ASSETS | | | | |
| Cash and cash equivalents | \$ 18,553 | \$ 231 | \$ 25,600 | \$ 44,384 |
| Accounts and other receivables | 3,875 | - | 4,692 | 8,567 |
| Due from other funds | 744 | - | - | 744 |
| Prepaid Items | - | - | 27 | 27 |
| Inventories | 591 | - | - | 591 |
| Total assets | <u>\$ 23,763</u> | <u>\$ 231</u> | <u>\$ 30,319</u> | <u>\$ 54,313</u> |
| LIABILITIES | | | | |
| Accounts payable | \$ 2,172 | \$ - | \$ 2,264 | \$ 4,436 |
| Accrued wages and benefits | 888 | - | 4 | 892 |
| Due to other funds | - | - | 1,443 | 1,443 |
| Unearned revenues | 1,230 | - | - | 1,230 |
| Total liabilities | <u>4,290</u> | <u>-</u> | <u>3,711</u> | <u>8,001</u> |
| FUND BALANCES | | | | |
| Nonspendable | 591 | - | 27 | 618 |
| Restricted | 18,882 | - | 16,111 | 34,993 |
| Committed | - | 231 | - | 231 |
| Assigned | - | - | 10,470 | 10,470 |
| Total fund balances | <u>19,473</u> | <u>231</u> | <u>26,608</u> | <u>46,312</u> |
| Total liabilities and fund balances | <u>\$ 23,763</u> | <u>\$ 231</u> | <u>\$ 30,319</u> | <u>\$ 54,313</u> |

SCHOOL DISTRICT NO.1J, MULTNOMAH COUNTY, OREGON
Nonmajor Special Revenue Funds
Combining Balance Sheet
June 30, 2019
(amounts expressed in thousands)

| | Student Body Activity Fund | Cafeteria Fund | Dedicated Resource Fund | Total |
|--|---|---------------------------|--|------------------|
| ASSETS | | | | |
| Cash and cash equivalents | \$ 5,249 | \$ 2,228 | \$ 11,076 | \$ 18,553 |
| Accounts and other receivables | 133 | 1,824 | 1,918 | 3,875 |
| Due from other funds | 744 | - | - | 744 |
| Inventories | - | 591 | - | 591 |
| Total assets | <u>\$ 6,126</u> | <u>\$ 4,643</u> | <u>\$ 12,994</u> | <u>\$ 23,763</u> |
| LIABILITIES | | | | |
| Accounts payable | \$ 1,158 | \$ 541 | \$ 473 | \$ 2,172 |
| Accrued wages and benefits | - | 128 | 760 | 888 |
| Unearned Revenues | - | - | 1,230 | 1,230 |
| Total liabilities | <u>1,158</u> | <u>669</u> | <u>2,463</u> | <u>4,290</u> |
| FUND BALANCES | | | | |
| Nonspendable | - | 591 | - | 591 |
| Restricted | 4,968 | 3,383 | 10,531 | 18,882 |
| Total fund balances | <u>4,968</u> | <u>3,974</u> | <u>10,531</u> | <u>19,473</u> |
| Total liabilities and fund balances | <u>\$ 6,126</u> | <u>\$ 4,643</u> | <u>\$ 12,994</u> | <u>\$ 23,763</u> |



SCHOOL DISTRICT NO.1J, MULTNOMAH COUNTY, OREGON
Nonmajor Debt Service Funds
Balance Sheet
June 30, 2019
 (amounts expressed in thousands)

| | PERS UAL Debt Service Fund |
|---------------------------|---|
| ASSETS | |
| Cash and cash equivalents | \$ 231 |
| Total assets | \$ 231 |
| FUND BALANCES | |
| Committed | 231 |
| Total fund balances | 231 |
| Total fund balances | \$ 231 |

SCHOOL DISTRICT NO.1J, MULTNOMAH COUNTY, OREGON
Nonmajor Capital Projects Funds
Combining Balance Sheet
June 30, 2019
(amounts expressed in thousands)

| | Construction Excise Tax Fund | IT System Project Fund | Full Faith and Credit Fund |
|-------------------------------------|---|---------------------------------------|---|
| ASSETS | | | |
| Cash and cash equivalents | \$ 12,858 | \$ 534 | \$ 4,522 |
| Accounts and other receivables | 1,147 | - | - |
| Prepaid Items | - | - | - |
| Total assets | <u>\$ 14,005</u> | <u>\$ 534</u> | <u>\$ 4,522</u> |
| LIABILITIES | | | |
| Accounts payable | \$ 951 | \$ 484 | \$ 349 |
| Accrued wages and benefits | 4 | - | - |
| Due to other funds | - | - | - |
| Total liabilities | <u>955</u> | <u>484</u> | <u>349</u> |
| FUND BALANCES | | | |
| Nonspendable | - | - | - |
| Restricted | 13,050 | - | 277 |
| Assigned | - | 50 | 3,896 |
| Total fund balances | <u>13,050</u> | <u>50</u> | <u>4,173</u> |
| Total liabilities and fund balances | <u>\$ 14,005</u> | <u>\$ 534</u> | <u>\$ 4,522</u> |

| Energy Efficient Schools Fund | Facilities Capital Fund | Capital Asset Renewal Fund | School Modernization Partnership Fund | Total |
|--|--|---|--|------------------|
| \$ 1,951 | \$ - | \$ 5,735 | \$ - | \$ 25,600 |
| 94 | 3,000 | 28 | 423 | 4,692 |
| - | 27 | - | - | 27 |
| <u>\$ 2,045</u> | <u>\$ 3,027</u> | <u>\$ 5,763</u> | <u>\$ 423</u> | <u>\$ 30,319</u> |
| \$ 102 | \$ 378 | \$ - | \$ - | \$ 2,264 |
| - | - | - | - | 4 |
| - | 1,338 | - | 105 | 1,443 |
| <u>102</u> | <u>1,716</u> | <u>-</u> | <u>105</u> | <u>3,711</u> |
| - | 27 | - | - | 27 |
| 1,943 | 523 | - | 318 | 16,111 |
| - | 761 | 5,763 | - | 10,470 |
| <u>1,943</u> | <u>1,311</u> | <u>5,763</u> | <u>318</u> | <u>26,608</u> |
| <u>\$ 2,045</u> | <u>\$ 3,027</u> | <u>\$ 5,763</u> | <u>\$ 423</u> | <u>\$ 30,319</u> |

SCHOOL DISTRICT NO.1J, MULTNOMAH COUNTY, OREGON
Nonmajor Governmental Funds
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances by Fund Type
For the year ended June 30, 2019
(amounts expressed in thousands)

| | Total Nonmajor | | | Total |
|--|--------------------------------------|-----------------------------------|---------------------------------------|------------------|
| | Special Revenue Funds | Debt Service Funds | Capital Projects Funds | |
| REVENUES | | | | |
| Property and other taxes | \$ - | \$ - | \$ 5,991 | \$ 5,991 |
| Federal and state support | 12,344 | 97 | 4,500 | 16,941 |
| County and intermediate sources | 1,801 | - | - | 1,801 |
| Charges for services | 5,082 | 46,505 | 847 | 52,434 |
| Extracurricular activities | 7,191 | - | - | 7,191 |
| Investment earnings | - | 673 | 182 | 855 |
| Other | 6,795 | - | 1,113 | 7,908 |
| Total revenues | 33,213 | 47,275 | 12,633 | 93,121 |
| EXPENDITURES | | | | |
| Current: | | | | |
| Instruction: | | | | |
| Regular programs | 10,955 | - | - | 10,955 |
| Special programs | 1,861 | - | - | 1,861 |
| Summer school programs | 43 | - | - | 43 |
| Total instruction | 12,859 | - | - | 12,859 |
| Support services: | | | | |
| Students | 622 | - | - | 622 |
| Instructional staff | 275 | - | - | 275 |
| General administration | 65 | - | - | 65 |
| School administration | 289 | - | - | 289 |
| Business | 196 | - | 1,424 | 1,620 |
| Central | 127 | - | 738 | 865 |
| Total support services | 1,574 | - | 2,162 | 3,736 |
| Enterprise and community services: | | | | |
| Food services | 18,291 | - | - | 18,291 |
| Community services | 80 | - | - | 80 |
| Total enterprise and community services | 18,371 | - | - | 18,371 |
| Facilities acquisition and construction: | 49 | - | 15,839 | 15,888 |
| Debt Service: | | | | |
| Principal | - | 16,047 | - | 16,047 |
| Interest and fiscal charges | - | 37,362 | - | 37,362 |
| Total debt service | - | 53,409 | - | 53,409 |
| Total expenditures | 32,853 | 53,409 | 18,001 | 104,263 |
| Excess (deficit) of revenues over expenditures | 360 | (6,134) | (5,368) | (11,142) |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers in | 114 | 4,458 | 1,539 | 6,111 |
| Transfers out | (14) | - | (619) | (633) |
| Proceeds from the sale of capital assets | 15 | - | - | 15 |
| Total other financing sources (uses) | 115 | 4,458 | 920 | 5,493 |
| Net change in fund balances | 475 | (1,676) | (4,448) | (5,649) |
| Fund balances - beginning of year | 18,998 | 1,907 | 31,056 | 51,961 |
| Fund balances - end of year | \$ 19,473 | \$ 231 | \$ 26,608 | \$ 46,312 |

SCHOOL DISTRICT NO.1J, MULTNOMAH COUNTY, OREGON
Nonmajor Special Revenue Funds
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
For the year ended June 30, 2019
(amounts expressed in thousands)

| | Student Body Activity Fund | Cafeteria Fund | Dedicated Resource Fund | Total |
|--|---|---------------------------|--|------------------|
| REVENUES | | | | |
| Federal and state support | \$ - | \$ 12,294 | \$ 50 | \$ 12,344 |
| County and intermediate sources | - | - | 1,801 | 1,801 |
| Charges for services | - | 4,372 | 710 | 5,082 |
| Extracurricular activities | 7,191 | - | - | 7,191 |
| Other | - | 43 | 6,752 | 6,795 |
| Total revenues | <u>7,191</u> | <u>16,709</u> | <u>9,313</u> | <u>33,213</u> |
| EXPENDITURES | | | | |
| Current: | | | | |
| Instruction: | | | | |
| Regular programs | 6,592 | - | 4,363 | 10,955 |
| Special programs | - | - | 1,861 | 1,861 |
| Summer school programs | - | - | 43 | 43 |
| Total instruction | <u>6,592</u> | <u>-</u> | <u>6,267</u> | <u>12,859</u> |
| Support services: | | | | |
| Students | - | - | 622 | 622 |
| Instructional staff | - | - | 275 | 275 |
| General administration | - | - | 65 | 65 |
| School administration | - | - | 289 | 289 |
| Business | - | - | 196 | 196 |
| Central | - | - | 127 | 127 |
| Total support services | <u>-</u> | <u>-</u> | <u>1,574</u> | <u>1,574</u> |
| Enterprise and community services: | | | | |
| Food services | - | 18,269 | 22 | 18,291 |
| Community services | - | - | 80 | 80 |
| Total enterprise & community service | <u>-</u> | <u>18,269</u> | <u>102</u> | <u>18,371</u> |
| Facilities acquisition & construction: | | | | |
| Total expenditures | <u>6,592</u> | <u>18,269</u> | <u>7,992</u> | <u>32,853</u> |
| Excess (deficit) of revenues over expenditures | <u>599</u> | <u>(1,560)</u> | <u>1,321</u> | <u>360</u> |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers in | - | 76 | 38 | 114 |
| Transfers out | - | - | (14) | (14) |
| Proceeds from the sale of capital assets | - | - | 15 | 15 |
| Total other financing sources (uses) | <u>-</u> | <u>76</u> | <u>39</u> | <u>115</u> |
| Net change in fund balances | 599 | (1,484) | 1,360 | 475 |
| Fund balances - beginning of year | 4,369 | 5,458 | 9,171 | 18,998 |
| Fund balances - end of year | <u>\$ 4,968</u> | <u>\$ 3,974</u> | <u>\$ 10,531</u> | <u>\$ 19,473</u> |

SCHOOL DISTRICT NO.1J, MULTNOMAH COUNTY, OREGON
Nonmajor Debt Service Funds
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
For the year ended June 30, 2019
(amounts expressed in thousands)

| | IT Projects Debt Service Fund | PERS UAL Debt Service Fund | Full Faith and Credit Debt Service Fund | Total |
|--|--|---|--|----------------|
| REVENUES | | | | |
| Charges for services | \$ - | \$ 46,505 | \$ - | \$ 46,505 |
| Investment earnings | - | 673 | - | 673 |
| Federal and state support | - | - | 97 | 97 |
| Total revenues | <u>-</u> | <u>47,178</u> | <u>97</u> | <u>47,275</u> |
| EXPENDITURES | | | | |
| Current: | | | | |
| Debt Service: | | | | |
| Principal | 2,619 | 11,949 | 1,479 | 16,047 |
| Interest and fiscal charges | 89 | 36,905 | 368 | 37,362 |
| Total expenditures | <u>2,708</u> | <u>48,854</u> | <u>1,847</u> | <u>53,409</u> |
| Excess (deficit) of revenues over expenditures | <u>(2,708)</u> | <u>(1,676)</u> | <u>(1,750)</u> | <u>(6,134)</u> |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers in | 2,708 | - | 1,750 | 4,458 |
| Total other financing sources (uses) | <u>2,708</u> | <u>-</u> | <u>1,750</u> | <u>4,458</u> |
| Net change in fund balances | - | (1,676) | - | (1,676) |
| Fund balances - beginning of year | - | 1,907 | - | 1,907 |
| Fund balances - end of year | <u>\$ -</u> | <u>\$ 231</u> | <u>\$ -</u> | <u>\$ 231</u> |



SCHOOL DISTRICT NO.1J, MULTNOMAH COUNTY, OREGON
Nonmajor Capital Projects Funds
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
For the year ended June 30, 2019
(amounts expressed in thousands)

| | <u>Construction Excise Tax Fund</u> | <u>IT System Project Fund</u> | <u>Full Faith and Credit Fund</u> |
|--|---|---------------------------------------|---|
| REVENUES | | | |
| Property and other taxes | \$ 5,991 | \$ - | \$ - |
| Federal and state support | - | - | - |
| Charges for services | - | - | - |
| Investment earnings | 168 | 8 | - |
| Other | - | 84 | - |
| Total revenues | <u>6,159</u> | <u>92</u> | <u>-</u> |
| EXPENDITURES | | | |
| Current: | | | |
| Support services: | | | |
| Business | - | - | 1,421 |
| Central | - | 738 | - |
| Total support services | <u>-</u> | <u>738</u> | <u>1,421</u> |
| Facilities acquisition and construction: | <u>8,233</u> | <u>-</u> | <u>228</u> |
| Total expenditures | <u>8,233</u> | <u>738</u> | <u>1,649</u> |
| Excess (deficit) of revenues over expenditures | <u>(2,074)</u> | <u>(646)</u> | <u>(1,649)</u> |
| OTHER FINANCING SOURCES (USES) | | | |
| Transfers in | - | 311 | - |
| Transfers out | (619) | - | - |
| Total other financing sources (uses) | <u>(619)</u> | <u>311</u> | <u>-</u> |
| Net change in fund balances | (2,693) | (335) | (1,649) |
| Fund balances - beginning of year | 15,743 | 385 | 5,822 |
| Fund balances - end of year | <u>\$ 13,050</u> | <u>\$ 50</u> | <u>\$ 4,173</u> |

| Energy Efficient Schools Fund | Facilities Capital Fund | Capital Asset Renewal Fund | School Modernization Partnership Fund | Total |
|--|--|---|--|------------------|
| \$ - | \$ - | \$ - | \$ - | \$ 5,991 |
| - | 4,500 | - | - | 4,500 |
| - | - | 847 | - | 847 |
| - | 6 | - | - | 182 |
| 1,029 | - | - | - | 1,113 |
| <u>1,029</u> | <u>4,506</u> | <u>847</u> | <u>-</u> | <u>12,633</u> |
| - | 3 | - | - | 1,424 |
| - | - | - | - | 738 |
| - | <u>3</u> | - | - | <u>2,162</u> |
| <u>1,230</u> | <u>6,148</u> | <u>-</u> | <u>-</u> | <u>15,839</u> |
| <u>1,230</u> | <u>6,151</u> | <u>-</u> | <u>-</u> | <u>18,001</u> |
| <u>(201)</u> | <u>(1,645)</u> | <u>847</u> | <u>-</u> | <u>(5,368)</u> |
| - | 1,228 | - | - | 1,539 |
| - | - | - | - | (619) |
| - | <u>1,228</u> | <u>-</u> | <u>-</u> | <u>920</u> |
| (201) | (417) | 847 | - | (4,448) |
| 2,144 | 1,728 | 4,916 | 318 | 31,056 |
| <u>\$ 1,943</u> | <u>\$ 1,311</u> | <u>\$ 5,763</u> | <u>\$ 318</u> | <u>\$ 26,608</u> |



BUDGETARY COMPARISON SCHEDULES
Nonmajor Governmental Funds

SCHOOL DISTRICT NO.1J, MULTNOMAH COUNTY, OREGON
Student Body Activity Fund
Schedule of Revenues, Expenditures, and
Changes in Fund Balance - Budget and Actual
For the year ended June 30, 2019
(amounts expressed in thousands)

| | Budgeted Amounts | | Actual Amounts | Variance from Final Budget Positive/ (Negative) |
|--|-------------------------|-----------------|---------------------------|--|
| | Original | Final | | |
| REVENUES | | | | |
| Extracurricular activities | \$ 8,800 | \$ 8,800 | \$ 7,191 | \$ (1,609) |
| Total revenues | <u>8,800</u> | <u>8,800</u> | <u>7,191</u> | <u>(1,609)</u> |
| EXPENDITURES | | | | |
| Current: | | | | |
| Instruction: | | | | |
| Regular programs | | | | |
| Materials and services | 8,800 | 8,800 | 6,592 | 2,208 |
| Total instruction | <u>8,800</u> | <u>8,800</u> | <u>6,592</u> | <u>2,208</u> |
| Total expenditures | <u>8,800</u> | <u>8,800</u> | <u>6,592</u> | <u>2,208</u> |
| Excess of revenues over expenditures and net change in fund balance | - | - | 599 | 599 |
| Fund balance - beginning of year | 4,257 | 4,257 | 4,369 | 112 |
| Fund balance - end of year | <u>\$ 4,257</u> | <u>\$ 4,257</u> | <u>\$ 4,968</u> | <u>\$ 711</u> |

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

SCHOOL DISTRICT NO.1J, MULTNOMAH COUNTY, OREGON
Cafeteria Fund
Schedule of Revenues, Expenditures, and
Changes in Fund Balance - Budget and Actual
For the year ended June 30, 2019
(amounts expressed in thousands)

| | <u>Budgeted Amounts</u> | | <u>Actual Amounts</u> | <u>Variance from Final Budget Positive/ (Negative)</u> |
|--|-------------------------|----------------------|---------------------------|--|
| | <u>Original</u> | <u>Final</u> | | |
| REVENUES | | | | |
| Federal and state support | \$ 12,714 | \$ 12,714 | \$ 12,294 | \$ (420) |
| Charges for services | 4,373 | 4,373 | 4,372 | (1) |
| Other | 21 | 21 | 43 | 22 |
| Total revenues | <u>17,108</u> | <u>17,108</u> | <u>16,709</u> | <u>(399)</u> |
| EXPENDITURES | | | | |
| Current: | | | | |
| Enterprise and community services: | | | | |
| Food services: | | | | |
| Salaries and benefits | 9,334 | 9,334 | 8,208 | 1,126 |
| Materials and services | 11,875 | 11,875 | 10,061 | 1,814 |
| Total enterprise and community services | <u>21,209</u> | <u>21,209</u> | <u>18,269</u> | <u>2,940</u> |
| | | | | |
| Total expenditures | <u>21,209</u> | <u>21,209</u> | <u>18,269</u> | <u>2,940</u> |
| Excess (deficit) of revenues over expenditures | <u>(4,101)</u> | <u>(4,101)</u> | <u>(1,560)</u> | <u>2,541</u> |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers in | 450 | 450 | 76 | (374) |
| Total other financing sources | <u>450</u> | <u>450</u> | <u>76</u> | <u>(374)</u> |
| Net change in fund balance | <u>(3,651)</u> | <u>(3,651)</u> | <u>(1,484)</u> | <u>2,167</u> |
| | | | | |
| Fund balance - beginning of year | 4,548 | 4,548 | 5,458 | 910 |
| Fund balance - end of year | <u>\$ 897</u> | <u>\$ 897</u> | <u>\$ 3,974</u> | <u>\$ 3,077</u> |

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

SCHOOL DISTRICT NO.1J, MULTNOMAH COUNTY, OREGON
Dedicated Resource Fund
Schedule of Revenues, Expenditures, and
Changes in Fund Balance - Budget and Actual
For the year ended June 30, 2019
(amounts expressed in thousands)

| | <u>Budgeted Amounts</u> | | <u>Actual Amounts</u> | <u>Variance from Final Budget Positive/ (Negative)</u> |
|-------------------------------------|-------------------------|--------------|---------------------------|--|
| | <u>Original</u> | <u>Final</u> | | |
| REVENUES | | | | |
| Charges for services | \$ 9 | \$ 9 | \$ 710 | \$ 701 |
| County and intermediate sources | 1,507 | 1,507 | 1,801 | 294 |
| Federal and state support | - | - | 50 | 50 |
| Other | 6,900 | 6,900 | 6,752 | (148) |
| Total revenues | 8,416 | 8,416 | 9,313 | 897 |
| EXPENDITURES | | | | |
| Current: | | | | |
| Instruction: | | | | |
| Regular programs: | | | | |
| Salaries and benefits | 2,352 | 2,352 | 3,527 | (1,175) |
| Materials and services | 1,627 | 1,627 | 836 | 791 |
| Total regular programs | 3,979 | 3,979 | 4,363 | (384) |
| Special programs: | | | | |
| Salaries and benefits | 2,542 | 2,542 | 1,647 | 895 |
| Materials and services | 1,367 | 1,367 | 214 | 1,153 |
| Total special programs | 3,909 | 3,909 | 1,861 | 2,048 |
| Summer school programs: | | | | |
| Salaries and benefits | - | - | 15 | (15) |
| Materials and services | 400 | 400 | 28 | 372 |
| Total summer school programs | 400 | 400 | 43 | 357 |
| Total instruction | 8,288 | 8,288 | 6,267 | 2,021 |
| Support services: | | | | |
| Students: | | | | |
| Salaries and benefits | 291 | 291 | 186 | 105 |
| Materials and services | 381 | 381 | 436 | (55) |
| Total students | 672 | 672 | 622 | 50 |
| Instructional staff: | | | | |
| Salaries and benefits | 205 | 205 | 155 | 50 |
| Materials and services | 180 | 180 | 120 | 60 |
| Total instructional staff | 385 | 385 | 275 | 110 |
| General administration: | | | | |
| Materials and services | 300 | 300 | 65 | 235 |
| Total general administration | 300 | 300 | 65 | 235 |
| School administration: | | | | |
| Salaries and benefits | 219 | 219 | 287 | (68) |
| Materials and services | 600 | 550 | 2 | 548 |
| Total school administration | 819 | 769 | 289 | 480 |

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

SCHOOL DISTRICT NO.1J, MULTNOMAH COUNTY, OREGON
Dedicated Resource Fund
Schedule of Revenues, Expenditures, and
Changes in Fund Balance - Budget and Actual (continued)
For the year ended June 30, 2019
(amounts expressed in thousands)

| | Budgeted Amounts | | Actual Amounts | Variance from Final Budget Positive/ (Negative) |
|--|-------------------------|---------------------|---------------------------|--|
| | Original | Final | | |
| Support services (continued): | | | | |
| Business: | | | | |
| Materials and services | \$ 177 | \$ 177 | \$ 196 | \$ (19) |
| Total business | <u>177</u> | <u>177</u> | <u>196</u> | <u>(19)</u> |
| Central: | | | | |
| Materials and services | - | - | 127 | (127) |
| Total central | <u>-</u> | <u>-</u> | <u>127</u> | <u>(127)</u> |
| Total support services | <u>2,353</u> | <u>2,303</u> | <u>1,574</u> | <u>729</u> |
| Enterprise and community services: | | | | |
| Food Services: | | | | |
| Materials and services | 80 | 80 | 22 | 58 |
| Total food services | <u>80</u> | <u>80</u> | <u>22</u> | <u>58</u> |
| Community services: | | | | |
| Salaries and benefits | 52 | 52 | 1 | 51 |
| Materials and services | 5 | 5 | 79 | (74) |
| Total community services | <u>57</u> | <u>57</u> | <u>80</u> | <u>(23)</u> |
| Total enterprise and community services | <u>137</u> | <u>137</u> | <u>102</u> | <u>35</u> |
| Facilities acquisition & construction: | | | | |
| Materials and services | - | 50 | 49 | 1 |
| Total facilities acquisition and construction | <u>-</u> | <u>50</u> | <u>49</u> | <u>1</u> |
| Total current expenditures | <u>10,778</u> | <u>10,778</u> | <u>7,992</u> | <u>2,786</u> |
| Operating Contingencies | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Total expenditures | <u>10,778</u> | <u>10,778</u> | <u>7,992</u> | <u>2,786</u> |
| Excess (deficit) of revenues over expenditures | <u>(2,362)</u> | <u>(2,362)</u> | <u>1,321</u> | <u>3,683</u> |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers in | 50 | 50 | 38 | (12) |
| Transfers out | (50) | (50) | (14) | 36 |
| Proceeds from the sale of capital assets | - | - | 15 | 15 |
| Total other financing sources (uses) | <u>-</u> | <u>-</u> | <u>39</u> | <u>39</u> |
| Net change in fund balance | (2,362) | (2,362) | 1,360 | 3,722 |
| Fund balance - beginning of year | 2,362 | 2,362 | 9,171 | 6,809 |
| Fund balance - end of year | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 10,531</u> | <u>\$ 10,531</u> |

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

SCHOOL DISTRICT NO.1J, MULTNOMAH COUNTY, OREGON
IT Projects Debt Service Fund
Schedule of Expenditures and
Changes in Fund Balance - Budget and Actual
For the year ended June 30, 2019
(amounts expressed in thousands)

| | Budgeted Amounts | | Actual Amounts | Variance from Final Budget Positive/ (Negative) |
|---------------------------------------|-------------------------|--------------|---------------------------|--|
| | Original | Final | | |
| EXPENDITURES | | | | |
| Current: | | | | |
| Debt service: | | | | |
| Principal | \$ 2,619 | \$ 2,619 | \$ 2,619 | \$ - |
| Interest and fiscal charges | 89 | 89 | 89 | - |
| Total debt service | 2,708 | 2,708 | 2,708 | - |
| Total expenditures | <u>2,708</u> | <u>2,708</u> | <u>2,708</u> | <u>-</u> |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers in | 2,708 | 2,708 | 2,708 | - |
| Total other financing sources (uses) | <u>2,708</u> | <u>2,708</u> | <u>2,708</u> | <u>-</u> |
| Net change in fund balance | - | - | - | - |
| Fund balance - beginning of year | - | - | - | - |
| Fund balance - end of year | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |

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

SCHOOL DISTRICT NO.1J, MULTNOMAH COUNTY, OREGON
PERS UAL Debt Service Fund
Schedule of Revenues, Expenditures, and
Changes in Fund Balance - Budget and Actual
For the year ended June 30, 2019

(amounts expressed in thousands)

| | Budgeted Amounts | | Actual Amounts | Variance from Final Budget Positive/ (Negative) |
|--|-------------------------|----------------------|---------------------------|--|
| | Original | Final | | |
| REVENUES | | | | |
| Charges for services | \$ 49,133 | \$ 49,133 | \$ 46,505 | \$ (2,628) |
| Investment earnings | 250 | 250 | 673 | 423 |
| Total revenues | <u>49,383</u> | <u>49,383</u> | <u>47,178</u> | <u>(2,205)</u> |
| EXPENDITURES | | | | |
| Current: | | | | |
| Debt service: | | | | |
| Principal | 11,949 | 11,949 | 11,949 | - |
| Interest and fiscal charges | 36,905 | 36,905 | 36,905 | - |
| Total debt service | <u>48,854</u> | <u>48,854</u> | <u>48,854</u> | <u>-</u> |
| Total expenditures | <u>48,854</u> | <u>48,854</u> | <u>48,854</u> | <u>-</u> |
| Excess of revenues over (under) expenditures and net change in fund balance | 529 | 529 | (1,676) | (2,205) |
| Fund balance - beginning of year | 641 | 641 | 1,907 | 1,266 |
| Fund balance - end of year | <u>\$ 1,170</u> | <u>\$ 1,170</u> | <u>\$ 231</u> | <u>\$ (939)</u> |

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

SCHOOL DISTRICT NO.1J, MULTNOMAH COUNTY, OREGON
Full Faith and Credit Debt Service Fund
Schedule of Revenues, Expenditures, and
Changes in Fund Balance - Budget and Actual
For the year ended June 30, 2019
(amounts expressed in thousands)

| | Budgeted Amounts | | Actual Amounts | Variance from Final Budget Positive/ (Negative) |
|--|-------------------------|---------------------|---------------------------|--|
| | Original | Final | | |
| REVENUES | | | | |
| Federal and state support | \$ 96 | \$ 96 | \$ 97 | \$ 1 |
| Total revenues | <u>96</u> | <u>96</u> | <u>97</u> | <u>1</u> |
| EXPENDITURES | | | | |
| Current: | | | | |
| Debt service: | | | | |
| Principal | 1,479 | 1,479 | 1,479 | - |
| Interest and fiscal charges | <u>368</u> | <u>368</u> | <u>368</u> | <u>-</u> |
| Total debt service | <u>1,847</u> | <u>1,847</u> | <u>1,847</u> | <u>-</u> |
| Total expenditures | <u>1,847</u> | <u>1,847</u> | <u>1,847</u> | <u>-</u> |
| Excess (deficit) of revenues over expenditures | <u>(1,751)</u> | <u>(1,751)</u> | <u>(1,750)</u> | <u>1</u> |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers in | <u>1,751</u> | <u>1,751</u> | <u>1,750</u> | <u>(1)</u> |
| Total other financing sources (uses) | <u>1,751</u> | <u>1,751</u> | <u>1,750</u> | <u>(1)</u> |
| Net change in fund balance | - | - | - | - |
| Fund balance - beginning of year | - | - | - | - |
| Fund balance - end of year | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |

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

SCHOOL DISTRICT NO.1J, MULTNOMAH COUNTY, OREGON
Construction Excise Tax Fund
Schedule of Revenues, Expenditures, and
Changes in Fund Balance - Budget and Actual
For the year ended June 30, 2019
(amounts expressed in thousands)

| | Budgeted Amounts | | Actual Amounts | Variance from Final Budget Positive/ (Negative) |
|--|-------------------------|---------------|---------------------------|--|
| | Original | Final | | |
| REVENUES | | | | |
| Construction excise tax | \$ 6,001 | \$ 6,001 | \$ 5,991 | \$ (10) |
| Investment earnings | 2 | 2 | 168 | 166 |
| Total revenues | 6,003 | 6,003 | 6,159 | 156 |
| EXPENDITURES | | | | |
| Current: | | | | |
| Facilities acquisition & construction: | | | | |
| Salaries and benefits | - | - | 40 | (40) |
| Materials and services | 20,222 | 20,222 | 8,193 | 12,029 |
| Total facilities acquisition & construction | 20,222 | 20,222 | 8,233 | 11,989 |
| Total expenditures | 20,222 | 20,222 | 8,233 | 11,989 |
| Excess (deficit) of revenues over expenditures | (14,219) | (14,219) | (2,074) | 12,145 |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers out | (619) | (619) | (619) | - |
| Total other financing sources (uses) | (619) | (619) | (619) | - |
| Net change in fund balance | (14,838) | (14,838) | (2,693) | 12,145 |
| Fund balance - beginning of year | 14,838 | 14,838 | 15,743 | 905 |
| Fund balance - end of year | \$ - | \$ - | \$ 13,050 | \$ 13,050 |

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

SCHOOL DISTRICT NO.1J, MULTNOMAH COUNTY, OREGON
IT System Project Fund
Schedule of Revenues, Expenditures, and
Changes in Fund Balance - Budget and Actual
For the year ended June 30, 2019
(amounts expressed in thousands)

| | Budgeted Amounts | | Actual Amounts | Variance from Final Budget Positive/ (Negative) |
|--|-------------------------|-------------------|---------------------------|--|
| | Original | Final | | |
| REVENUES | | | | |
| Investment earnings | \$ 10 | \$ 10 | \$ 8 | \$ (2) |
| Other | - | - | 84 | 84 |
| Total revenues | <u>10</u> | <u>10</u> | <u>92</u> | <u>82</u> |
| EXPENDITURES | | | | |
| Current: | | | | |
| Support services: | | | | |
| Central: | | | | |
| Materials and services | <u>774</u> | <u>774</u> | <u>738</u> | <u>36</u> |
| Total central | <u>774</u> | <u>774</u> | <u>738</u> | <u>36</u> |
| Total support services | <u>774</u> | <u>774</u> | <u>738</u> | <u>36</u> |
| Total expenditures | <u>774</u> | <u>774</u> | <u>738</u> | <u>36</u> |
| Excess (deficit) of revenues over expenditures | <u>(764)</u> | <u>(764)</u> | <u>(646)</u> | <u>118</u> |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers in | <u>311</u> | <u>311</u> | <u>311</u> | <u>-</u> |
| Net change in fund balance | (453) | (453) | (335) | 118 |
| Fund balance - beginning of year | <u>453</u> | <u>453</u> | <u>385</u> | <u>(68)</u> |
| Fund balance - end of year | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 50</u> | <u>\$ 50</u> |

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

SCHOOL DISTRICT NO.1J, MULTNOMAH COUNTY, OREGON
Full Faith and Credit Fund
Schedule of Expenditures and
Changes in Fund Balance - Budget and Actual
For the year ended June 30, 2019
(amounts expressed in thousands)

| | Budgeted Amounts | | Actual Amounts | Variance from Final Budget Positive/ (Negative) |
|--|-------------------------|----------------|---------------------------|--|
| | Original | Final | | |
| EXPENDITURES | | | | |
| Current: | | | | |
| Support services | | | | |
| Business: | | | | |
| Materials and services | \$ 3,695 | \$ 3,695 | \$ 1,421 | \$ 2,274 |
| Total business | <u>3,695</u> | <u>3,695</u> | <u>1,421</u> | <u>2,274</u> |
| Total support services expenditures | 3,695 | 3,695 | 1,421 | 2,274 |
| Facilities acquisition & construction: | | | | |
| Salaries and benefits | - | - | 1 | (1) |
| Materials and services | 624 | 624 | 227 | 397 |
| Total facilities acquisition & construction | 624 | 624 | 228 | 396 |
| Total expenditures | <u>4,319</u> | <u>4,319</u> | <u>1,649</u> | <u>2,670</u> |
| Excess (deficit) of revenues over expenditures | <u>(4,319)</u> | <u>(4,319)</u> | <u>(1,649)</u> | <u>2,670</u> |
| Net change in fund balance | (4,319) | (4,319) | (1,649) | 2,670 |
| Fund balance - beginning of year | 4,319 | 4,319 | 5,822 | 1,503 |
| Fund balance - end of year | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 4,173</u> | <u>\$ 4,173</u> |

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

SCHOOL DISTRICT NO.1J, MULTNOMAH COUNTY, OREGON
Energy Efficient Schools Fund
Schedule of Revenues, Expenditures, and
Changes in Fund Balance - Budget and Actual
For the year ended June 30, 2019
(amounts expressed in thousands)

| | Budgeted Amounts | | Actual Amounts | Variance from Final Budget Positive/ (Negative) |
|--|-------------------------|---------------------|---------------------------|--|
| | Original | Final | | |
| REVENUES | | | | |
| Investment earnings | \$ 3 | \$ 3 | \$ - | \$ (3) |
| Other | 1,025 | 1,025 | 1,029 | 4 |
| Total revenues | <u>1,028</u> | <u>1,028</u> | <u>1,029</u> | <u>1</u> |
| EXPENDITURES | | | | |
| Current: | | | | |
| Facilities acquisition & construction: | | | | |
| Materials and services | 2,820 | 2,820 | 1,230 | 1,590 |
| Total facilities acquisition & construction | <u>2,820</u> | <u>2,820</u> | <u>1,230</u> | <u>1,590</u> |
| Total expenditures | <u>2,820</u> | <u>2,820</u> | <u>1,230</u> | <u>1,590</u> |
| Excess (deficit) of revenues over expenditures and net change in fund balance | <u>(1,792)</u> | <u>(1,792)</u> | <u>(201)</u> | <u>1,591</u> |
| Fund balance - beginning of year | 1,792 | 1,792 | 2,144 | 352 |
| Fund balance - end of year | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 1,943</u> | <u>\$ 1,943</u> |

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

SCHOOL DISTRICT NO.1J, MULTNOMAH COUNTY, OREGON
Facilities Capital Fund
Schedule of Revenues, Expenditures, and
Changes in Fund Balance - Budget and Actual
For the year ended June 30, 2019
(amounts expressed in thousands)

| | Budgeted Amounts | | Actual Amounts | Variance from Final Budget Positive/ (Negative) |
|--|-------------------------|---------------|---------------------------|--|
| | Original | Final | | |
| REVENUES | | | | |
| Federal and state support | \$ 17,500 | \$ 17,500 | \$ 4,500 | \$ (13,000) |
| Investment earnings | - | - | 6 | 6 |
| Other | 184 | 184 | - | (184) |
| Total revenues | 17,684 | 17,684 | 4,506 | (13,178) |
| EXPENDITURES | | | | |
| Current: | | | | |
| Support Services: | | | | |
| Business: | | | | |
| Materials and services | 5 | 5 | 3 | 2 |
| Total support services | 5 | 5 | 3 | 2 |
| Facilities acquisition & construction: | | | | |
| Materials and services | 19,782 | 19,782 | 6,148 | 13,634 |
| Total facilities acquisition & construction | 19,782 | 19,782 | 6,148 | 13,634 |
| Total expenditures | 19,787 | 19,787 | 6,151 | 13,636 |
| Excess (deficit) of revenues over expenditures | (2,103) | (2,103) | (1,645) | 458 |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers in | 1,228 | 1,228 | 1,228 | - |
| Total other financing sources (uses) | 1,228 | 1,228 | 1,228 | - |
| Net change in fund balance | (875) | (875) | (417) | 458 |
| Fund balance - beginning of year | 875 | 875 | 1,728 | 853 |
| Fund balance - end of year | \$ - | \$ - | \$ 1,311 | \$ 1,311 |

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

SCHOOL DISTRICT NO.1J, MULTNOMAH COUNTY, OREGON
Capital Asset Renewal Fund
Schedule of Revenues, Expenditures, and
Changes in Fund Balance - Budget and Actual
For the year ended June 30, 2019
(amounts expressed in thousands)

| | Budgeted Amounts | | Actual Amounts | Variance from Final Budget Positive/ (Negative) |
|--|-------------------------|---------------------|---------------------------|--|
| | Original | Final | | |
| REVENUES | | | | |
| Charges for services | \$ 550 | \$ 550 | \$ 847 | \$ 297 |
| Investment earnings | 1 | 1 | - | (1) |
| Total revenues | <u>551</u> | <u>551</u> | <u>847</u> | <u>296</u> |
| EXPENDITURES | | | | |
| Current: | | | | |
| Facilities acquisition & construction: | | | | |
| Materials and services | 5,090 | 5,090 | - | 5,090 |
| Total facilities acquisition & construction | <u>5,090</u> | <u>5,090</u> | <u>-</u> | <u>5,090</u> |
| Total expenditures | <u>5,090</u> | <u>5,090</u> | <u>-</u> | <u>5,090</u> |
| Excess (deficit) of revenues over expenditures and net change in fund balance | (4,539) | (4,539) | 847 | 5,386 |
| Fund balance - beginning of year | 4,539 | 4,539 | 4,916 | 377 |
| Fund balance - end of year | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 5,763</u> | <u>\$ 5,763</u> |

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

SCHOOL DISTRICT NO.1J, MULTNOMAH COUNTY, OREGON
School Modernization Partnership Fund
Schedule of Changes in
Fund Balance - Budget and Actual
For the year ended June 30, 2019
(amounts expressed in thousands)

| | Budgeted Amounts | | Actual Amounts | Variance from Final Budget Positive/ (Negative) |
|----------------------------------|-------------------------|--------------|---------------------------|--|
| | Original | Final | | |
| Fund balance - beginning of year | \$ - | \$ - | \$ 318 | \$ 318 |
| Fund balance - end of year | \$ - | \$ - | \$ 318 | \$ 318 |

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



BUDGETARY COMPARISON SCHEDULES
Other funds



SCHOOL DISTRICT NO.1J, MULTNOMAH COUNTY, OREGON
GO Bond Debt Service Fund
Schedule of Revenues, Expenditures, and
Changes in Fund Balance - Budget and Actual
For the year ended June 30, 2019
(amounts expressed in thousands)

| | Budgeted Amounts | | Actual Amounts | Variance from Final Budget Positive/ (Negative) |
|--|-------------------------|-----------------------|---------------------------|--|
| | Original | Final | | |
| REVENUES | | | | |
| Property and other taxes | \$ 120,282 | \$ 120,282 | \$ 125,222 | \$ 4,940 |
| Investment earnings | 150 | 150 | 1,533 | 1,383 |
| Total revenues | <u>120,432</u> | <u>120,432</u> | <u>126,755</u> | <u>6,323</u> |
| EXPENDITURES | | | | |
| Current: | | | | |
| Debt service: | | | | |
| Principal | 98,490 | 98,490 | 98,490 | - |
| Interest and fiscal charges | <u>21,942</u> | <u>21,942</u> | <u>21,942</u> | <u>-</u> |
| Total debt service | <u>120,432</u> | <u>120,432</u> | <u>120,432</u> | <u>-</u> |
| Total expenditures | <u>120,432</u> | <u>120,432</u> | <u>120,432</u> | <u>-</u> |
| Excess of revenues over expenditures and net change in fund balance | - | - | 6,323 | 6,323 |
| Fund balance - beginning of year | 3,301 | 3,301 | 4,229 | 928 |
| Fund balance - end of year | <u>\$ 3,301</u> | <u>\$ 3,301</u> | <u>\$ 10,552</u> | <u>\$ 7,251</u> |

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

SCHOOL DISTRICT NO.1J, MULTNOMAH COUNTY, OREGON
GO Bonds Fund
Schedule of Revenues, Expenditures, and
Changes in Fund Balance - Budget and Actual
For the year ended June 30, 2019
(amounts expressed in thousands)

| | Budgeted Amounts | | Actual Amounts | Variance from Final Budget Positive/ (Negative) |
|--|-------------------------|----------------|---------------------------|--|
| | Original | Final | | |
| REVENUES | | | | |
| Investment earnings | \$ 3,084 | \$ 3,084 | \$ 12,577 | \$ 9,493 |
| Other | - | - | 31 | 31 |
| Total revenues | 3,084 | 3,084 | 12,608 | 9,524 |
| EXPENDITURES | | | | |
| Current: | | | | |
| Support services: | | | | |
| Business: | | | | |
| Salaries and benefits | - | - | 24 | (24) |
| Materials and services | 427 | 527 | 478 | 49 |
| Total support services | 427 | 527 | 502 | 25 |
| Facilities acquisition & construction: | | | | |
| Salaries and benefits | 4,269 | 4,269 | 2,794 | 1,475 |
| Materials and services | 179,998 | 179,898 | 146,082 | 33,816 |
| Total facilities acquisition and construction | 184,267 | 184,167 | 148,876 | 35,291 |
| Operating contingency | 294,365 | 294,365 | - | 294,365 |
| Total expenditures | 479,059 | 479,059 | 149,378 | 329,681 |
| Excess (deficit) of revenues over expenditures | (475,975) | (475,975) | (136,770) | 339,205 |
| Net change in fund balance | (475,975) | (475,975) | (136,770) | 339,205 |
| Fund balance - beginning of year | 475,975 | 475,975 | 441,140 | (34,835) |
| Fund balance - end of year | \$ - | \$ - | \$ 304,370 | \$ 304,370 |

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

SCHOOL DISTRICT NO.1J, MULTNOMAH COUNTY, OREGON
Self-Insurance Fund
Schedule of Revenues, Expenses, and
Changes in Net Position - Budget and Actual
For the year ended June 30, 2019
(amounts expressed in thousands)

| | Budgeted Amounts | | Actual Amounts | Variance from Final Budget Positive/ (Negative) |
|--|-------------------------|----------------|---------------------------|--|
| | Original | Final | | |
| OPERATING REVENUES | | | | |
| Charges for services | \$ 3,508 | \$ 3,508 | \$ 3,510 | \$ 2 |
| Insurance recoveries | 9 | 9 | 3 | (6) |
| Total operating revenues | <u>3,517</u> | <u>3,517</u> | <u>3,513</u> | <u>(4)</u> |
| OPERATING EXPENSES | | | | |
| Support services: | | | | |
| Salaries and benefits | 374 | 374 | 322 | 52 |
| Materials and services | 164 | 444 | 255 | 189 |
| Claims expense | 3,266 | 2,986 | 1,215 | 1,771 |
| Total support services | 3,804 | 3,804 | 1,792 | 2,012 |
| Operating contingency | 6,875 | 6,875 | - | 6,875 |
| Total operating expenses | <u>10,679</u> | <u>10,679</u> | <u>1,792</u> | <u>8,887</u> |
| Operating income (loss) | <u>(7,162)</u> | <u>(7,162)</u> | <u>1,721</u> | <u>8,883</u> |
| NON OPERATING REVENUES | | | | |
| Investment income | 60 | 60 | 275 | 215 |
| Federal and state support | 155 | 155 | 184 | 29 |
| Total non-operating revenues | <u>215</u> | <u>215</u> | <u>459</u> | <u>244</u> |
| Change in net position | (6,947) | (6,947) | 2,180 | 9,127 |
| Beginning net position - budgetary basis | 6,947 | 6,947 | 5,937 | (1,010) |
| Ending net position - budgetary basis | <u>\$ -</u> | <u>\$ -</u> | 8,117 | <u>\$ 8,117</u> |
| Reconciliation: | | | | |
| Net OPEB liability, deferred inflows, and deferred outflows | | | (37) | |
| Accrued compensated absences | | | (34) | |
| Net pension liability, deferred inflows, and deferred outflows | | | (144) | |
| Net position - GAAP basis | | | <u>\$ 7,902</u> | |

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



Statistical



PPS Pride



Roosevelt Unity Fest

Statistical

Statistical Section

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

| <u>Contents</u> | <u>Page</u> |
|--|-------------|
| <i>Financial Trends (Schedules 1-4)</i> | 142 |
| These schedules contain trend information to help the reader understand how the District's financial performance and well-being have changed over time. | |
| <i>Revenue Capacity (Schedules 5-9)</i> | 150 |
| These schedules contain information to help the reader assess the District's most significant local revenue source, the property tax. | |
| <i>Debt Capacity (Schedules 10-12)</i> | 156 |
| These schedules present information to help the reader assess the affordability of the District's current levels of outstanding debt and the District's ability to issue additional debt in the future. | |
| <i>Demographic and Economic Information (Schedules 13-14)</i> | 160 |
| These schedules offer demographic and economic indicators to help the reader understand the environment within which the District's financial activities take place. | |
| <i>Operating Information (Schedules 15-17)</i> | 163 |
| 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. | |

Sources:

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

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

| | Government-wide Activities | | | |
|---|-----------------------------------|-------------|-------------|-------------|
| | <u>2010</u> | <u>2011</u> | <u>2012</u> | <u>2013</u> |
| Assets | | | | |
| Current and other assets | \$ 174,564 | \$ 177,558 | \$ 180,957 | \$ 298,246 |
| Prepaid pension & other prepaid items | 445,555 | 436,790 | 425,421 | 414,407 |
| Net capital assets | 194,725 | 200,731 | 199,058 | 213,944 |
| Total assets | 814,844 | 815,079 | 805,436 | 926,597 |
| Deferred Outflows of Resources | | | | |
| Pension & OPEB | | | | |
| Liabilities | | | | |
| Other current liabilities | 75,555 | 77,535 | 83,977 | 87,185 |
| Other long-term liabilities | 34,182 | 62,851 | 57,972 | 182,759 |
| Limited tax pension bonds payable | 450,125 | 440,491 | 430,058 | 419,034 |
| Pension | - | - | - | - |
| Other post employment benefits | 24,741 | 29,667 | 33,595 | 36,263 |
| Total liabilities | 584,603 | 610,544 | 605,602 | 725,241 |
| Deferred Inflows of Resources | | | | |
| Insurance recovery | | | | 819 |
| Pension & OPEB | | | | - |
| | | | | 819 |
| Net Assets | | | | |
| Invested in capital assets, net of related debt | 186,783 | 164,033 | 157,209 | |
| Restricted | 8,426 | 25,597 | 21,577 | |
| Unrestricted | 35,032 | 14,905 | 21,048 | |
| Total Net Assets | \$ 230,241 | \$ 204,535 | \$ 199,834 | |
| Net Position | | | | |
| Net investment in capital assets | | | | 146,148 |
| Restricted | | | | 131,060 |
| Unrestricted | | | | (76,671) |
| Total Net Position | | | | \$ 200,537 |

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

Government-wide Activities

| <u>2014- restated</u> | <u>2015</u> | <u>2016</u> | <u>2017-restated</u> | <u>2018</u> | <u>2019</u> |
|-----------------------|---------------------|---------------------|----------------------|---------------------|--------------------|
| \$ 304,224 | \$ 579,805 | \$ 487,394 | \$ 364,732 | \$ 715,738 | \$ 590,288 |
| 2,149 | 5,754 | 1,628 | 1,080 | 884 | 3,377 |
| <u>233,265</u> | <u>273,957</u> | <u>382,401</u> | <u>506,612</u> | <u>594,103</u> | <u>735,002</u> |
| <u>539,638</u> | <u>859,516</u> | <u>871,423</u> | <u>872,424</u> | <u>1,310,725</u> | <u>1,328,667</u> |
| <u>4,785</u> | <u>6,801</u> | <u>3,200</u> | <u>163,562</u> | <u>173,727</u> | <u>207,186</u> |
| 90,983 | 105,763 | 121,321 | 181,480 | 278,587 | 298,417 |
| 244,301 | 495,290 | 453,679 | 359,702 | 591,262 | 467,836 |
| 407,499 | 395,958 | 384,075 | 372,249 | 360,172 | 348,223 |
| - | - | 17,185 | 215,080 | 290,058 | 353,090 |
| <u>35,579</u> | <u>32,900</u> | <u>29,933</u> | <u>78,390</u> | <u>70,784</u> | <u>82,302</u> |
| <u>778,362</u> | <u>1,029,911</u> | <u>1,006,193</u> | <u>1,206,901</u> | <u>1,590,863</u> | <u>1,549,868</u> |
| - | - | - | - | - | - |
| - | 11,102 | 6,062 | 12,845 | 30,419 | 64,329 |
| - | 11,102 | 6,062 | 12,845 | 30,419 | 64,329 |
| 183,584 | 230,251 | 260,146 | 297,914 | 379,871 | 477,058 |
| 119,224 | 394,845 | 283,176 | 172,880 | 486,336 | 353,527 |
| <u>(536,747)</u> | <u>(799,792)</u> | <u>(680,955)</u> | <u>(654,554)</u> | <u>(1,003,037)</u> | <u>(908,929)</u> |
| <u>\$ (233,939)</u> | <u>\$ (174,696)</u> | <u>\$ (137,633)</u> | <u>\$ (183,760)</u> | <u>\$ (136,830)</u> | <u>\$ (78,344)</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>2010</u> | <u>2011</u> | <u>2012</u> | <u>2013</u> |
| Expenses | | | | |
| Instruction | \$ 323,190 | \$ 315,465 | \$ 287,424 | \$ 267,192 |
| Support services | 183,267 | 204,613 | 206,856 | 194,270 |
| Enterprise and community services | 17,135 | 19,758 | 19,108 | 18,923 |
| Facilities services | 14,177 | 11,649 | 10,697 | 31,635 |
| Interest and fees on long-term debt | 1,642 | 2,135 | 25,748 | 26,813 |
| Total expenses | <u>539,411</u> | <u>553,620</u> | <u>549,833</u> | <u>538,833</u> |
| Program Revenues | | | | |
| Charges for services: | | | | |
| Instruction | 4,898 | 4,799 | 5,046 | 5,958 |
| Support services | 2,883 | 2,348 | 2,109 | 2,852 |
| Enterprise and community services | 4,655 | 4,666 | 4,422 | 4,123 |
| Operating grants and contributions: | | | | |
| Instruction | 71,538 | 75,981 | 71,319 | 62,006 |
| Support services | 27,585 | 25,844 | 25,447 | 23,437 |
| Enterprise and community services | 2,548 | 3,915 | 2,863 | 2,623 |
| Capital grants and contributions: | | | | |
| Facilities services | - | - | - | - |
| Total program revenues | <u>114,107</u> | <u>117,553</u> | <u>111,206</u> | <u>100,999</u> |
| Net Expenses | <u>(425,304)</u> | <u>(436,067)</u> | <u>(438,627)</u> | <u>(437,834)</u> |
| General Revenues: | | | | |
| Property taxes levied for general purposes | 189,234 | 194,170 | 200,906 | 205,177 |
| Property taxes levied for debt service | - | - | - | - |
| Construction excise tax | 1,192 | 1,361 | 2,108 | 3,619 |
| Local option taxes levied for general purposes | 38,292 | 38,226 | 53,622 | 51,357 |
| State School Fund - general support | 155,566 | 139,229 | 149,031 | 151,369 |
| State Common School Fund - general support | 4,544 | 4,461 | 4,138 | 4,608 |
| County and intermediate sources - general support | 10,223 | 9,543 | 9,588 | 14,560 |
| Federal Stimulus | 12,182 | 14,349 | 595 | 6 |
| Investment earnings | 781 | 582 | 403 | 644 |
| Other | 9,905 | 8,440 | 13,535 | 10,518 |
| Total general revenues | <u>421,919</u> | <u>410,361</u> | <u>433,926</u> | <u>441,858</u> |
| Extraordinary items | <u>1,718</u> | <u>-</u> | <u>-</u> | |
| Change in Net Assets | <u>\$ (1,667)</u> | <u>\$ (25,706)</u> | <u>\$ (4,701)</u> | |
| Change in Net Position | | | | <u>\$ 4,024</u> |

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

Government-wide Activities

| <u>2014</u> | <u>2015</u> | <u>2016</u> | <u>2017</u> | <u>2018</u> | <u>2019</u> |
|------------------|------------------|------------------|------------------|------------------|------------------|
| \$ 308,652 | \$ 326,935 | \$ 364,964 | \$ 380,939 | \$ 421,311 | \$ 428,454 |
| 200,750 | 212,213 | 241,016 | 272,816 | 283,984 | 310,546 |
| 19,164 | 20,445 | 21,326 | 20,712 | 24,218 | 22,785 |
| 1,470 | 2,617 | 1,230 | 12,672 | 8,531 | 6,030 |
| 33,546 | 31,600 | 40,116 | 39,094 | 46,416 | 44,166 |
| <u>563,582</u> | <u>593,810</u> | <u>668,652</u> | <u>726,233</u> | <u>784,460</u> | <u>811,981</u> |
| 5,989 | 6,457 | 996 | 533 | 406 | 749 |
| 2,857 | 2,916 | 3,157 | 4,424 | 4,741 | 4,818 |
| 4,420 | 4,214 | 4,521 | 3,471 | 4,006 | 4,239 |
| 58,418 | 65,409 | 58,619 | 57,608 | 57,116 | 56,796 |
| 17,693 | 21,638 | 22,356 | 22,758 | 22,871 | 30,196 |
| 2,240 | 2,704 | 3,085 | 2,934 | 3,019 | 2,969 |
| - | - | - | - | - | 4,500 |
| <u>91,617</u> | <u>103,338</u> | <u>92,734</u> | <u>91,728</u> | <u>92,159</u> | <u>104,267</u> |
| <u>(471,965)</u> | <u>(490,472)</u> | <u>(575,918)</u> | <u>(634,505)</u> | <u>(692,301)</u> | <u>(707,714)</u> |
| 213,115 | 222,872 | 233,548 | 242,899 | 248,281 | 262,657 |
| 44,765 | 46,568 | 48,985 | 49,384 | 116,468 | 125,486 |
| 4,889 | 6,076 | 5,886 | 7,542 | 8,201 | 5,991 |
| 55,709 | 62,923 | 76,467 | 83,853 | 88,163 | 95,173 |
| 184,690 | 179,505 | 211,253 | 207,182 | 239,804 | 225,135 |
| 4,427 | 4,721 | 5,810 | 6,191 | 5,155 | 5,493 |
| 15,736 | 15,202 | 15,772 | 17,270 | 17,662 | 17,362 |
| - | - | - | - | - | - |
| 774 | 1,285 | 3,140 | 4,007 | 3,473 | 20,229 |
| 11,253 | 10,563 | 12,120 | 17,501 | 12,024 | 8,674 |
| <u>535,358</u> | <u>549,715</u> | <u>612,981</u> | <u>635,829</u> | <u>739,231</u> | <u>766,200</u> |
| <u>\$ 63,393</u> | <u>\$ 59,243</u> | <u>\$ 37,063</u> | <u>\$ 1,324</u> | <u>\$ 46,930</u> | <u>\$ 58,486</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>2010</u> | <u>2011</u> | <u>2012</u> | <u>2013</u> |
| General Fund | | | | |
| Nonspendable | \$ 1,587 | \$ 795 | \$ 452 | \$ 139 |
| Restricted | - | - | - | - |
| Committed | 2,000 | 1,289 | 1,583 | - |
| Assigned | - | - | - | - |
| Unassigned | <u>50,185</u> | <u>29,457</u> | <u>28,890</u> | <u>37,318</u> |
| Total general fund | <u>53,772</u> | <u>31,541</u> | <u>30,925</u> | <u>37,457</u> |
| All Other | | | | |
| Governmental Funds | | | | |
| Nonspendable | 446 | 522 | 390 | 473 |
| Restricted | 21,648 | 25,137 | 27,471 | 144,677 |
| Committed | 16,800 | 26,899 | 20,461 | 15,486 |
| Assigned | - | - | - | - |
| Unassigned | <u>(14,536)</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Total all other governmental funds | 24,358 | 52,558 | 48,322 | 160,636 |
| Total Governmental Fund Balances | <u><u>\$ 78,130</u></u> | <u><u>\$ 84,099</u></u> | <u><u>\$ 79,247</u></u> | <u><u>\$ 198,093</u></u> |

Governmental Activities

| <u>2014</u> | <u>2015</u> | <u>2016</u> | <u>2017</u> | <u>2018</u> | <u>2019</u> |
|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| \$ 200 | \$ 247 | \$ 386 | \$ 360 | \$ 343 | \$ 570 |
| 560 | - | - | - | - | - |
| - | - | - | - | - | - |
| - | - | 7,200 | 7,200 | - | - |
| <u>50,914</u> | <u>34,195</u> | <u>30,249</u> | <u>12,544</u> | <u>37,939</u> | <u>39,317</u> |
| <u>51,674</u> | <u>34,442</u> | <u>37,835</u> | <u>20,104</u> | <u>38,282</u> | <u>39,887</u> |
| 2,370 | 2,452 | 2,286 | 1,417 | 1,017 | 3,383 |
| 127,176 | 393,179 | 281,089 | 170,614 | 484,006 | 347,179 |
| 16,342 | 17,590 | 16,400 | 17,454 | 19,116 | 18,185 |
| - | 5,549 | 6,182 | 7,164 | 10,400 | 10,470 |
| - | - | - | - | - | (29) |
| 145,888 | 418,770 | 305,957 | 196,649 | 514,539 | 379,188 |
| <u>\$ 197,562</u> | <u>\$ 453,212</u> | <u>\$ 343,792</u> | <u>\$ 216,753</u> | <u>\$ 552,821</u> | <u>\$ 419,075</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>2010</u> | <u>2011</u> | <u>2012</u> | <u>2013</u> |
| Revenues | | | | |
| Property and other taxes | \$ 190,105 | \$ 196,044 | \$ 200,716 | \$ 208,434 |
| State School Fund | 155,566 | 139,229 | 149,031 | 151,369 |
| State Common School Fund | 4,544 | 4,461 | 4,138 | 4,608 |
| Federal and state support | 74,055 | 79,034 | 84,704 | 71,942 |
| Local option taxes | 38,470 | 38,603 | 53,099 | 51,720 |
| County and intermediate sources | 10,224 | 9,544 | 9,588 | 14,560 |
| Federal stimulus | 26,972 | 28,991 | 4,591 | 1,920 |
| Charges for services | 12,436 | 11,814 | 45,953 | 48,674 |
| Extracurricular activities | 7,423 | 7,563 | 7,355 | 7,867 |
| Investment earnings | 1,037 | 649 | 579 | 632 |
| Other | 13,131 | 11,991 | 15,127 | 16,315 |
| Total revenues | <u>533,963</u> | <u>527,923</u> | <u>574,881</u> | <u>578,041</u> |
| Expenditures | | | | |
| Current: | | | | |
| Instruction | 310,846 | 314,597 | 305,238 | 303,360 |
| Support services | 199,983 | 205,869 | 207,691 | 193,375 |
| Enterprise and community services | 17,106 | 20,001 | 19,782 | 19,710 |
| Facilities acquisition and construction | 14,166 | 11,546 | 10,613 | 31,575 |
| Debt Service: | | | | |
| Principal | 5,901 | 8,082 | 56,963 | 62,443 |
| Interest | 1,740 | 2,043 | 25,608 | 26,318 |
| Total expenditures | <u>549,742</u> | <u>562,138</u> | <u>625,895</u> | <u>636,781</u> |
| Excess (deficit) of revenues over expenditures | <u>(15,779)</u> | <u>(34,215)</u> | <u>(51,014)</u> | <u>(58,740)</u> |
| Other Financing Sources (Uses) | | | | |
| Transfers in | 7,550 | 9,939 | 14,090 | 55,786 |
| Transfers out | (7,550) | (6,939) | (9,680) | (55,786) |
| Proceeds from the sale of capital assets | 2,942 | 434 | 102 | 655 |
| Issuance of debt, including premium/discount | 15,000 | 36,750 | 27,250 | 176,931 |
| Issuance of refunding bonds | - | - | 14,400 | - |
| Total other financing sources (uses) | <u>17,942</u> | <u>40,184</u> | <u>46,162</u> | <u>177,586</u> |
| Net change in fund balances | <u>\$ 2,163</u> | <u>\$ 5,969</u> | <u>\$ (4,852)</u> | <u>\$ 118,846</u> |
| Debt service as a percentage of noncapital expenditure: | 1.4% | 1.8% | 13.4% | 14.7% |

Governmental Activities

| <u>2014</u> | <u>2015</u> | <u>2016</u> | <u>2017</u> | <u>2018</u> | <u>2019</u> |
|-----------------|-------------------|---------------------|---------------------|-------------------|---------------------|
| \$ 260,872 | \$ 274,219 | \$ 287,035 | \$ 298,114 | \$ 377,578 | \$ 398,930 |
| 184,690 | 179,505 | 211,253 | 207,182 | 239,804 | 225,135 |
| 4,427 | 4,721 | 5,810 | 6,191 | 5,155 | 5,493 |
| 65,231 | 75,793 | 71,024 | 70,667 | 69,771 | 81,482 |
| 56,013 | 63,274 | 76,593 | 84,106 | 89,663 | 97,188 |
| 15,736 | 15,201 | 15,771 | 17,270 | 17,663 | 17,362 |
| 155 | - | - | - | - | - |
| 51,874 | 54,233 | 49,312 | 52,953 | 56,836 | 56,311 |
| 8,308 | 8,276 | 7,904 | 7,489 | 7,304 | 7,191 |
| 757 | 1,255 | 3,096 | 3,930 | 3,392 | 19,954 |
| 13,138 | 15,414 | 16,215 | 22,414 | 15,471 | 13,074 |
| <u>661,201</u> | <u>691,891</u> | <u>744,013</u> | <u>770,316</u> | <u>882,637</u> | <u>922,120</u> |
| 323,921 | 349,667 | 362,126 | 369,841 | 386,975 | 394,080 |
| 202,233 | 229,254 | 248,377 | 266,961 | 278,758 | 300,421 |
| 20,059 | 21,902 | 21,925 | 22,838 | 22,961 | 22,830 |
| 31,105 | 54,830 | 127,491 | 149,868 | 113,043 | 164,764 |
| 51,500 | 55,033 | 47,020 | 50,065 | 109,874 | 114,537 |
| 34,921 | 33,811 | 46,610 | 46,867 | 57,598 | 59,304 |
| <u>663,739</u> | <u>744,497</u> | <u>853,549</u> | <u>906,440</u> | <u>969,209</u> | <u>1,055,936</u> |
| <u>(2,538)</u> | <u>(52,606)</u> | <u>(109,536)</u> | <u>(136,124)</u> | <u>(86,572)</u> | <u>(133,816)</u> |
| 9,013 | 14,409 | 7,407 | 16,141 | 6,997 | 6,125 |
| (9,013) | (14,409) | (7,407) | (16,141) | (6,997) | (6,125) |
| 2,007 | 44 | 116 | 37 | 740 | 70 |
| - | 308,212 | - | 9,048 | 421,900 | - |
| - | - | - | - | - | - |
| <u>2,007</u> | <u>308,256</u> | <u>116</u> | <u>9,085</u> | <u>422,640</u> | <u>70</u> |
| <u>\$ (531)</u> | <u>\$ 255,650</u> | <u>\$ (109,420)</u> | <u>\$ (127,039)</u> | <u>\$ 336,068</u> | <u>\$ (133,746)</u> |
| 13.7% | 12.9% | 12.9% | 12.6% | 19.7% | 19.5% |

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 | |
| 2010 | \$ 37,714,170 | \$ 1,883,081 | \$ 15,640 | \$ 1,607,399 | \$ 41,220,290 | |
| 2011 | 38,951,439 | 1,903,652 | 41,782 | 1,629,651 | 42,526,524 | |
| 2012 | 40,421,170 | 1,687,236 | 41,578 | 1,568,907 | 43,718,891 | |
| 2013 | 41,725,902 | 1,691,285 | 18,523 | 1,538,735 | 44,974,445 | |
| 2014 | 43,211,127 | 1,716,219 | 17,485 | 1,613,794 | 46,558,625 | |
| 2015 | 45,073,153 | 1,757,198 | 18,655 | 1,673,302 | 48,522,308 | |
| 2016 | 47,216,863 | 1,838,347 | 23,782 | 1,710,931 | 50,789,923 | |
| 2017 | 49,437,875 | 1,943,596 | 23,198 | 1,799,222 | 53,203,891 | |
| 2018 | 52,196,539 | 2,009,538 | 22,243 | 1,913,350 | 56,141,671 | |
| 2019 | 53,550,558 | 2,212,720 | 23,701 | 2,194,854 | 57,981,833 | |

Notes:

1. 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.
2. 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.
3. Source for real market values is Tax Supervising & Conservation Commission and Multnomah County annual reports yearly real market and assessed values by county.

Source:

FY 2010-2019: Oregon Property Tax Statistics Supplement for the appropriate fiscal year. Values are the *combined* total for the taxing district, "Portland 1J School", in Multnomah, Clackamas and Washington counties.

<https://www.oregon.gov/DOR/programs/gov-research/Pages/research-property.aspx>
www.tscmultco.com-Tax Supervising & Conservation Commission

| 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) |
|-------------------------|----------------------------|---------------------------------|-----------------------|----------------------------|---------------------------------|---------------------------------------|
| \$ 23,968 | \$ 4,189,459 | \$ 37,054,799 | 6.5281 | \$ 241,897 | \$ 8,996 | \$ 232,901 |
| 19,736 | 4,425,353 | 38,120,907 | 6.5281 | 248,857 | 9,390 | 239,467 |
| 20,328 | 4,519,149 | 39,220,070 | 7.2681 | 285,055 | 24,051 | 261,004 |
| 20,938 | 4,653,499 | 40,341,884 | 7.2681 | 293,209 | 29,814 | 263,395 |
| 21,566 | 4,833,326 | 41,746,865 | 8.3571 | 348,883 | 27,190 | 321,693 |
| 22,213 | 4,907,733 | 43,636,788 | 8.3535 | 364,520 | 23,132 | 341,388 |
| 22,880 | 5,237,111 | 45,575,692 | 8.3632 | 381,159 | 12,569 | 368,590 |
| 23,566 | 5,882,588 | 47,344,869 | 8.3304 | 394,402 | 7,687 | 386,715 |
| 21,662 | 6,457,719 | 49,705,614 | 9.6863 | 481,463 | 4,666 | 476,797 |
| 22,055 | 6,891,397 | 51,112,491 | 9.7571 | 498,710 | 3,065 | 495,645 |

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 | | |
| 2010 | \$ 5.2781 | \$ 1.2500 | \$ - | \$ 6.5281 | | |
| 2011 | 5.2781 | 1.2500 | - | 6.5281 | | |
| 2012 | 5.2781 | 1.9900 | - | 7.2681 | | |
| 2013 | 5.2781 | 1.9900 | - | 7.2681 | | |
| 2014 | 5.2781 | 1.9900 | 1.0890 | 8.3571 | | |
| 2015 | 5.2781 | 1.9900 | 1.0854 | 8.3535 | | |
| 2016 | 5.2781 | 1.9900 | 1.0951 | 8.3632 | | |
| 2017 | 5.2781 | 1.9900 | 1.0623 | 8.3304 | | |
| 2018 | 5.2781 | 1.9900 | 2.4182 | 9.6863 | | |
| 2019 | 5.2781 | 1.9900 | 2.4890 | 9.7571 | | |
| Fiscal Year | Multnomah County | Port of Portland | Metro | City of Portland | Portland Community College | Multnomah Education Service District |
| 2010 | \$ 4.3434 | \$ 0.0701 | \$ 0.0966 | \$ 4.5770 | \$ 0.2828 | \$ 0.4576 |
| 2011 | 4.3434 | 0.0701 | 0.0966 | 4.5770 | 0.2828 | 0.4576 |
| 2012 | 4.3434 | 0.0701 | 0.0966 | 4.5770 | 0.2828 | 0.4576 |
| 2013 | 4.3434 | 0.0701 | 0.0966 | 4.5770 | 0.2828 | 0.4576 |
| 2014 | 4.3434 | 0.0701 | 0.0966 | 4.5770 | 0.2828 | 0.4576 |
| 2015 | 4.3434 | 0.0701 | 0.0966 | 4.5770 | 0.2828 | 0.4576 |
| 2016 | 4.3434 | 0.0701 | 0.0966 | 4.5770 | 0.2828 | 0.4576 |
| 2017 | 4.3434 | 0.0701 | 0.0966 | 4.5770 | 0.2828 | 0.4576 |
| 2018 | 4.3434 | 0.0701 | 0.0966 | 4.5770 | 0.2828 | 0.4576 |
| 2019 | 4.3434 | 0.0701 | 0.0966 | 4.5770 | 0.2828 | 0.4576 |

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.

Source: The 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 | 2018 ¹ | | | 2009 | | |
|--|------------------------|------|--|------------------------|------|--|
| | Taxable Assessed Value | Rank | Percentage of Total Taxable Assessed Value | Taxable Assessed Value | Rank | Percentage of Total Taxable Assessed Value |
| Portland General Electric Co | \$ 357,771 | 1 | 0.72 % | \$ 216,833 | 3 | 0.61 % |
| CenturyLink | 341,939 | 2 | 0.69 | | | |
| Pacificorp (PP&L) | 321,649 | 3 | 0.65 | 268,620 | 1 | 0.75 |
| Weston Investment Co LLC | 241,440 | 4 | 0.49 | 203,838 | 4 | 0.57 |
| Port of Portland | 233,755 | 5 | 0.47 | 180,816 | 6 | 0.51 |
| AT&T Inc | 223,171 | 6 | 0.45 | | | |
| Comcast Corporation | 190,693 | 7 | 0.38 | 265,403 | 2 | 0.74 |
| Capref Lloyd Center LLC | 188,069 | 8 | 0.38 | | | |
| 111 SW 5th Avenue Investors LLC | 163,050 | 9 | 0.33 | | | |
| AAT Lloyd District LLC | 149,466 | 10 | 0.30 | | | |
| Qwest Corporation | | | | 203,536 | 5 | 0.57 |
| Evraz Inc NA | | | | 179,207 | 7 | 0.50 |
| LC Portland LLC | | | | 160,983 | 8 | 0.45 |
| 555 SW Oak LLC | | | | 122,717 | 9 | 0.34 |
| Northwest Natural Gas Co | | | | 115,884 | 10 | 0.32 |
| Subtotal of Ten Largest Taxpayers | 2,411,003 | | 4.86 | 1,917,837 | | 5.36 |
| All Other Taxpayers | 47,294,611 | | 95.14 | 33,862,850 | | 94.64 |
| Total All Taxpayers | <u>\$ 49,705,614</u> | | <u>100.00 %</u> | <u>\$ 35,780,687</u> | | <u>100.00 %</u> |

Notes:

¹ 2019 information not available at time of distribution

Source: Multnomah County, Division of Assessment and Taxation & Tax Supervising & Conservation Commission.

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 | 2018 ¹ | | | 2009 | | |
|--|------------------------|------|--|------------------------|------|--|
| | Taxable Assessed Value | Rank | Percentage of Total Taxable Assessed Value | Taxable Assessed Value | Rank | Percentage of Total Taxable Assessed Value |
| Port of Portland | \$ 638,097 | 1 | 0.80 % | \$ 442,177 | 1 | 0.78 % |
| Portland General Electric Co | 580,604 | 2 | 0.73 | 363,871 | 2 | 0.64 |
| Alaska Airlines Inc | 487,260 | 3 | 0.61 | | | |
| CenturyLink | 400,783 | 4 | 0.50 | | | |
| Pacificorp (PP&L) | 368,657 | 5 | 0.46 | 304,218 | 4 | 0.53 |
| Weston Investment Co LLC | 278,307 | 6 | 0.35 | 231,687 | 6 | 0.41 |
| AT&T Inc | 256,803 | 7 | 0.32 | | | |
| Comcast Corporation | 256,574 | 8 | 0.32 | 318,952 | 3 | 0.56 |
| Boeing Company | 254,646 | 9 | 0.32 | 186,428 | 8 | 0.33 |
| Southwest Airlines Co | 232,663 | 10 | 0.29 | | | |
| Qwest Corporation | | | | 238,573 | 5 | 0.42 |
| Verizon Communications | | | | 190,329 | 7 | 0.33 |
| Evraz Inc NA | | | | 179,207 | 9 | 0.31 |
| Northwest Natural Gas Co | | | | 171,291 | 10 | 0.30 |
| Subtotal of Ten Largest Taxpayers | <u>3,754,394</u> | | <u>4.70</u> | <u>2,626,733</u> | | <u>4.61</u> |
| All Other Taxpayers | <u>75,797,207</u> | | <u>95.30</u> | <u>54,332,341</u> | | <u>95.39</u> |
| Total All Taxpayers | <u>\$ 79,551,601</u> | | <u>100.00 %</u> | <u>\$ 56,959,074</u> | | <u>100.00 %</u> |

¹ 2019 information not available at time of distribution

Source: Multnomah County, Division of Assessment and Taxation.

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 |
| 2010 | \$ 232,901 | \$ 219,970 | 94.06% | \$ 8,468 | \$ 228,438 | 98.08% |
| 2011 | 239,467 | 225,418 | 94.13 | 7,863 | 233,281 | 97.42 |
| 2012 | 261,004 | 244,408 | 93.64 | 7,954 | 252,362 | 96.69 |
| 2013 | 263,395 | 248,807 | 94.46 | 7,578 | 256,385 | 97.34 |
| 2014 | 321,693 | 304,458 | 94.64 | 8,384 | 312,842 | 97.25 |
| 2015 | 341,388 | 323,906 | 94.88 | 8,137 | 332,043 | 97.26 |
| 2016 | 368,590 | 350,212 | 95.01 | 6,255 | 356,467 | 96.71 |
| 2017 | 386,715 | 368,085 | 95.18 | 4,953 | 373,038 | 96.46 |
| 2018 | 476,797 | 451,059 | 94.60 | 4,522 | 455,581 | 95.55 |
| 2019 | 495,645 | 474,602 | 95.75 | - | 474,602 | 95.75 |

Note:

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.

Source: Multnomah, Washington and Clackamas Counties, Division of Assessment and Taxation.

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

General Bonded Debt

| Fiscal Year | General Obligation Bonds | Less Amount Available for Repayment | Net Unamortized Premium (Discount) | Net General Obligation Bonds Outstanding | Percentage of Actual Taxable Value of Property ¹ | Per Student ² | General Obligation Debt Per Capita ⁴ |
|-------------|--------------------------|-------------------------------------|------------------------------------|--|---|--------------------------|---|
| 2010 | \$ - | \$ - | \$ - | \$ - | - | \$ - | \$ - |
| 2011 | - | - | - | - | - | - | - |
| 2012 | - | - | - | - | - | - | - |
| 2013 | 144,840 | - | 13,347 | 158,187 | 0.39% | 3,329 | 206 |
| 2014 | 108,890 | (361) | 10,209 | 118,738 | 0.28% | 2,469 | 153 |
| 2015 | 343,575 | (1,363) | 39,974 | 382,186 | 0.88% | 7,887 | 484 |
| 2016 | 311,720 | (2,698) | 37,726 | 346,748 | 0.76% | 7,066 | 433 |
| 2017 | 276,870 | (3,301) | 35,507 | 309,076 | 0.65% | 6,283 | 383 |
| 2018 | 593,880 | (4,229) | 43,937 | 633,588 | 1.27% | 12,785 | N/A |
| 2019 | 495,390 | (10,552) | 41,224 | 526,062 | 1.03% | 10,617 | |

Other Governmental Activities Debt

| Fiscal Year | Limited Tax Pension Bonds ⁵ | Full Faith & Credit Obligations | Small Scale Energy Loan Programs | Recovery Zone Bond | Qualified Zone Academy Bond (QZAB) | Other Debt |
|-------------|--|---------------------------------|----------------------------------|--------------------|------------------------------------|------------|
| 2010 | \$ 454,630 | \$ 26,316 | \$ 1,369 | \$ - | \$ - | \$ 1,992 |
| 2011 | 443,571 | 48,095 | 676 | 11,000 | - | - |
| 2012 | 431,638 | 45,877 | 325 | 10,190 | - | - |
| 2013 | 419,034 | 14,768 | 179 | 9,356 | - | 471 |
| 2014 | 407,500 | 12,261 | - | 8,496 | - | - |
| 2015 | 395,958 | 9,970 | - | 7,611 | - | - |
| 2016 | 384,074 | 7,601 | - | 6,698 | - | - |
| 2017 | 372,250 | 10,200 | - | 5,757 | 4,000 | - |
| 2018 | 360,172 | 7,402 | - | 4,789 | 3,800 | - |
| 2019 | 348,222 | 4,503 | - | 3,790 | 3,600 | - |

Note: 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 total estimated actual value of taxable property cannot be reasonably estimated.

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 2018 and 2019 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 |
|---|---------------------|------------------|-------------------------|
| (181) | 484,126 | 10,394 | 666 |
| (188) | 503,154 | 10,754 | 673 |
| (195) | 487,835 | 10,320 | 643 |
| (202) | 601,793 | 12,663 | 785 |
| (209) | 547,147 | 11,376 | 704 |
| (198) | 796,890 | 16,445 | 1,008 |
| (187) | 747,632 | 15,234 | 933 |
| (176) | 704,408 | 14,320 | 872 |
| (165) | 1,013,815 | 20,458 | N/A |
| (153) | 896,576 | 18,094 | N/A |

Schedule 11
SCHOOL DISTRICT NO.1J, MULTNOMAH COUNTY, OREGON
Direct and Overlapping Governmental Activities Debt
June 30, 2019
(dollars in thousands)

| Overlapping Issuer | Net Property-tax Backed Debt ¹ | Percent Overlapping | Overlapping Debt ² |
|---|--|------------------------|----------------------------------|
| Burlington Water District | \$ 1,260 | 100.00 % | 1,260 |
| City of Beaverton | 34,134 | 1.63 | 555 |
| City of Lake Oswego | 55,645 | 5.05 | 2,810 |
| City of Milwaukie | 32,388 | 0.81 | 263 |
| City of Portland | 300,122 | 86.04 | 258,222 |
| Clackamas County | 129,945 | 0.10 | 135 |
| Clackamas Cty RFPD 1 | 29,447 | 0.11 | 33 |
| Clackamas Soil & Water Conservation | 6,815 | 0.10 | 7 |
| Metro | 819,020 | 40.20 | 329,245 |
| Mt Hood Community College | 20,660 | 0.07 | 14 |
| Multnomah County | 330,220 | 75.74 | 250,114 |
| Multnomah Cty Drainage District 1 | 4,388 | 100.00 | 4,388 |
| Multnomah Cty RFPD 10 | 3,019 | 0.26 | 8 |
| Portland Community College | 602,298 | 50.62 | 304,892 |
| Tualatin Hills Park & Rec District | 76,499 | 1.19 | 910 |
| Tualatin Valley Fire & Rescue District | 26,055 | 1.81 | 472 |
| Valley View Water District | 1,435 | 100.00 | 1,435 |
| Washington County | 228,770 | 0.60 | 1,367 |
| Subtotal, overlapping debt | | | <u>1,156,130</u> |
| Direct District debt (PERS) ³ | | | 348,069 |
| Direct District debt (other) ³ | | | 548,507 |
| Subtotal, Direct debt | | | <u>896,576</u> |
| Total direct and overlapping debt | | | <u><u>\$ 2,052,706</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.

Source:

Oregon State Treasury, Debt Management Division

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 2019

| | |
|--|---------------------|
| Real Market Value | \$ 131,734,570 |
| Debt Limit (7.95% of Real Market Value) ¹ | \$ 10,472,898 |
| Amount of Debt Applicable to Debt Limit: | |
| General Obligation Bonded Debt | 536,614 |
| Less: Amount Available in Debt Service Funds | <u>(10,552)</u> |
| Amount of Debt Applicable to Debt Limit | 526,062 |
| Legal Debt Margin | <u>\$ 9,946,836</u> |

| | Debt Limit | Total net debt applicable to limit | Legal debt margin | Total net debt applicable to the limit as a percentage of debt limit |
|------|--------------|------------------------------------|-------------------|--|
| 2010 | \$ 6,194,374 | \$ - | \$ 6,194,374 | 0.00% |
| 2011 | 6,028,990 | - | 6,028,990 | 0.00% |
| 2012 | 5,680,406 | - | 5,680,406 | 0.00% |
| 2013 | 5,604,461 | 158,187 | 5,446,274 | 2.82% |
| 2014 | 5,917,214 | 118,738 | 5,798,476 | 2.01% |
| 2015 | 6,517,491 | 382,186 | 6,135,305 | 5.86% |
| 2016 | 7,228,979 | 346,748 | 6,882,231 | 4.80% |
| 2017 | 8,501,342 | 309,076 | 8,192,266 | 3.64% |
| 2018 | 9,670,978 | 633,588 | 9,037,390 | 6.55% |
| 2019 | 10,472,898 | 526,062 | 9,946,836 | 5.02% |

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 |

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.

Source:

Market value from Multnomah County, Tax Supervising and Conservation Commission

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

| Year | Population | Personal Income (thousands of dollars) | Per Capita Personal Income (dollars) | Unemployment Rate² |
|-------------|-------------------|---|---|--|
| 2010 | 737,476 | \$ 29,458,183 | \$ 39,945 | 10.7% |
| 2011 | 748,031 | 31,161,157 | 41,658 | 9.5 |
| 2012 | 759,256 | 32,715,802 | 43,089 | 8.9 |
| 2013 | 766,135 | 33,376,029 | 43,564 | 7.9 |
| 2014 | 776,712 | 36,588,018 | 47,106 | 6.8 |
| 2015 | 790,294 | 38,906,295 | 49,230 | 5.7 |
| 2016 | 801,539 | 41,735,341 | 52,069 | 4.9 |
| 2017 | 807,555 | 43,873,915 | 54,329 | 4.1 |
| 2018 | - 1 | - 1 | - 1 | 4.0 |
| 2019 | - 1 | - 1 | - 1 | 4.0 |

¹ Data for 2018 and 2019 not available at time of printing.

² Oregon rates as of June 30 each year.

Sources:

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

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

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

| Employer | 2019 | | | 2010 | | |
|--|------------------------|------|--------------------------------|-----------|------|--------------------------------|
| | Employees | Rank | Percentage of Total Employment | Employees | Rank | Percentage of Total Employment |
| Ten Largest Employers | | | | | | |
| Intel Corporation | 20,000 | 1 | 1.63 % | 15,141 | 1 | 1.58 % |
| Providence Health & Services | 18,286 | 2 | 1.49 | 13,825 | 2 | 1.44 |
| Oregon Health & Science University | 16,658 | 3 | 1.36 | 12,700 | 3 | 1.33 |
| Kaiser Permanente | 12,400 | 4 | 1.01 | | | |
| Nike Inc | 12,000 | 5 | 0.98 | 7,000 | 7 | 0.73 |
| Legacy Health | 11,250 | 6 | 0.92 | 8,251 | 6 | 0.86 |
| City of Portland | 9,710 | 7 | 0.79 | 6,900 | 8 | 0.72 |
| Fred Meyer | 7,741 | 8 | 0.63 | 9,630 | 4 | 1.01 |
| Portland Public Schools | 7,600 | 9 | 0.62 | | | |
| Beaverton School District | 5,457 | 10 | 0.45 | | | |
| Kaiser Foundation Health Plan | | | | 8,759 | 5 | 0.91 |
| Multnomah County | | | | 6,659 | 9 | 0.69 |
| Wells Fargo & Company | | | | 5,010 | 10 | 0.52 |
| Subtotal of Ten Largest Employers | 121,102 | | 9.88 | 93,875 | | 9.79 |
| All Other Employers | 1,102,398 | | 90.12 | 864,325 | | 90.21 |
| Total Portland MSA ¹ Employment | 1,223,500 ² | | 100.00 % | 958,200 | | 100.00 % |

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 2019, not seasonally adjusted.

Sources:

Portland Business Journal, Book of Lists published December 2009 & December 2018
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 Five Fiscal Years

| Assignment/Function | Full-time Equivalent Employees for the Fiscal Year | | | | |
|-------------------------------|---|-----------------------|-----------------------|-----------------------|-----------------------|
| | 2015 | 2016 | 2017 | 2018 | 2019 |
| Teachers | 2,606.8 | 2,632.5 | 2,737.7 | 2,684.2 | 2,697.3 |
| Educational Assistants | 582.1 | 667.8 | 674.3 | 680.8 | 647.1 |
| School Level Administration | 155.0 | 151.0 | 166.5 | 167.3 | 165.5 |
| District Level Administration | 17.0 | 22.0 | 21.0 | 19.2 | 16.0 |
| Other Staff | <u>2,056.5</u> | <u>1,959.4</u> | <u>2,123.1</u> | <u>2,275.2</u> | <u>2,048.1</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> | <u><u>5,574.0</u></u> |

Source: District System Planning and Performance department.
 Prior year data changes due to system adjustment between Human Resource
 & Enrollment Department.

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

| | <u>2010</u> | | <u>2011</u> | | <u>2012</u> | | <u>2013</u> | |
|--------------------------------------|------------------|-------------|------------------|-------------|------------------|-------------|---------------------|-------------|
| Nutrition Services | | | | | | | | |
| Number of Meals Served ¹ | | | | | | | | |
| Paid Meals | 1,443,806 | 25% | 1,421,889 | 26% | 1,382,329 | 25% | 1,354,685 | 25% |
| Reduced Meals | 549,157 | 10% | 502,171 | 9% | 441,829 | 8% | 434,353 | 8% |
| Free Meals | 3,651,647 | 65% | 3,560,515 | 65% | 3,689,643 | 67% | 3,632,901 | 67% |
| Total meals served | <u>5,644,610</u> | <u>100%</u> | <u>5,484,575</u> | <u>100%</u> | <u>5,513,801</u> | <u>100%</u> | <u>5,421,939</u> | <u>100%</u> |
| Average Daily Breakfast Served | 10,592 | | 10,101 | | 10,400 | | 10,768 | |
| Average Daily Lunch Served | 20,369 | | 20,295 | | 19,942 | | 19,059 | |
| Student Participation | 46.94% | | 46.96% | | 49.14% | | 47.00% | |
| Transportation | | | | | | | | |
| Number of buses | 252 | | 258 | | 257 | | 263 | |
| Total miles traveled | 3,317,636 | | 3,265,683 | | 3,019,548 | | 3,392,622 | |
| Cost per mile | \$ 5.50 | | \$ 5.63 | | \$ 6.24 | | \$ 5.28 | |
| Area encompassed by District (sq mi) | 160 | | 160 | | 160 | | 160 | |
| | | | | | | | | |
| | <u>2014</u> | | <u>2015</u> | | <u>2016</u> | | <u>2017</u> | |
| Nutrition Services | | | | | | | | |
| Number of Meals Served ¹ | | | | | | | | |
| Paid Meals | 1,313,005 | 25% | 1,071,048 | 19% | 1,114,504 | 20% | 1,372,455 | 29% |
| Reduced Meals | 375,796 | 7% | 194,558 | 4% | 209,753 | 4% | 180,707 | 4% |
| Free Meals | 3,560,251 | 68% | 4,315,732 | 77% | 4,141,824 | 76% | 3,225,700 | 67% |
| Total meals served | <u>5,249,052</u> | <u>100%</u> | <u>5,581,338</u> | <u>100%</u> | <u>5,466,081</u> | <u>100%</u> | <u>\$ 4,778,862</u> | <u>100%</u> |
| Average Daily Breakfast Served | 10,380 | | 10,846 | | 10,724 | | 9,831 | |
| Average Daily Lunch Served | 18,668 | | 19,710 | | 19,083 | | 18,173 | |
| Student Participation | 45.80% | | 44.00% | | 44.40% | | 42.00% | |
| Transportation | | | | | | | | |
| Number of buses | 254 | | 269 | | 245 | | 260 | |
| Total miles traveled | 3,156,795 | | 3,127,505 | | 3,273,739 | | 4,174,150 | |
| Cost per mile | \$ 5.89 | | \$ 5.97 | | \$ 5.91 | | \$ 4.88 | |
| Area encompassed by District (sq mi) | 160 | | 160 | | 160 | | 160 | |
| | | | | | | | | |
| | <u>2018</u> | | <u>2019</u> | | | | | |
| Nutrition Services | | | | | | | | |
| Number of Meals Served ¹ | | | | | | | | |
| Paid Meals | 1,466,345 | 32% | 1,621,312 | 34% | | | | |
| Reduced Meals | 261,833 | 6% | 292,962 | 6% | | | | |
| Free Meals | 2,877,750 | 62% | 2,877,464 | 60% | | | | |
| Total meals served | <u>4,605,928</u> | <u>100%</u> | <u>4,791,738</u> | <u>100%</u> | | | | |
| Average Daily Breakfast Served | 8,985 | | 9,010 | | | | | |
| Average Daily Lunch Served | 17,793 | | 17,356 | | | | | |
| Student Participation | 38.67% | | 37.78% | | | | | |
| Transportation | | | | | | | | |
| Number of buses | 270 | | 270 | | | | | |
| Total miles traveled | 3,506,305 | | 3,587,525 | | | | | |
| Cost per mile | \$ 6.69 | | \$ 7.51 | | | | | |
| Area encompassed by District (sq mi) | 160 | | 160 | | | | | |

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.

Sources: 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 | | | ENROLLMENT ¹ | | | | | | | | | |
|---------------------------------|----------|-----|------------------|-------------------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| | Year | Age | Square Footage | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 |
| Abernethy | 1924 | 95 | 45,464 | 392 | 421 | 455 | 505 | 528 | 511 | 513 | 519 | 516 | 520 |
| Ainsworth | 1912 | 107 | 53,483 | 528 | 551 | 568 | 569 | 576 | 582 | 600 | 605 | 638 | 625 |
| Alameda | 1921 | 98 | 72,748 | 744 | 774 | 782 | 769 | 773 | 760 | 730 | 747 | 734 | 730 |
| Arleta | 1929 | 90 | 98,245 | 420 | 428 | 422 | 462 | 476 | 454 | 456 | 457 | 454 | 490 |
| Astor | 1949 | 70 | 29,472 | 458 | 445 | 482 | 478 | 500 | 497 | 493 | 455 | 425 | 434 |
| Atkinson | 1953 | 66 | 53,170 | 491 | 484 | 447 | 440 | 441 | 428 | 435 | 432 | 420 | 419 |
| Beach | 1928 | 91 | 82,155 | 538 | 561 | 582 | 613 | 620 | 607 | 631 | 464 | 442 | 428 |
| Beverly Cleary | 1959 | 60 | 96,900 | 552 | 604 | 674 | 730 | 814 | 834 | 859 | 884 | 897 | 782 |
| Boise-Eliot / Humboldt | 1926 | 93 | 93,629 | 417 | 390 | 389 | 535 | 506 | 540 | 540 | 532 | 499 | 325 |
| Bridger | 1951 | 68 | 75,786 | 331 | 365 | 396 | 405 | 435 | 415 | 476 | 500 | 531 | 504 |
| Bridlemile | 1956 | 63 | 54,157 | 480 | 463 | 472 | 457 | 450 | 442 | 480 | 511 | 535 | 518 |
| Buckman | 1922 | 97 | 99,875 | 492 | 497 | 488 | 460 | 452 | 444 | 481 | 459 | 474 | 450 |
| Capitol Hill | 1917 | 102 | 49,621 | 357 | 351 | 371 | 403 | 405 | 460 | 437 | 448 | 442 | 443 |
| César Chávez | 1928 | 91 | 104,371 | - | - | - | 473 | 483 | 451 | 522 | 551 | 540 | 550 |
| Chapman | 1923 | 96 | 78,102 | 544 | 522 | 562 | 592 | 646 | 674 | 643 | 584 | 532 | 484 |
| Chief Joseph | 1948 | 71 | 43,215 | 377 | 408 | 481 | 459 | 642 | 627 | 604 | 326 | 363 | 358 |
| Creative Science School Program | 1955 | 64 | 48,651 | 301 | 305 | 356 | 388 | 425 | 444 | 476 | 492 | 479 | 466 |
| Creston | 1948 | 71 | 77,144 | 333 | 345 | 380 | 345 | 350 | 350 | 392 | 356 | 372 | 361 |
| Duniway | 1926 | 93 | 104,760 | 423 | 442 | 425 | 423 | 437 | 505 | 494 | 519 | 499 | 504 |
| Faubion | 2017 | 2 | 133,576 | 393 | 401 | 434 | 454 | 487 | 511 | 479 | 532 | 710 | 767 |
| Forest Park | 1998 | 21 | 59,634 | 501 | 507 | 491 | 502 | 490 | 486 | 449 | 455 | 443 | 418 |
| Glencoe | 1923 | 96 | 61,457 | 474 | 480 | 453 | 472 | 502 | 503 | 500 | 492 | 489 | 451 |
| Grout | 1927 | 92 | 87,080 | 346 | 361 | 359 | 371 | 377 | 389 | 376 | 384 | 392 | 382 |
| Harrison Park | 1955 | 64 | 107,735 | 732 | 751 | 751 | 757 | 742 | 742 | 729 | 676 | 638 | 658 |
| Hayhurst | 1954 | 65 | 48,918 | 385 | 396 | 420 | 412 | 415 | 484 | 499 | 552 | 592 | 629 |
| Humboldt | | | | 275 | 230 | 219 | - | - | - | - | - | - | - |
| Irvington | 1932 | 87 | 67,340 | 505 | 529 | 483 | 460 | 478 | 485 | 493 | 446 | 459 | 339 |
| James John | 1929 | 90 | 67,638 | 384 | 394 | 402 | 439 | 461 | 445 | 429 | 405 | 368 | 347 |
| Kelly | 1952 | 67 | 75,233 | 467 | 509 | 570 | 626 | 622 | 631 | 610 | 604 | 532 | 498 |
| King | 1925 | 94 | 153,475 | 336 | 288 | 292 | 312 | 331 | 370 | 400 | 386 | 389 | 321 |
| Laurelhurst | 1923 | 96 | 56,555 | 708 | 704 | 684 | 665 | 673 | 671 | 691 | 684 | 698 | 692 |
| Lee | 1952 | 67 | 61,161 | 458 | 457 | 459 | 497 | 493 | 431 | 456 | 447 | 425 | 276 |
| Lent | 1948 | 71 | 73,479 | 549 | 561 | 577 | 573 | 604 | 560 | 564 | 523 | 530 | 507 |
| Lewis | 1952 | 67 | 45,745 | 374 | 396 | 393 | 400 | 414 | 382 | 382 | 412 | 389 | 390 |
| Llewellyn | 1928 | 91 | 74,326 | 434 | 485 | 543 | 583 | 570 | 518 | 531 | 517 | 489 | 484 |
| Maplewood | 1948 | 71 | 37,713 | 342 | 350 | 335 | 327 | 333 | 329 | 359 | 384 | 378 | 383 |
| Markham | 1950 | 69 | 76,805 | 376 | 376 | 384 | 383 | 393 | 386 | 377 | 418 | 456 | 445 |
| Marysville | 1921 | 98 | 51,553 | 435 | 404 | 363 | 352 | 416 | 405 | 390 | 381 | 403 | 392 |
| Ockley Green | | | | 299 | 310 | 269 | 243 | - | - | - | - | - | - |
| Peninsula | 1952 | 67 | 59,957 | 375 | 361 | 358 | 368 | 376 | 396 | 374 | 266 | 279 | 267 |
| Richmond | 1908 | 111 | 82,254 | 569 | 612 | 662 | 662 | 687 | 677 | 629 | 649 | 647 | 632 |
| Rieke | 1959 | 60 | 32,886 | 371 | 356 | 416 | 388 | 388 | 388 | 402 | 410 | 386 | 379 |
| Rigler | 1931 | 88 | 78,199 | 596 | 588 | 524 | 449 | 463 | 480 | 451 | 472 | 441 | 308 |
| Rosa Parks | 2006 | 13 | 65,697 | 463 | 434 | 407 | 405 | 405 | 341 | 329 | 298 | 272 | 276 |
| Rose City Park ² | 2018 | 1 | 69,082 | - | - | - | - | - | - | - | - | - | 532 |
| Roseway Heights ³ | | | | 578 | 551 | 589 | 616 | 606 | 668 | 697 | 643 | 661 | - |
| Sabin | 1927 | 92 | 66,567 | 348 | 362 | 392 | 420 | 485 | 514 | 568 | 524 | 551 | 452 |
| Scott | 1949 | 70 | 65,425 | 563 | 533 | 521 | 504 | 507 | 481 | 473 | 512 | 521 | 459 |
| Sitton | 1949 | 70 | 57,289 | 291 | 307 | 333 | 356 | 376 | 399 | 390 | 401 | 364 | 367 |
| Skyline | 1939 | 80 | 35,760 | 294 | 281 | 276 | 273 | 265 | 309 | 300 | 300 | 293 | 274 |
| Stephenson | 1964 | 55 | 39,652 | 335 | 324 | 335 | 329 | 320 | 308 | 322 | 340 | 352 | 347 |
| Sunnyside Environmental | 1925 | 94 | 76,671 | 585 | 580 | 608 | 605 | 587 | 586 | 574 | 602 | 604 | 581 |
| Vernon | 1931 | 88 | 88,010 | 397 | 376 | 500 | 440 | 394 | 386 | 407 | 471 | 522 | 545 |
| Vestal | 1929 | 90 | 111,481 | 433 | 451 | 420 | 395 | 402 | 399 | 412 | 381 | 341 | 272 |
| Whitman | 1954 | 65 | 55,559 | 372 | 347 | 361 | 351 | 349 | 316 | 271 | 287 | 283 | 254 |
| Winterhaven | 1930 | 89 | 61,453 | 345 | 352 | 346 | 352 | 356 | 346 | 350 | 353 | 354 | 321 |
| Woodlawn | 1926 | 93 | 99,840 | 449 | 478 | 443 | 439 | 449 | 443 | 426 | 342 | 346 | 354 |
| Woodmere | 1954 | 65 | 50,130 | 397 | 393 | 397 | 383 | 371 | 338 | 312 | 303 | 286 | 310 |
| Woodstock | 1955 | 64 | 63,752 | 433 | 466 | 491 | 508 | 505 | 487 | 496 | 527 | 552 | 548 |
| Elementary Schools Total | | | 3,960,035 | 25,145 | 25,397 | 25,992 | 26,577 | 27,051 | 27,015 | 27,159 | 26,620 | 26,627 | 25,248 |

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

| School or Program Type | BUILDING | | | ENROLLMENT ¹ | | | | | | | | | |
|--|----------|-----|------------------|-------------------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| | Year | Age | Square Footage | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 |
| Beaumont | 1926 | 93 | 81,381 | 450 | 455 | 481 | 583 | 584 | 554 | 571 | 569 | 591 | 571 |
| César Chávez | | | | 484 | 477 | 453 | - | - | - | - | - | - | - |
| da Vinci | 1928 | 91 | 72,063 | 456 | 464 | 462 | 470 | 468 | 465 | 458 | 461 | 457 | 456 |
| George | 1950 | 69 | 85,038 | 388 | 364 | 360 | 385 | 373 | 359 | 369 | 360 | 417 | 421 |
| Gray | 1951 | 68 | 82,744 | 419 | 428 | 422 | 422 | 464 | 527 | 566 | 546 | 536 | 542 |
| Harriett Tubman | 1952 | 67 | 83,673 | - | - | - | - | - | - | - | - | - | 491 |
| Hosford | 1925 | 94 | 74,964 | 548 | 547 | 534 | 538 | 576 | 591 | 640 | 631 | 621 | 588 |
| Jackson | 1964 | 55 | 218,118 | 651 | 584 | 533 | 532 | 533 | 548 | 606 | 597 | 659 | 746 |
| Lane | 1926 | 93 | 79,824 | 397 | 398 | 441 | 486 | 505 | 471 | 481 | 443 | 454 | 433 |
| Mt. Tabor | 1952 | 67 | 84,785 | 559 | 579 | 593 | 606 | 628 | 662 | 694 | 730 | 718 | 741 |
| Ockley Green | 1925 | 94 | 66,338 | - | - | - | - | - | - | - | 626 | 531 | 505 |
| Roseway Heights ³ | 1921 | 98 | 99,825 | - | - | - | - | - | - | - | - | - | 588 |
| Sellwood | 1913 | 106 | 81,470 | 480 | 474 | 486 | 455 | 483 | 545 | 560 | 583 | 589 | 612 |
| West Sylan | 1953 | 66 | 96,171 | 863 | 849 | 848 | 888 | 945 | 958 | 966 | 911 | 876 | 822 |
| Middle Schools Total | | | 1,206,394 | 5,695 | 5,619 | 5,613 | 5,365 | 5,559 | 5,680 | 5,911 | 6,457 | 6,449 | 7,516 |
| Benson | 1917 | 102 | 412,855 | 1,100 | 986 | 889 | 889 | 830 | 879 | 914 | 994 | 1,026 | 1,035 |
| Cleveland | 1929 | 90 | 346,093 | 1,553 | 1,570 | 1,520 | 1,532 | 1,523 | 1,516 | 1,600 | 1,609 | 1,586 | 1,651 |
| Franklin | 1915 | 104 | 285,547 | 1,032 | 1,036 | 1,480 | 1,469 | 1,460 | 1,552 | 1,570 | 1,612 | 1,745 | 1,856 |
| Grant | 1923 | 96 | 275,173 | 1,610 | 1,620 | 1,565 | 1,536 | 1,486 | 1,503 | 1,481 | 1,476 | 1,512 | 1,638 |
| Jefferson | 1909 | 110 | 299,416 | 617 | 621 | 584 | 441 | 511 | 493 | 524 | 590 | 677 | 656 |
| Lincoln | 1950 | 69 | 194,457 | 1,395 | 1,410 | 1,476 | 1,513 | 1,565 | 1,583 | 1,696 | 1,703 | 1,705 | 1,698 |
| Madison | 1955 | 64 | 317,836 | 860 | 910 | 1,161 | 1,107 | 1,066 | 1,077 | 1,134 | 1,070 | 1,146 | 1,157 |
| Marshall | 1959 | 60 | 283,343 | 747 | 707 | - | - | - | - | - | - | - | - |
| Roosevelt | 1921 | 98 | 255,025 | 681 | 683 | 748 | 828 | 914 | 947 | 940 | 881 | 859 | 994 |
| Wilson | 1954 | 65 | 283,586 | 1,439 | 1,435 | 1,387 | 1,236 | 1,230 | 1,257 | 1,324 | 1,413 | 1,512 | 1,535 |
| High Schools Total | | | 2,953,331 | 11,034 | 10,978 | 10,810 | 10,551 | 10,585 | 10,807 | 11,183 | 11,348 | 11,768 | 12,220 |
| PPS Alternative Programs Total | | | 302,529 | 1,642 | 1,663 | 1,689 | 1,739 | 1,699 | 1,716 | 1,817 | 1,760 | 1,659 | 1,631 |
| School and Alternative Programs Total | | | 8,422,289 | 43,516 | 43,657 | 44,104 | 44,232 | 44,894 | 45,218 | 46,070 | 46,185 | 46,503 | 46,615 |
| Community-Based Alternative Programs Total | | | - | 1,206 | 1,275 | 1,150 | 1,207 | 1,055 | 1,034 | 964 | 968 | 1,035 | 912 |
| Special Services Total | | | 89,443 | 500 | 385 | 502 | 457 | 485 | 443 | 451 | 451 | 455 | 529 |
| Public Charter Schools Total | | | 16,755 | 1,374 | 1,486 | 1,532 | 1,627 | 1,664 | 1,764 | 1,590 | 1,585 | 1,564 | 1,494 |
| Total All | | | 8,528,487 | 46,596 | 46,803 | 47,288 | 47,523 | 48,098 | 48,459 | 49,075 | 49,189 | 49,557 | 49,550 |
| Enrollment and Square Footage Summary by Category | | | Square Footage | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 |
| Regular Programs | | | 3,960,035 | 25,145 | 25,397 | 25,992 | 26,577 | 27,051 | 27,015 | 27,159 | 26,620 | 26,627 | 25,248 |
| Elementary Schools | | | 1,206,394 | 5,695 | 5,619 | 5,613 | 5,365 | 5,559 | 5,680 | 5,911 | 6,457 | 6,449 | 7,516 |
| Middle Schools | | | 2,953,331 | 11,034 | 10,978 | 10,810 | 10,551 | 10,585 | 10,807 | 11,183 | 11,348 | 11,768 | 12,220 |
| High Schools | | | 302,529 | 1,642 | 1,663 | 1,689 | 1,739 | 1,699 | 1,716 | 1,817 | 1,760 | 1,659 | 1,631 |
| PPS Alternative Programs | | | - | 1,206 | 1,275 | 1,150 | 1,207 | 1,055 | 1,034 | 964 | 968 | 1,035 | 912 |
| Plus enrollment not normally within PPS facilities: | | | - | 500 | 385 | 502 | 457 | 485 | 443 | 451 | 451 | 455 | 529 |
| Community Based Programs | | | 89,443 | 1,374 | 1,486 | 1,532 | 1,627 | 1,664 | 1,764 | 1,590 | 1,585 | 1,564 | 1,494 |
| Special Services | | | 16,755 | | | | | | | | | | |
| Public Charter Programs | | | 1,156,926 | | | | | | | | | | |
| Other or vacant facilities | | | <u>9,685,413</u> | <u>46,596</u> | <u>46,803</u> | <u>47,288</u> | <u>47,523</u> | <u>48,098</u> | <u>48,459</u> | <u>49,075</u> | <u>49,189</u> | <u>49,557</u> | <u>49,550</u> |
| ADMw ⁴ | | | | 52,843 | 52,949 | 53,250 | 53,693 | 54,281 | 54,986 | 57,491 | 57,876 | 57,779 | 55,642 |
| Age of Buildings | | | Median | | | | | | | | | | |
| Elementary Schools | | | 76 | | | | | | | | | | |
| Middle Schools | | | 91 | | | | | | | | | | |
| High Schools | | | 93 | | | | | | | | | | |
| Focus/Alternative Schools | | | 86 | | | | | | | | | | |
| Inactive or Other Facilities | | | 61 | | | | | | | | | | |

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 Rose City Park is a new school in fiscal year 2019

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

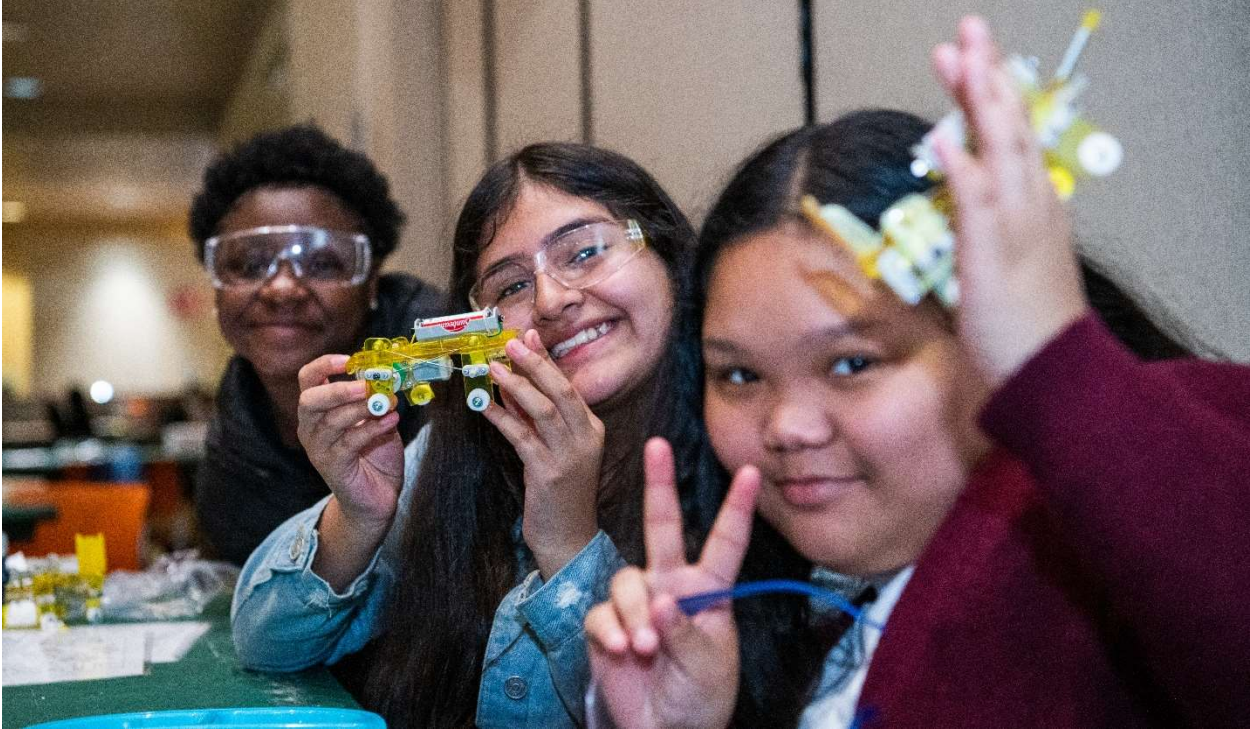
⁴ Weighted Average Daily Membership ("ADMw") is the enrollment figure, adjusted for part-time students and students with special needs, that is used to allocate revenues appropriated by the State to school districts. The most recent two years are preliminary data.



Audit



Vestal Elementary



Marysville

Audit

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



**Talbot, Korvola
& Warwick, LLP**

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

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

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of School District No. 1J, Multnomah County, Oregon (the District), as of and for the year ended June 30, 2019, which collectively comprise the District's basic financial statements, and have issued our report thereon dated December 4, 2019. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

COMPLIANCE

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

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

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

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



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**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)**

Page 2

COMPLIANCE (Continued)

- In our test sample of 60 teachers, the District misreported years of experience for six teachers. One teacher's experience was over reported by one year. The other five teachers' experience was under reported by a total of 18 years.

INTERNAL CONTROL OVER FINANCIAL REPORTING

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

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

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

PURPOSE OF THIS REPORT

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

Talbot, Kowola & Warwick LLP

Lake Oswego, Oregon
December 4, 2019

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

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

2018-19 CAFR Preparation

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Cheryl Anselone, Manager
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Aaron Musk, Sr. Accountant/Analyst
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Zeb Petterborg, Accountant/Analyst
Michael Johnson, Sr. Accountant/Analyst
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Suzanne Rademacher, Fiscal Services Associate II
Gretta Robert, Fiscal Services Associate II
Shawna Geer, Fiscal Services Associate II

School District No. 1J, Multnomah County, Oregon

PORTLAND PUBLIC SCHOOLS



REPORT ON REQUIREMENTS FOR FEDERAL AWARDS (UNIFORM GUIDANCE)

For the year ended June 30, 2019





Portland Public Schools

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

For the year ended June 30, 2019

School District No. 1J, Multnomah County, Oregon

Portland, Oregon

Prepared by the Finance Department



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

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All Star Awards



Grant High School Grand Opening



ACHIEVE MORE

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

INDEPENDENT AUDITOR'S REPORT

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of School District No. 1J, Multnomah County, Oregon (the District), as of and for the year ended June 30, 2019, 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 4, 2019.

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

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

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



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**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)**

COMPLIANCE AND OTHER MATTERS

As part of obtaining reasonable assurance about whether the District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the 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. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

PURPOSE OF THIS REPORT

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

Talbot, Kowala & Warwick LLP

Lake Oswego, Oregon
December 4, 2019



Talbot, Korvola & Warwick, LLP

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**REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM;
REPORT ON INTERNAL CONTROL OVER COMPLIANCE; AND REPORT ON SCHEDULE
OF EXPENDITURES OF FEDERAL AWARDS REQUIRED
BY THE UNIFORM GUIDANCE**

INDEPENDENT AUDITOR'S REPORT

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

REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM

We have audited School District No. 1J, Multnomah County, Oregon (the District's) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended June 30, 2019. The District's major federal programs are identified in the Summary of Independent Auditor's Results Section of the accompanying Schedule of Findings and Questioned Costs.

MANAGEMENT'S RESPONSIBILITY

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on compliance for each of the District's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the District's compliance.

OPINION ON EACH MAJOR FEDERAL PROGRAM

In our opinion, the District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2019.



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**REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM;
REPORT ON INTERNAL CONTROL OVER COMPLIANCE; AND REPORT ON
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS REQUIRED
BY THE UNIFORM GUIDANCE (Continued)**

REPORT ON INTERNAL CONTROL OVER COMPLIANCE

Management of the District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over compliance.

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

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

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

REPORT ON SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS REQUIRED BY THE UNIFORM GUIDANCE

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the District as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the District's basic financial statements. We issued our report thereon dated December 4, 2019, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance

**REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM;
REPORT ON INTERNAL CONTROL OVER COMPLIANCE; AND REPORT ON
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS REQUIRED
BY THE UNIFORM GUIDANCE (Continued)**

**REPORT ON SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS REQUIRED BY THE UNIFORM
GUIDANCE (Continued)**

with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of Federal Awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

Talbot, Kowala & Warwick LLP

Lake Oswego, Oregon
December 4, 2019





Jefferson Dancers



Stephenson Elementary

SCHOOL DISTRICT NO. 1J, MULTNOMAH COUNTY, OREGON
Schedule of Expenditures of Federal Awards
For the year ended June 30, 2019

| CFDA/ Grant | Grant Description | Pass-Through Grantor's No. | Period Covered | Direct or Pass-Thru | Award Amount | Expenditures | Agency Total |
|--|--|-------------------------------|-------------------|------------------------|-----------------|----------------------|-------------------|
| Department of Agriculture | | | | | | | |
| Food and Nutrition Service | | | | | | | |
| Child Nutrition Cluster | | | | | | | |
| 10.553 School Breakfast Program | | | | | | | |
| 202 | Donated Foods | | 07/01/18-06/30/19 | Pass-Thru | | 95,662 ¹ | |
| 202 | School Breakfast Program | N/A | 07/01/18-06/30/19 | Pass-Thru | | 2,610,961 | |
| | | | | | | 2,706,623 | |
| 10.555 National School Lunch Program | | | | | | | |
| 202 | Donated Foods | | 07/01/18-06/30/19 | Pass-Thru | | 995,656 ¹ | |
| 202 | National School Lunch Program | N/A | 07/01/18-06/30/19 | Pass-Thru | | 6,549,686 | |
| | | | | | | 7,545,342 | |
| 10.559 Summer Food Service Program for Children | | | | | | | |
| 202 | Summer Food Service Program for Children | N/A | 07/01/18-06/30/19 | Pass-Thru | | 403,717 | |
| | | | | | | 403,717 | |
| Total Child Nutrition Cluster | | | | | | 10,655,682 | |
| 10.558 Child and Adult Care Food Program | | | | | | | |
| 202 | Donated Foods | | 07/01/18-06/30/19 | Pass-Thru | | 37,494 ¹ | |
| G0339 | Childcare Food Program for Head Start | N/A | 07/01/18-06/30/19 | Pass-Thru | | 520,365 | |
| 202 | Child and Adult Care Food Program | N/A | 07/01/18-06/30/19 | Pass-Thru | | 723,535 | |
| | | | | | | 1,281,394 | |
| 10.582 Fresh Fruit and Vegetable Program | | | | | | | |
| 202 | Fresh Fruit and Vegetable Grants | Multiple | 07/01/18-06/30/19 | Pass-Thru | | 529,273 | |
| | | | | | | 529,273 | |
| Pass-Thru from Oregon Department of Education | | | | | | 11,945,984 | |
| Pass-Thru from Oregon Nutrition Services | | | | | | 520,365 | |
| | | | | | | | 12,466,349 |
| Department of Defense | | | | | | | |
| Office Of The Secretary of Defense | | | | | | | |
| 12.550 The Language Flagship Grants to Institutions of Higher Education | | | | | | | |
| G1658 | Mandarin Chinese Flagship Grant | 271880A | 06/01/16-05/31/20 | Pass-Thru | 1,135,533 | 440,187 | |
| National Security Agency | | | | | | | |
| 12.900 Language Grant Program | | | | | | | |
| G1751 | StarTalk | H98230-18-1-0205 | 05/02/18-03/31/19 | Direct | 112,500 | 82,924 | |
| G1891 | StarTalk | H98230-19-1-0189 | 05/01/19-03/31/20 | Direct | 112,500 | 45,583 | |
| | | | | | | 128,507 | |
| Direct Funding | | | | | | 128,507 | |
| Pass-Thru from University of Oregon CASLS | | | | | | 440,187 | |
| | | | | | | | 568,694 |
| National Science Foundation | | | | | | | |
| 47.076 Education and Human Resources | | | | | | | |
| G1477 | Cornell Lab of Ornithology AISL Award | N/A | 11/01/14-09/30/19 | Pass-Thru | 70,000 | 8,327 | |
| | | | | | | 8,327 | |
| Pass-Thru from Cornell University | | | | | | 8,327 | |
| | | | | | | | 8,327 |

SCHOOL DISTRICT NO. 1J, MULTNOMAH COUNTY, OREGON
Schedule of Expenditures of Federal Awards
For the year ended June 30, 2019

| CFDA/ Grant | Grant Description | Pass-Through Grantor's No. | Period Covered | Direct or Pass-Thru | Award Amount | Expenditures | Agency Total |
|--|--|-------------------------------|-------------------|------------------------|-----------------|--------------|--------------|
| Department of Education | | | | | | | |
| Office of Career, Technical, and Adult Education | | | | | | | |
| 84.048 Career and Technical Education - Basic Grants to States | | | | | | | |
| G1685 | Carl Perkins 17/18 | 44296 | 07/01/17-09/30/18 | Pass-Thru | 376,475 | 36,038 | |
| G1813 | Carl Perkins 18/19 | 48912 | 07/01/18-09/30/19 | Pass-Thru | 441,331 | 312,446 | |
| | | | | | | 348,484 | |
| Office of Elementary and Secondary Education | | | | | | | |
| 84.010 Title I Grants to Local Educational Agencies | | | | | | | |
| G1591 | Title IA - Central | 41141 | 07/01/16-09/30/18 | Pass-Thru | 6,617,425 | 29,833 | |
| G1670 | Title IA - School Budgets | 45676 | 07/01/17-09/30/19 | Pass-Thru | 4,001,457 | 230,389 | |
| G1671 | Title IA - Central | 45676 | 07/01/17-09/30/19 | Pass-Thru | 5,773,495 | 2,355,632 | |
| G1672 | Title IA - Focus/Priority | 45676 | 07/01/17-09/30/19 | Pass-Thru | 452,489 | 25,343 | |
| G1676 | Title ID | 45744 | 07/01/17-09/30/19 | Pass-Thru | 305,325 | 195,252 | |
| G1800 | Title IA - School Budgets | 50466 | 07/01/18-09/30/19 | Pass-Thru | 4,052,470 | 2,998,663 | |
| G1801 | Title IA - Central | 50466 | 07/01/18-09/30/19 | Pass-Thru | 5,774,770 | 3,882,628 | |
| G1802 | Title IA - Focus/Priority | 50466 | 07/01/18-09/30/19 | Pass-Thru | 303,935 | 29,337 | |
| G1806 | Title ID | 50319 | 07/01/18-09/30/19 | Pass-Thru | 302,770 | 183,255 | |
| | | | | | | 9,930,332 | |
| 84.011 Migrant Education State Grant Program | | | | | | | |
| G1673 | Title IC - Migrant Education | 44991 | 07/01/17-09/30/19 | Pass-Thru | 291,265 | 125,381 | |
| G1674 | Title IC - Migrant Education Preschool | 44908 | 07/01/17-09/30/18 | Pass-Thru | 10,033 | 724 | |
| G1675 | Title IC - Migrant Education Summer | 48635 | 04/04/18-09/30/18 | Pass-Thru | 79,977 | 27,069 | |
| G1803 | Title IC - Migrant Education | 49218 | 07/01/18-09/30/19 | Pass-Thru | 376,366 | 313,076 | |
| G1804 | Title IC - Migrant Education Preschool | 49237 | 07/01/18-09/30/19 | Pass-Thru | 10,029 | 867 | |
| G1805 | Title IC - Migrant Education Summer | 52526 | 03/15/19-09/30/19 | Pass-Thru | 94,880 | 28,799 | |
| | | | | | | 495,916 | |
| 84.013 Title I State Agency Program for Neglected and Delinquent Children and Youth | | | | | | | |
| G1683 | Title I N&D - Portland DART Schools | 11011 | 07/01/17-06/30/19 | Pass-Thru | 439,896 | 151,084 | |
| 84.196 Education for Homeless Children and Youth | | | | | | | |
| G1677 | McKinney-Vento Homeless Education | 46127 | 07/01/17-09/30/19 | Pass-Thru | 122,000 | 77,258 | |
| 84.287 Twenty-First Century Community Learning Centers (CLCs) | | | | | | | |
| G1612 | 21st Century CLCs Cohort 3 Yr 4 | 40529 | 07/01/16-09/30/18 | Pass-Thru | 401,338 | 28,889 | |
| G1682 | 21st Century CLCs Cohort 4 Yr 4 | 44156 | 07/01/17-09/30/18 | Pass-Thru | 389,421 | 122,177 | |
| | | | | | | 151,066 | |
| 84.365 English Language Acquisition State Grants | | | | | | | |
| G1680 | Title III - English Language Acquisition | 44247 | 07/01/17-09/30/19 | Pass-Thru | 499,992 | 62,063 | |
| G1810 | Title III - English Language Acquisition | 50280 | 07/01/18-09/30/19 | Pass-Thru | 501,682 | 270,529 | |
| | | | | | | 332,592 | |
| 84.367 Supporting Effective Instruction State Grants | | | | | | | |
| G1609 | Title IIA - Private School Allocation | 41396 | 07/01/16-09/30/18 | Pass-Thru | 338,062 | 19,380 | |
| G1678 | Title IIA - Imprv Tchr Qlty | 45892 | 07/01/17-09/30/18 | Pass-Thru | 1,137,882 | 50,923 | |
| G1679 | Title IIA - Private School Allocation | 45892 | 07/01/17-09/30/18 | Pass-Thru | 189,018 | 15,596 | |
| G1808 | Title IIA - Imprv Tchr Qlty | 49389 | 07/01/18-09/30/19 | Pass-Thru | 1,450,039 | 801,169 | |
| G1809 | Title IIA - Private School Allocation | 49389 | 07/01/18-09/30/19 | Pass-Thru | 212,815 | 172,193 | |
| | | | | | | 1,059,261 | |
| 84.060 Indian Education Grants to Local Educational Agencies | | | | | | | |
| G1811 | Indian Education | S060A180938 | 07/01/18-06/30/19 | Direct | 191,521 | 119,521 | |
| 84.377 School Improvement Grants | | | | | | | |
| G1606 | School Improvement - Woodlawn | 41815 | 07/01/16-09/30/18 | Pass-Thru | 431,539 | 53,897 | |
| G1698 | School Improvement - Woodlawn | 46142 | 07/01/17-06/01/19 | Pass-Thru | 159,700 | 159,700 | |
| G1823 | School Improvement - Woodlawn | 46862 | 07/01/18-09/30/19 | Pass-Thru | 8,597 | 3,706 | |
| | | | | | | 217,303 | |

SCHOOL DISTRICT NO. 1J, MULTNOMAH COUNTY, OREGON
Schedule of Expenditures of Federal Awards
For the year ended June 30, 2019

| CFDA/ Grant | Grant Description | Pass-Through Grantor's No. | Period Covered | Direct or Pass-Thru | Award Amount | Expenditures | Agency Total |
|--|--|-------------------------------|-------------------|------------------------|-----------------|-------------------|--------------|
| Department of Education (Continued) | | | | | | | |
| Office of Safe and Healthy Students | | | | | | | |
| 84.424 Student Support and Academic Enrichment Program | | | | | | | |
| G1781 | Title IV-A Student Spprt 17-19 | 47805 | 07/01/18-09/30/19 | Pass-Thru | 103,757 | 36,749 | |
| Office of Academic Improvement | | | | | | | |
| 84.330 Advanced Placement Program (Advanced Placement Test Fee: Incentive Program Grants) | | | | | | | |
| G0972 | International Baccalaureate (IB) Fee Payment Program | N/A | 07/01/09-06/30/19 | Pass-Thru | 666,657 | 103,142 | |
| Office Of Special Education and Rehabilitative Services | | | | | | | |
| Special Education Cluster (IDEA) | | | | | | | |
| 84.027 Special Education Grants to States | | | | | | | |
| G1687 | Special Ed - SPR&I 17/18 | 44478 | 07/01/17-09/30/18 | Pass-Thru | 40,476 | 3,940 | |
| G1689 | TBI Liaison 17/18 | 47574 | 07/01/17-06/30/19 | Pass-Thru | 42,500 | 20,156 | |
| G1690 | IDEA Part B, Section 611 17/18 | 45244 | 07/01/17-09/30/19 | Pass-Thru | 8,015,551 | 2,177,106 | |
| G1692 | IDEA Enhancement 17/18 | 46522 | 10/01/17-09/30/18 | Pass-Thru | 21,218 | 16,845 | |
| G1693 | Audiology Support | 46751 | 07/01/17-06/30/19 | Pass-Thru | 1,006,668 | 559,969 | |
| G1699 | Portland Dart - LTCT 17/18 IDEA | 11011 | 07/01/17-06/30/19 | Pass-Thru | 173,422 | 87,310 | |
| G1700 | Columbia Regional Contract | 11046 | 07/01/17-06/30/19 | Pass-Thru | 11,385,381 | 6,183,273 | |
| G1815 | Special Ed - SPR&I 18/19 | 49601 | 07/01/18-06/30/19 | Pass-Thru | 41,768 | 28,386 | |
| G1816 | Extended Assessment 18/19 | 49177 | 07/01/18-06/30/19 | Pass-Thru | 14,286 | 4,750 | |
| G1818 | IDEA Part B, Section 611 18/19 | 49942 | 07/01/18-09/30/20 | Pass-Thru | 8,100,852 | 4,040,270 | |
| G1921 | Post School Outcomes-Interview | 52299 | 07/01/18-09/30/18 | Pass-Thru | 3,075 | 2,895 | |
| | | | | | | 13,124,900 | |
| 84.173 Special Education Preschool Grants | | | | | | | |
| G1621 | IDEA Part B, Section 619 16/17 | 40665 | 07/01/16-09/30/18 | Pass-Thru | 83,736 | 2,131 | |
| G1691 | IDEA Part B, Section 619 17/18 | 45486 | 07/01/17-09/30/19 | Pass-Thru | 85,106 | 85,106 | |
| G1819 | IDEA Part B, Section 619 18/19 | 50171 | 07/01/18-09/30/20 | Pass-Thru | 84,850 | 757 | |
| | | | | | | 87,994 | |
| Total Special Education (IDEA) Cluster | | | | | | 13,212,894 | |
| 84.126 Rehabilitation Services - Vocational Rehabilitation Grants to States | | | | | | | |
| G1710 | YTP Vocational Rehabilitation Grant | 154931 | 07/01/17-06/30/19 | Pass-Thru | 294,887 | 151,723 | |
| G1814 | Oregon Commission for the Blind | 10118 | 07/01/18-09/30/19 | Pass-Thru | 277,000 | 264,834 | |
| | | | | | | 416,557 | |
| Office of Postsecondary Education | | | | | | | |
| 84.334 Gaining Early Awareness and Readiness for Undergraduate Programs (GEAR-UP) | | | | | | | |
| G1455 | GEAR-UP - Mobilizing for College | P334A140180 | 09/25/14-09/24/21 | Direct | 5,971,200 | 1,616,805 | |
| G1827 | E3 - Engage, Empower, Elevate | P334A180117 | 10/01/18-09/30/25 | Direct | 1,566,400 | 303,446 | |
| | | | | | | 1,920,251 | |
| Office of Innovation and Improvement | | | | | | | |
| 84.411 Education Innovation and Research | | | | | | | |
| G1716 | PREP (Education Innovation & Research) | U411C170253 | 10/01/17-09/30/22 | Direct | 3,918,325 | 682,410 | |
| | | | | | | 2,722,182 | |
| | | | | | | 26,116,081 | |
| | | | | | | 264,834 | |
| | | | | | | 151,723 | |

Department of Education Total

29,254,820

SCHOOL DISTRICT NO. 1J, MULTNOMAH COUNTY, OREGON
Schedule of Expenditures of Federal Awards
For the year ended June 30, 2019

| CFDA/ Grant | Grant Description | Pass-Through Grantor's No. | Period Covered | Direct or Pass-Thru | Award Amount | Expenditures | Agency Total |
|--|--|-------------------------------|-------------------|------------------------|-----------------|-------------------|-------------------|
| Department of Health and Human Services | | | | | | | |
| Administration for Children and Families | | | | | | | |
| Child Care and Development Fund Cluster | | | | | | | |
| 93.575 Child Care and Development Block Grant | | | | | | | |
| G1755 | Teen Parent Services | 156248 | 01/01/18-06/30/19 | Pass-Thru | 287,946 | 153,720 | |
| Total Child Care and Development Fund Cluster | | | | | | 153,720 | |
| 93.600 Head Start | | | | | | | |
| G1696 | Head Start 17/18 | 10CH0193-05-00 | 11/01/17-10/31/18 | Direct | 5,338,923 | 1,173,133 | |
| G1822 | Head Start 18/19 | 10CH010719-01-00 | 11/01/18-10/31/19 | Direct | 5,432,303 | 4,335,774 | |
| | | | | | | 5,508,907 | |
| 93.658 Foster Care Title IV-E | | | | | | | |
| G1234 | Foster Care Transportation | 137592 | 09/01/11-06/30/19 | Pass-Through | 528,564 | 100,500 | |
| Centers for Disease Control and Prevention | | | | | | | |
| 93.079 Cooperative Agreements to Promote | | | | | | | |
| G1719 | Adolescent HIV/STI PPP Tier III | N/A | 10/01/17-09/30/18 | Pass-Thru | 30,000 | 11,434 | |
| G1770 | SAY Wellness | NU87PS004369-01-00 | 08/01/18-07/31/23 | Direct | 370,172 | 189,774 | |
| | | | | | | 201,208 | |
| Immed. Office of the Secretary of Health | | | | | | | |
| 93.297 Teen Pregnancy Prevention Project | | | | | | | |
| G1659 | Mult County ACT/TPP Proj | N/A | 07/01/16-06/30/20 | Pass-Thru | 10,000 | 2,807 | |
| Centers for Medicare and Medicaid Services | | | | | | | |
| Medicaid Cluster | | | | | | | |
| 93.778 Medical Assistance Program | | | | | | | |
| S0027 | Medicaid - Regional Durable Medical Equip. | N/A | 07/01/97-06/30/20 | Pass-Thru | 726,855 | 43,200 | |
| Total Medicaid Cluster | | | | | | 43,200 | |
| | | | | | | 5,698,681 | |
| | | | | | | 11,434 | |
| | | | | | | 2,807 | |
| | | | | | | 297,420 | |
| Department of Health and Human Services Total | | | | | | | 6,010,342 |
| Grand Total | | | | | | 48,308,532 | 48,308,532 |

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

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

SCHOOL DISTRICT NO. 1J, MULTNOMAH COUNTY, OREGON
Notes to Schedule of Expenditures of Federal Awards
For the year ended June 30, 2019

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, 2019. 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, 2019.

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.





Faubion Elementary



Roosevelt High School

SCHOOL DISTRICT No. 1J, MULTNOMAH COUNTY, OREGON

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

YEAR ENDED JUNE 30, 2019

SECTION I - SUMMARY OF INDEPENDENT AUDITOR'S RESULTS

Financial Statements:

| | |
|---|------------|
| Type of auditor's report issued | Unmodified |
| Internal control over financial reporting: | |
| Material weakness(es) identified? | No |
| Significant deficiency(ies) identified that are not considered to be material weakness(es)? | No |
| Noncompliance material to financial statements noted? | No |

Federal Awards:

| | |
|--|------------|
| Internal control over major programs: | |
| Material weakness(es) identified? | No |
| Significant deficiency(ies) identified that are not considered to be material weakness(es)? | No |
| Type of auditor's report issued on compliance for major programs: | Unmodified |
| Any audit findings disclosed that are required to be reported in accordance with section 2 CFR 200.516(a)? | No |

Identification of major programs:

| CFDA NUMBER(S) | NAME OF PROGRAM OR CLUSTER |
|------------------------|--|
| 10.553, 10.555, 10.559 | Child Nutrition Cluster |
| 12.550 | The Language Flagship Grants to Institutions of Higher Education |
| 84.010 | Title 1 Grants to Local Educational Agencies |
| 84.411 | Education Innovation and Research |

SCHOOL DISTRICT No. 1J, MULTNOMAH COUNTY, OREGON
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (Continued)

YEAR ENDED JUNE 30, 2019

SECTION I - SUMMARY OF INDEPENDENT AUDITOR'S RESULTS (Continued)

| | |
|--|--------------|
| Dollar threshold used to distinguish between type A and type B programs | \$ 1,449,256 |
| Auditee qualified as low-risk auditee? | No |

SECTION II - FINANCIAL STATEMENT FINDINGS

No findings reported.

SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

No findings reported.

SECTION IV – SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

No prior audit findings reported.



Mandarin Immersion



Benson High School

Portland Public Schools Nondiscrimination Statement

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

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

Board of Education Policy 1.80.020-P

Contact Information for Civil Rights Matters

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

2018-19 Report on Requirements for Federal Awards Preparation

| | |
|--|-------------------|
| Deputy Superintendent, Business & Operations | Claire Hertz |
| Chief Financial Officer | Cynthia Le |
| Director of Financial Services | Tracy Pinder, CPA |

Grant Accounting

| | |
|------------------------------|-------------------|
| Financial Operations Manager | Melissa Ensminger |
| Accountant/Analyst | Georgina Jackson |
| Sr. Accountant/Analyst | Michael Johnson |
| Sr. Accountant/Analyst | Aaron Musk |
| Accountant/Analyst | Zeb Petterborg |