

\$420,000,000
School District No. 1J, Multnomah County, Oregon
(Portland Public Schools)
Multnomah, Washington, and Clackamas Counties, Oregon
General Obligation Bonds, Series 2023

DATED: April 27, 2023 ("Date of Delivery")

DUE: June 15, as shown on the inside cover

PURPOSE— The \$420,000,000 General Obligation Bonds, Series 2023 (the "Bonds") are being issued by the School District No. 1J, Multnomah County, Oregon (Portland Public Schools) (the "District"), located in Multnomah, Washington, and Clackamas Counties, Oregon. The Bonds are being issued to finance capital costs for the District. See "Purpose and Use of Proceeds" herein.

MOODY'S AND S&P GLOBAL RATINGS— "Aa2" and "AA" underlying; "Aa1" and "AA+" enhanced. See "Oregon School Bond Guaranty" and "Ratings" herein.

NOT BANK QUALIFIED— The District has NOT designated the Bonds as "qualified tax-exempt obligations" for purposes of Section 265(b)(3)(B) of the Internal Revenue Code of 1986, as amended (the "Code").

BOOK-ENTRY ONLY SYSTEM— The Bonds will be issued, executed and delivered in fully registered form under a book-entry only system and registered in the name of Cede & Co., as owner and nominee for The Depository Trust Company ("DTC"). DTC will act as initial securities depository for the Bonds. Individual purchases of the Bonds will be made in book-entry form, in the denomination of \$5,000 or any integral multiple thereof. Purchasers will not receive certificates representing their interest in the Bonds purchased.

PRINCIPAL AND INTEREST PAYMENTS— Interest on the Bonds will be paid on December 15, 2023 and semiannually thereafter on June 15 and December 15 of each year to the maturity or earlier redemption of the Bonds. Principal of and interest on the Bonds will be payable by the District's Paying Agent, initially U.S. Bank Trust Company, National Association, to DTC which, in turn, will remit such principal and interest to the DTC participants for subsequent disbursement to the beneficial owners of the Bonds at the address appearing upon the registration books on the last business day of the month preceding a payment date (the "Record Date").

MATURITY SCHEDULE— See inside front cover.

REDEMPTION— The Bonds are subject to optional redemption prior to their stated maturities as further described herein.

SECURITY— The Bonds are general obligations of the District. Pursuant to ORS 287A.315 the District has pledged its full faith and credit and taxing power to pay the Bonds. The District has covenanted for the benefit of the owners of the Bonds that the District shall levy annually, as necessary, a direct ad valorem tax upon all of the taxable property within the District which is sufficient after taking into consideration discounts taken and delinquencies that may occur in the payment of such taxes, to pay all Bond principal and interest when due. This tax shall be in addition to all other taxes of the District and this tax shall not be limited in rate, amount or otherwise by Sections 11 or 11b of Article XI of the Oregon Constitution. The Bonds do not constitute a debt or indebtedness of Multnomah, Washington, or Clackamas Counties, the State of Oregon, or any political subdivision thereof other than the District.

Payment of the principal of and interest on the Bonds when due is guaranteed by the full faith and credit of the
State of Oregon
under the provisions of the Oregon School Bond Guaranty Act. See "Oregon School Bond Guaranty" within.

TAX MATTERS— *In the opinion of Hawkins Delafield & Wood LLP, Bond Counsel to the District ("Bond Counsel"), under existing statutes and court decisions and assuming continuing compliance with certain tax covenants described herein, (i) interest on the Bonds is excluded from gross income for federal income tax purposes pursuant to Section 103 of the Internal Revenue Code of 1986, as amended (the "Code"), and (ii) interest on the Bonds is not treated as a preference item in calculating the alternative minimum tax under the Code, however for tax years beginning after December 31, 2022, interest on the Bonds is included in the "adjusted financial statement income" of certain corporations that are subject to the alternative minimum tax under Section 55 of the Code. In the opinion of Bond Counsel, interest on the Bonds is exempt from State of Oregon personal income tax under existing law. See "Tax Matters" herein for a discussion of the opinion of Bond Counsel.*

DELIVERY— The Bonds are offered for sale to the original purchaser subject to the final approving legal opinion of Bond Counsel. It is expected that the Bonds will be available for delivery to the Paying Agent for Fast Automated Securities Transfer on behalf of DTC, on or about the Date of Delivery.

This cover page contains certain information for quick reference only. It is not a summary of the issue. Investors must read the entire Official Statement to obtain information essential to the making of an informed investment decision.

School District No. 1J, Multnomah County, Oregon (Portland Public Schools) Multnomah, Washington, and Clackamas Counties, Oregon General Obligation Bonds, Series 2023

DATED: Date of Delivery

DUE: June 15, as shown below

MATURITY SCHEDULE —

Due June 15	Amount	Interest Rate	Yield	CUSIP® 625517	Due June 15	Amount	Interest Rate	Yield	CUSIP® 625517
2024	\$ 56,785,000	5.000%	2.340%	NM5	2034	\$ 9,610,000	5.000%	2.200% ⁽¹⁾	NX1
2025	64,870,000	5.000	2.210	NN3	2035	10,625,000	5.000	2.340 ⁽¹⁾	NY9
2026	12,345,000	5.000	2.070	NP8	2036	11,710,000	5.000	2.530 ⁽¹⁾	NZ6
2027	13,955,000	5.000	2.030	NQ6	2037	12,860,000	5.000	2.700 ⁽¹⁾	PA9
2028	15,090,000	5.000	2.000	NR4	2038	11,385,000	5.000	2.830 ⁽¹⁾	PB7
2029	16,665,000	5.000	2.000	NS2	2039	12,480,000	5.000	2.880 ⁽¹⁾	PC5
2030	11,370,000	5.000	2.000	NT0	2040	13,640,000	5.000	3.000 ⁽¹⁾	PD3
2031	12,525,000	5.000	2.030	NU7	2041	14,880,000	4.000	3.450 ⁽¹⁾	PE1
2032	13,845,000	5.000	2.060	NV5					
2033	15,165,000	5.000	2.090	NW3	2045	15,905,000	4.000	3.700 ⁽¹⁾	PF8
\$74,290,000 4.000% Term Bond ⁽²⁾ due June 15, 2049 @ 3.820% Yield ⁽¹⁾ ; CUSIP No. 625517PJ0									

- (1) Yield based on pricing to the first optional redemption date of June 15, 2033.
- (2) The Bonds maturing on June 15, 2049 (the “Term Bond”) are subject to mandatory redemption as described herein (see “Description of the Bonds – Redemption Provisions – Mandatory Redemption”).

The CUSIP® numbers herein are provided by CUSIP Global Services (CGS), which is managed on behalf of the American Bankers Association by S&P Capital IQ, a division of S&P Global Inc. CUSIP is a registered trademark of the American Bankers Association. CUSIP numbers are provided for convenience of reference only. CUSIP numbers are subject to change. Neither the District nor the Purchaser take any responsibility for the accuracy of such CUSIP numbers.

No website mentioned in this Official Statement is part of this Official Statement, and readers should not rely upon any information presented on any such website in determining whether to purchase the Bonds. Any references to any website mentioned in this Official Statement are not hyperlinks and do not incorporate such websites by reference.

No dealer, broker, salesman or other person has been authorized by the District or Piper Sandler & Co. (the “Municipal Advisor”) to give information or to make any representations with respect to the Bonds, other than those contained in this Official Statement, and, if given or made, such other information or representations must not be relied upon. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the Bonds by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale.

The Bonds have not been registered under the Securities Act of 1933, as amended, and the Declaration has not been qualified under the Trust Indenture Act of 1939, as amended, in reliance upon exemptions contained in such acts. The registration or qualification of the Bonds in accordance with applicable provisions of securities laws of the States in which the Bonds have been registered or qualified and the exemption from the registration or qualification in other states cannot be regarded as a recommendation thereof. Neither these States nor any of their agencies have passed upon the merits of the Bonds or the accuracy or completeness of this Official Statement. Any representation to the contrary may be a criminal offense.

**School District No. 1J, Multnomah County, Oregon
(Portland Public Schools)
501 North Dixon Street
Portland, Oregon 97227
(503) 916-2000**

Board of Education

Andrew Scott ⁽¹⁾	Chair
Gary Hollands	Vice-Chair
Julia Brim-Edwards	Director
Michelle DePass ⁽¹⁾	Director
Herman Greene	Director
Amy Kohnstamm ⁽¹⁾	Director
Eilidh Lowery ⁽¹⁾	Director

School Administrative Staff

Guadalupe Guerrero	Superintendent
Cheryl Proctor	Deputy Superintendent, Instruction & School Communities
Nolberto Delgadillo	Chief Financial Officer
Dan Jung	Chief Operating Officer

Bond Counsel

Hawkins Delafield & Wood LLP
Portland, Oregon
(503) 402-1320

Municipal Advisor

Piper Sandler & Co.
Portland, Oregon
(503) 275-8300

Paying Agent

U.S. Bank Trust Company, National Association
Portland, Oregon
(503) 464-3758

(1) Term expires June 30, 2023. Andrew Scott and Michelle DePass are running for re-election without contest. Amy Kohnstamm and Eilidh Lowery are not running for re-election.

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OFFICIAL STATEMENT
School District No. 1J, Multnomah County, Oregon
(Portland Public Schools)
Multnomah, Washington, and Clackamas Counties, Oregon

\$420,000,000
General Obligation Bonds, Series 2023

School District No. 1J, Multnomah County, Oregon (Portland Public Schools) (the “District”), located in Multnomah, Washington, and Clackamas Counties, Oregon, a school district duly organized and existing under and by virtue of the laws of the State of Oregon (the “State”) furnishes this Official Statement in connection with the offering of \$420,000,000 aggregate principal amount of General Obligation Bonds, Series 2023 (the “Bonds”), dated the Date of Delivery. This Official Statement, which includes the cover page, inside cover page, and appendices, provides information concerning the District and the Bonds.

Certain statements contained in this Official Statement do not reflect historical facts but are forecasts and “forward-looking statements.” No assurance can be given that the future results discussed herein will be achieved, and actual results may differ materially from the forecasts described herein. In this respect, words such as “estimated,” “projected,” “anticipate,” “expect,” “intend,” “plan,” “believe” and similar expressions are intended to identify forward-looking statements. Such statements are subject to risks and uncertainties that could cause actual results to differ materially from those contemplated in such forward-looking statements, including risks and uncertainties related to COVID-19. All projections, assumptions and other forward-looking statements are expressly qualified in their entirety by the cautionary statements set forth in this Official Statement.

Capitalized terms used and not defined herein shall have the meanings defined to such terms in “Appendix F – Form of Bond Declaration” which is attached hereto and incorporated by reference herein (the “Declaration”). Certain portions of the Declaration are summarized in this Official Statement, however the summaries of and references to all documents, statutes, reports, and other instruments referred to herein do not purport to be complete, comprehensive or definitive, and each such summary and reference is qualified in its entirety by reference to each such document, statute, report, or instrument.

Description of the Bonds

Authorization for Issuance

Measure. Article XI, Section 11 of the Oregon Constitution (“Article XI, Section 11”), requires majority voter approval for new or additional *ad valorem* property taxes for all May and November elections. The ballot measure for the Bonds was approved by a majority of the District’s voters at the November 3, 2020 election. Final election results were as follows:

Official Voter Tally

	Number of Votes	Percentage of Total Votes
Yes	235,674	74.76%
No	79,576	25.24%

Source: Multnomah, Clackamas and Washington County Elections Division, November 2020.

The ballot measure authorized the issuance of \$1.208 billion aggregate principal amount of general obligation bonds in more than one series and with each series to mature within 30 years of issuance. The District issued \$365,465,000 of the authorized amount in December 2020. This issue is for \$420,000,000 of the authorized amount. The District plans to issue the balance of \$422,535,000 in calendar year 2025.

Under and in accordance with State laws and provisions, specifically Oregon Revised Statutes (“ORS”) Chapter 287A and Section 328.205, the Bonds are being issued pursuant to Resolution No. 6675 (the “Resolution”) adopted by the District’s Board of Education (the “Board”) on March 21, 2023, and the Declaration.

Principal Amount, Date, Interest Rates and Maturities

The Bonds will be issued in the aggregate principal amount posted on the cover of this Official Statement and will be dated and bear interest from the Date of Delivery. The Bonds will mature on the dates and in the principal amounts set forth on the inside cover of this Official Statement. Interest on the Bonds is payable semiannually on June 15 and December 15 of each year, commencing December 15, 2023, until the maturity or earlier redemption of the Bonds and will be computed on the basis of a 360-day year comprised of twelve 30-day months.

Paying Agent and Registration Features

Paying Agent. The principal of and interest on the Bonds will be payable by U.S. Bank Trust Company, National Association (the “Paying Agent”) to The Depository Trust Company (“DTC”), which, in turn, is obligated to remit such principal and interest to its participants (“DTC Participants”) for subsequent disbursement to the persons in whose names such Bonds are registered (the “Beneficial Owners”) of the Bonds, as further described in Appendix C attached hereto.

Book-Entry System. The Bonds will be issued in fully registered form and, when issued, will be registered in the name of Cede & Co. as owner and as nominee for DTC. DTC will act as securities depository for the Bonds. Individual purchases and sales of the Bonds may be made in book-entry form only in minimum denominations of \$5,000 within a single maturity and integral multiples thereof. Purchasers will not receive certificates representing their interest in the Bonds. See “Appendix C – Book Entry Only System” for additional information.

Procedure in the Event of Revisions of Book-Entry Transfer System. If the District discontinues maintaining the Bonds in book-entry only form, the District shall cause the Paying Agent to authenticate and deliver replacement Bonds in fully registered form in authorized denominations in the names of the beneficial owners or their nominees; thereafter the provisions set forth in the Declaration, regarding registration, transfer and exchange of Bonds shall apply.

Redemption Provisions

Optional Redemption. The Bonds maturing in years 2024 through 2033, inclusive, are not subject to optional redemption prior to maturity. The District reserves the right to redeem all or any portion of the Bonds maturing on or after June 15, 2034 at the option of the District on June 15, 2033 and on any date thereafter in whole or in part, in any order of maturity with maturities selected by the District, at a price of par. A Term Bond subject to optional redemption and redeemed in part will have the principal amount redeemed within the respective mandatory redemption dates selected by the District.

For as long as the Bonds are in book-entry only form, if fewer than all of the Bonds of a maturity are called for redemption, the selection of Bonds within a maturity to be redeemed shall be made by DTC in accordance with its operational procedures then in effect. See Appendix C attached hereto. If the Bonds are no longer held in book-entry only form, then the Paying Agent would select Bonds for redemption by lot.

Mandatory Redemption. If not previously redeemed under the provisions for optional redemption, the Term Bond maturing on June 15, 2049 is subject to mandatory redemption (in such manner as the Paying Agent and DTC will determine or by lot by the Paying Agent) on June 15 of the following years in the following principal amounts, at a price of par plus accrued interest to the date of redemption.

2049 Term Bond	
Due June 15	Amount
2047	\$ 23,030,000
2048	24,735,000
2049 ⁽¹⁾	26,525,000
	<u>\$ 74,290,000</u>

(1) Maturity.

Notice of Redemption (Book-Entry). So long as the Bonds are in book-entry only form and unless DTC consents to a shorter period, the Paying Agent shall notify DTC of any redemption not less than 20 days and not more than 60 days prior to the date fixed for redemption, and shall provide such information in connection therewith as required by a letter of representation submitted to DTC. Unless waived by the Paying Agent, official written notice of redemption will be given by the District to the Paying Agent at least five calendar days prior to the date the notice is scheduled to be sent to DTC. The District reserves the right to rescind any redemption notice as allowed in the Resolution.

Notice of Redemption (No Book-Entry). During any period in which the Bonds are not in book-entry only form, unless waived by any Owner of the Bonds to be redeemed, official notice of any redemption of Bonds shall be given by the Paying Agent on behalf of the District as provided in the alternative system established by the District pursuant to the Declaration. Unless waived by the Paying Agent, official written notice of redemption will be given by the District to the Paying Agent at least five calendar days prior to the date the notice is scheduled to be sent to Owners of the Bonds. The District reserves the right to rescind any redemption notice as allowed in the Resolution.

Conditional Notice. Any notice of optional redemption given for the Bonds may state that the optional redemption is conditional upon receipt by the Paying Agent of moneys sufficient to pay the redemption price of such Bonds or upon the satisfaction of any other condition, and/or that such notice may be rescinded upon the occurrence of any other event, and any conditional notice so given may be rescinded at any time before payment of such redemption price if any such condition so specified is not satisfied or if any such other event occurs. Notice of such rescission or of the failure of any such condition shall be given by the Paying Agent to affected Owners of Bonds as promptly as practicable.

Defeasance

Bonds shall be deemed defeased if the District: (1) irrevocably deposits money or noncallable Government Obligations in escrow with an independent trustee or escrow agent, which are calculated to be sufficient without reinvestment for the payment of Bonds which are to be defeased; (2) files with the escrow agent or trustee a report from an independent, certified public accountant or registered municipal advisor to the effect that the money and the principal and interest to be received from the Government Obligations are calculated to be sufficient, without further reinvestment, to pay the defeased Bonds when due; and (3) files with the escrow agent or trustee an opinion of nationally recognized bond counsel that the proposed defeasance will not, in and of itself, cause interest on the Bonds to become includable in gross income under the Code. The District shall be obligated to pay Bonds which are defeased solely from the money and Government Obligations deposited with an independent trustee or escrow agent, and the District shall have no further obligation to pay the defeased Bonds from any source except the amounts deposited in the escrow.

Default and Remedies

The occurrence of one or more of the following shall constitute an Event of Default under the Declaration:

- a. Failure by the District to pay Bond principal, interest or premium when due (whether at maturity, or upon redemption after a Bond has been properly called for redemption);
- b. Failure by the District to observe and perform any covenant, condition or agreement on its part to be observed or performed for the benefit of Owners of Bonds, for a period of sixty (60) days after written notice to the District by the Owners of fifty-one (51%) percent or more of the

principal amount of Bonds then Outstanding specifying such failure and requesting that it be remedied; provided however, that if the failure stated in the notice cannot be corrected within such sixty (60) day period, it shall not constitute an Event of Default so long as corrective action is instituted by the District within the sixty (60) day period and diligently pursued, and the default is corrected as promptly as practicable after the written notice referred to in this paragraph; or,

- c. The District is adjudged insolvent by a court of competent jurisdiction, admits in writing its inability to pay its debts generally as they become due, files a petition in bankruptcy, or consents to the appointment of a receiver for the payments.

The Owners of fifty-one (51%) percent or more of the principal amount of Bonds then Outstanding may waive any Event of Default and its consequences, except an Event of Default as described in (a) of this Section.

Upon the occurrence and continuance of any Event of Default the Owners of fifty-one (51%) percent or more of the principal amount of Bonds then Outstanding may take whatever action may appear necessary or desirable to enforce or to protect any of the rights of the Owners of Bonds, either at law or in equity or in bankruptcy or otherwise, whether for the specific enforcement of any covenant or agreement contained in the Declaration or in aid of the exercise of any power granted in the Declaration or for the enforcement of any other legal or equitable right vested in the Owners of Bonds by the Declaration or by law. However, the Bonds shall not be subject to acceleration.

No remedy in the Declaration conferred upon or reserved to Owners of Bonds is intended to be exclusive and every such remedy shall be cumulative and shall be in addition to every other remedy given under the Declaration or now or hereafter existing at law or in equity. No delay or omission to exercise any right or power accruing upon any default shall be construed to be a waiver thereof, but any such right and power may be exercised from time to time and as often as may be deemed expedient. To entitle the Owners of Bonds to exercise any remedy reserved to them, it shall not be necessary to give any notice other than such notice as may be required by the Declaration or by law.

Purpose and Use of Proceeds

Purpose

The proceeds from the sale of the Bonds will be used to finance capital costs (the "Project").

Specifics on the Project expected to be financed include:

- Provide curriculum materials, technology, accessibility improvements;
- Repair/replace roofs, mechanical systems;
- Renovate/replace schools, including Jefferson, Benson, a facility for alternative school programs; design renovation/replacement of Cleveland and Wilson; plan and add additional capacity;
- Develop a culturally-responsive community plan, make targeted investments in facilities in North/Northeast Portland;
- Strengthen building security; seismic safety.

Sources and Uses of Funds

The proceeds of the Bonds are estimated to be applied as follows:

Estimated Sources and Uses of Funds

Sources of Funds	
Par Amount of Bonds	\$ 420,000,000.00
Original Issue Premium	44,831,736.35
Total Sources of Funds	<u>\$ 464,831,736.35</u>
Uses of Funds	
Available for the Project	\$ 463,020,969.22
Underwriting, Credit Enhancement, and Issuance Costs	1,810,767.13
Total Uses of Funds	<u>\$ 464,831,736.35</u>

Security for the Bonds

General

The Bonds are general obligations of the District. Pursuant to ORS 287A.315 the District has pledged its full faith and credit and taxing power to pay the Bonds. The District covenants for the benefit of the owners of the Bonds that the District shall levy annually, as necessary, a direct ad valorem tax upon all of the taxable property within the District which is sufficient after taking into consideration discounts taken and delinquencies that may occur in the payment of such taxes to pay all Bond principal and interest when due. This tax shall be in addition to all other taxes of the District, and this tax shall not be limited in rate, amount or otherwise by Sections 11 or 11b of Article XI of the Oregon Constitution.

The District may, subject to applicable laws, apply other funds available to make payments with respect to the Bonds and thereby reduce the amount of future tax levies for such purpose.

The Bonds do not constitute a debt or indebtedness of Multnomah, Washington, or Clackamas Counties (the "Counties"), the State, or any political subdivision thereof other than the District.

Oregon School Bond Guaranty

Guaranty Provisions. Article XI-K of the Constitution of the State of Oregon (the "State") allows the State to guarantee the general obligation bonded indebtedness of school districts, education service districts, and community college districts (generally "school district" or "school districts") in order to secure lower interest costs on general obligation bonds of such districts. Payment of the principal of and interest on the Bonds when due is guaranteed by the full faith and credit of the State under the provisions of the Oregon School Bond Guaranty Act - Oregon Revised Statutes (ORS) 328.321 to 328.356 (the "Act"). As provided in ORS 328.326(1)(a):

The State Treasurer may, by issuing a certificate of qualification to a school district, pledge the full faith and credit and taxing power of the state to guarantee full and timely payment of the principal of, either at the stated maturity or by advancement of maturity pursuant to a mandatory sinking fund payment, and interest on school bonds as such payments shall become due, except that in the event of any acceleration of the due date of such principal by reason of mandatory or optional redemption or acceleration resulting from default or otherwise, other than any advancement of maturity pursuant to a mandatory sinking fund payment, the payments guaranteed shall be made in such amounts and at such times as such payments of principal would have been due had there not been any such acceleration.

The Act further provides that (i) the guaranty of the State does not extend to the payment of any redemption premium due on any bonds guaranteed under the Guaranty Act and (ii) any bond guaranteed by the State under

the Act that is refunded no longer has the benefit of the guaranty from and after the date on which that bond is considered to be paid.

Guaranty Procedures - Regularly Scheduled Debt Service Payments. Each school district with outstanding, unpaid bonds guaranteed under the Act, shall transfer moneys sufficient for the scheduled debt service payment to its paying agent at least 15 days before any principal or interest payment date for the bonds. The paying agent may invest the moneys for the benefit of the school district until the payment date. A school district that is unable to transfer the scheduled debt service payment to the paying agent 15 days before the payment date shall immediately notify the paying agent and the State Treasurer. Such notification shall be made to the Office of the State Treasurer as prescribed in the Act. The Act further provides that if sufficient funds are not transferred to the paying agent as required above, the paying agent shall notify the State Treasurer of that failure at least 10 days before the scheduled debt service payment in the manner prescribed in the Act.

Monitoring. Beginning with bonds issued with the guaranty of the State on and after October 30, 2009, a school district with outstanding, unpaid bonds which are guaranteed under the Act, must enter into an agreement with a paying agent under which the paying agent provides the district with notice by January 15 of each year of any required debt service amounts (including any scheduled deposits to a sinking fund for the bonds) due during the following fiscal year. The paying agent must also notify the district of any debt service amounts (including any scheduled deposits to a sinking fund) that must be paid or deposited over the next two fiscal years. In addition, for bonds originally issued as tax credit bonds under the Internal Revenue Code and any bonds resulting from conversion of such bonds ("Qualified Bonds"), the district must provide written verification by May 1 of each year to its paying agent that it has made any required sinking fund deposits. The paying agent must notify the State Treasurer if it does not receive such verification. Further, the district must report to the State Treasurer, at least annually, the amount of monies paid into its debt service fund to pay the Qualified Bonds and a calculation demonstrating that such deposits are projected to be sufficient to repay the Qualified Bonds in full when payment is due. If annual payments are not made to the debt service fund, the district must demonstrate that the current balance in the fund, plus any scheduled future deposits, will be sufficient to repay the Qualified Bonds when due.

Payment under the Guarantee. If sufficient moneys to pay a scheduled debt service payment have not been transferred to the paying agent, the State Treasurer shall, on or before the scheduled payment date, transfer sufficient moneys to the paying agent to make the scheduled debt service payment. If sufficient moneys of the State are not on hand and available at the time the State is required to make a debt service payment under its guaranty on behalf of the school district, the State Treasurer may singly or in combination:

- Obtain from the Common School Fund or from any other State funds that qualify to make a loan under ORS 293.205 to 293.225, a loan sufficient to make the required payment;
- Borrow money, if economical and convenient, as authorized by ORS 286A.045;
- Issue State general obligation bonds as provided for in Article XI-K of the Constitution and the Act; and,
- With the approval of the Legislative Assembly, or the Emergency Board if emergency funds are lawfully available for making the required payment in the interim between sessions of the Legislative Assembly, pay moneys from the General Fund or any other funds lawfully available for the purpose or from emergency funds amounts sufficient to make the required payment.

Any payment of scheduled debt service payments by the State Treasurer on behalf of a school district (i) discharges the obligation of the issuing school district to its bondholders for the payment, and (ii) transfers the rights represented by the general obligation of the school district from the bondholders to the State.

State Repayment. If one or more payments are made by the State Treasurer as provided for in the Act, the State Treasurer shall pursue recovery from the school district of all moneys necessary to reimburse the State. In seeking recovery, the State Treasurer may (i) intercept any payments from the General Fund, the State School Fund, the income of the Common School Fund and any other source of operating moneys provided by or through the State to the school district that issued the bonds that would otherwise be paid to the school district by the State, and (ii) exercise the rights of a secured creditor in any money or assets pledged by the school district to secure its reimbursement obligation to the State. The Treasurer may apply any intercepted payments or secured assets to reimburse the State for payments made pursuant to the State's guaranty until all obligations of the school district to the State arising from those payments, including any interest and penalties, are paid in full. The State has no

obligation to the school district or to any person or entity to replace any moneys intercepted under the Act. The authority of the Treasurer to intercept payments under the Act has priority over all claims against money provided by the State to a school district, including a claim based on a fund's diversion agreement under ORS 238.698.

Additionally, in accordance with the Act, if the State Treasurer determines that it is necessary the State Treasurer shall pursue any legal action, including but not limited to mandamus or foreclosure of a security interest, against the school district or school district board and may compel the school district to (i) levy and provide property tax or other revenues to pay debt service on its bonds and other obligations when due, and (ii) meet its repayment obligations to the State. The Attorney General shall assist the State Treasurer in pursuing such rights of recovery under the Act.

At all times, the school district shall continue to be responsible for the payment of all debt service payments on its bonds. A school district that issued bonds for which the State makes all or part of a debt service payment shall be responsible for reimbursing all moneys drawn or paid by the State Treasurer on its behalf. In addition the school district shall pay interest to the State on all moneys paid by the State from the date the moneys were drawn to the date they are repaid at a rate to be determined by the State Treasurer, in the State Treasurer's discretion, to be sufficient to cover the costs of funds to the State plus the costs of administration of the guaranty obligation and of collection of reimbursement.

Guaranty Limit. Under Article XI-K of the State Constitution, the amount of debt that the State may incur in honoring its guaranty of school bonds may not exceed, at any one time, one-half of one percent of the real market value (RMV) of all taxable property in the State. The State of Oregon has not issued bonds to provide money to satisfy its guaranty of school bonds participating in the program and does not anticipate the need to issue bonds for this purpose in the future.

As of March 29, 2023, the State had guaranteed the following (not including this bond issue or those issues guaranteed between the date identified above and the date of this issue) under the Guaranty Act:

Number of bond issues guaranteed under the Guaranty Program:	296
Aggregate principal amount outstanding of bonds guaranteed at:	\$10,203,057,543
Aggregate debt service amount outstanding of bonds guaranteed at:	\$15,546,477,995

Guaranty Contact Person. As of the date of this Official Statement, requests for information regarding the Guaranty Program may be directed to:

Tobias Read, Oregon State Treasurer
Oregon School Bond Guaranty Program
Office of the State Treasurer
Debt Management Division
867 Hawthorne Ave SE
Salem, OR 97301-5241
Phone (503) 378-4930 – Fax (503) 378-2237

State of Oregon – Financial and Operating Information. The most recent Annual Comprehensive Financial Report (the "ACFR") of the State, and its most recent Official Statement for its general obligation debt, are currently on file with the Electronic Municipal Market Access ("EMMA") system, operated by the Municipal Securities Rulemaking Board ("MSRB"). The financial and operating information with respect to the State contained in the ACFR, and such Official Statement, are hereby included by reference in this Official Statement. Additionally, the ACFR and the most recent Official Statement for its general obligation debt are available upon request from the State's contact person as indicated under Guaranty Contact Person above.

As of the date of this Official Statement, the outstanding general obligation bonds of the State are rated "AA+" by Fitch, "Aa1" by Moody's Investors Service, and "AA+" by Standard & Poor's Ratings Group.

State of Oregon – Continuing Disclosure. The State has executed a Master Disclosure Certificate (the "Certificate") for the benefit of registered and beneficial holders of bonds guaranteed under the Guaranty Program and to

assist Underwriters of such bonds in complying with paragraph (b)(5) of Securities and Exchange Commission Rule 15c2-12 (17 C.F.R. § 240.15c2-12) (the “Rule”). The Certificate can be found in Appendix E. The State, in accordance with the Certificate, provides annually copies of its most recent ACFR of the State to the MSRB through depositing such information with EMMA. In addition, the State will provide the MSRB, through EMMA, event notices as described in the Certificate pertaining to the State of Oregon’s guaranty of the bonds. These filings may be accessed on EMMA-MSRB, search Issuers for State of Oregon.

State Intercepts

Pursuant to ORS 328.346(1)(c), the authority of the State Treasurer to intercept payments and the lien in any pledged moneys under the Oregon School Bond Guaranty (“OSBG”) program, have priority over all claims against money provided by the state to a school district, including a claim that is based on a funds diversion agreement under ORS 238.698. Such funds diversion agreements include intercept agreements for pension bonds, qualified school construction and qualified zone academy bonds. The same statute provides that such funds diversion agreements have priority over all other claims against money provided by the state to a school district other than claims under the OSBG. The District’s General Obligation Bonds, Series 2013B, General Obligation Bonds, Series 2015B, General Obligation Bonds, Series 2017B, General Obligation Bonds, Series 2020, General Obligation Bonds, Series 2020B, and General Obligation Bonds, Series 2020C are also secured by the OSBG. The District’s Limited Tax Pension Obligations, Series 2002, Limited Tax Pension Obligations, Series 2003 and Limited Tax Pension Obligations, Series 2021 have intercept agreements.

Bonded Indebtedness

Debt Limitation

General Obligation Bonds. ORS 328.245 establishes a parameter of bonded indebtedness for school districts. Kindergarten through twelfth grade school districts may issue an aggregate principal amount up to 7.95 percent of the Real Market Value of all taxable properties within the district if the district’s voters approve the general obligation bonds. General obligation bonds are secured by the power to levy an additional tax outside the limitations of Article XI, Sections 11 and 11b. **The Bonds are general obligation bonds and are subject to this debt limitation. The District’s remaining debt capacity under this debt limit is shown below:**

School District No. 1J, Multnomah County, Oregon (Portland Public Schools) General Obligation Debt Capacity

Measure 5 Real Market Value (Fiscal Year 2023) ⁽¹⁾	\$ 157,078,160,634
Debt Capacity	
General Obligation Debt Capacity (7.95% of Real Market Value)	\$ 12,487,713,770
Less: Outstanding Debt Subject to Limit	(1,431,460,000) ⁽²⁾
Remaining General Obligation Debt Capacity	\$ 11,056,253,770
Percent of Capacity Issued	11.46%

- (1) Value represents the Real Market Value of taxable properties, including the reduction in Real Market Value of specially assessed properties such as farm and forestland. This value is also commonly referred to as the Measure 5 Real Market Value by county assessors. The District’s fiscal year commences July 1 and ends on June 30 of the following year (the “Fiscal Year”). *Source: Multnomah, Washington, and Clackamas Counties Department of Assessment and Taxation.*
- (2) Represents voter-approved, unlimited-tax general obligations of the District, including the Bonds. *Source: School District No. 1J, Multnomah County, Oregon (Portland Public Schools) Audited Financial Reports for the Fiscal Year Ended June 30, 2022, and this issue.*

Full Faith and Credit Obligations/Limited Tax Obligations. School districts, education service districts, community colleges and local governments may pledge their full faith and credit for “limited tax bonded indebtedness” or “full faith and credit obligations” in addition to pledging the full faith and credit for voter approved general obligation bonds. The Oregon Constitution and statutes do not limit the amount of limited tax bonded indebtedness that a school district may issue. Full faith and credit obligations can take the form of certificates of

participation, notes or capital leases. Collection of property taxes to pay principal and interest on such limited-tax debt is subject to the limitations of Article XI, Sections 11 and 11b. **The full faith and credit of the District is pledged to pay the Bonds in addition to the unlimited property tax authorized by voters. The Bonds are not limited tax obligations.**

Pension Bonds. ORS 238.694 authorizes school districts, education service districts, community colleges and local governments to issue full faith and credit obligations to pay pension liabilities without limitation as to principal amount. Pension bonds are not general obligations as defined under State law and the District is not authorized to levy additional taxes to make pension bond payments. **The Bonds are not pension bonds.**

Revenue Bonds. The District may issue revenue bonds that are secured solely by a specified source of revenues, such as transportation fees or construction excise taxes. **The Bonds are not revenue bonds.**

Notes. Subject to any applicable limitations imposed by the Oregon Constitution or laws of the State or the resolution of an individual school district ORS 287A.180 provides that the District may borrow money in anticipation of tax revenues or other monies and to provide interim financing ("notes"). **The Bonds are not notes.**

Outstanding Long-Term Debt

Issue Description	Date of Issue	Date of Maturity	Amount Issued	Amount Outstanding ⁽¹⁾
<i>General Obligation Bonds⁽²⁾:</i>				
Series 2013B	05/01/13	06/15/23	\$ 68,575,000	\$ 3,160,000
Series 2015B	04/30/15	06/15/33	244,700,000	110,410,000
Series 2017B	08/10/17	06/15/44	241,890,000	175,380,000
Series 2020	04/14/20	06/15/37	441,320,000	344,765,000
Series 2020B	12/30/20	06/15/46	365,465,000	325,225,000
Series 2020C	12/30/20	06/15/33	53,965,000	52,520,000
Series 2023 ⁽³⁾	04/27/23	06/15/49	420,000,000	420,000,000
Total General Obligation Bonds				<u>1,431,460,000</u>
<i>Full Faith and Credit Obligations:</i>				
QZAB 2016	08/04/16	08/04/36	4,000,000	2,800,000
Series 2016	11/09/16	12/01/31	5,048,000	3,298,000
Total Full Faith and Credit Obligations				<u>6,098,000</u>
<i>Pension Obligations⁽²⁾:</i>				
Series 2002	10/31/02	06/30/28	210,103,857	126,680,000
Series 2003	04/21/03	06/30/28	281,170,040	163,906,288
Series 2021	07/15/21	06/30/40	399,390,000	388,600,000
Total Pension Obligations				<u>679,186,288</u>
Total Long-Term Debt				<u>\$ 2,116,744,288</u>

(1) As of Date of Delivery.

(2) Also secured by the full faith and credit of the District.

(3) This issue.

Source: School District No. 1J, Multnomah County, Oregon (Portland Public Schools) Audited Financial Reports for the Fiscal Year Ended June 30, 2022.

**General Obligation Bonds
Projected Debt Service Requirements**

Fiscal Year	Outstanding Bonds		The Bonds		Total
	Principal	Interest	Principal	Interest	Debt Service
2023	\$ 107,970,000	\$ 37,082,626	\$ -	\$ -	\$ 145,052,626
2024	54,465,000	31,711,275	56,785,000	22,609,150	165,570,425
2025	59,445,000	29,110,125	64,870,000	17,110,000	170,535,125
2026	42,860,000	26,266,725	12,345,000	13,866,500	95,338,225
2027	46,735,000	24,259,775	13,955,000	13,249,250	98,199,025
2028	51,255,000	22,249,725	15,090,000	12,551,500	101,146,225
2029	55,795,000	19,923,725	16,665,000	11,797,000	104,180,725
2030	39,685,000	17,468,675	11,370,000	10,963,750	79,487,425
2031	43,080,000	15,871,138	12,525,000	10,395,250	81,871,388
2032	46,475,000	14,236,800	13,845,000	9,769,000	84,325,800
2033	50,055,000	12,560,180	15,165,000	9,076,750	86,856,930
2034	33,355,000	11,156,025	9,610,000	8,318,500	62,439,525
2035	35,695,000	10,155,375	10,625,000	7,838,000	64,313,375
2036	38,140,000	9,084,525	11,710,000	7,306,750	66,241,275
2037	40,705,000	7,940,325	12,860,000	6,721,250	68,226,575
2038	25,980,000	6,719,175	11,385,000	6,078,250	50,162,425
2039	27,600,000	6,081,563	12,480,000	5,509,000	51,670,563
2040	29,305,000	5,389,250	13,640,000	4,885,000	53,219,250
2041	31,080,000	4,653,088	14,880,000	4,203,000	54,816,088
2042	33,120,000	3,688,625	-	3,607,800	40,416,425
2043	35,055,000	2,855,163	-	3,607,800	41,517,963
2044	37,110,000	1,935,288	-	3,607,800	42,653,088
2045	22,665,000	959,688	15,905,000	3,607,800	43,137,488
2046	23,830,000	506,388	-	2,971,600	27,307,988
2047	-	-	23,030,000	2,971,600	26,001,600
2048	-	-	24,735,000	2,050,400	26,785,400
2049	-	-	26,525,000	1,061,000	27,586,000
	<u>\$ 1,011,460,000</u>	<u>\$321,865,244</u>	<u>\$420,000,000</u>	<u>\$205,733,700</u>	<u>\$ 1,959,058,944</u>

Summary of Overlapping Debt
(As of February 13, 2023)

Overlapping Issuer Name	Percent Overlapping	Gross Direct Debt⁽¹⁾	Net Direct Debt⁽²⁾
Burlington Water District	100.00%	\$ 1,031,103	\$ 1,031,103
Valley View Water District	100.00%	918,441	918,441
City of Portland	86.43%	636,872,265	362,983,899
Multnomah County	75.42%	492,166,395	492,166,395
Multnomah ESD	74.88%	59,271,289	45,100,854
Portland Community College	48.96%	264,443,832	237,814,379
Metro	38.95%	348,846,250	339,309,440
Port of Portland	35.79%	16,362,691	-
City of Lake Oswego	4.51%	9,683,148	3,620,830
Tualatin Valley Fire & Rescue District	1.80%	1,205,222	1,080,088
City of Beaverton	1.67%	521,984	521,984
Tualatin Hills Park & Rec District	1.21%	660,819	660,819
City of Milwaukie	0.72%	260,729	243,742
Washington County	0.59%	1,070,327	1,070,327
Multnomah County RFPD 10	0.22%	2,270	2,270
Clackamas County	0.10%	110,904	110,904
Clackamas County RFPD 1	0.10%	37,436	25,902
Clackamas Soil & Water Conservation	0.10%	5,554	5,554
Mt Hood Community College	0.07%	69,772	50,651
		<u><u>\$ 1,833,540,431</u></u>	<u><u>\$ 1,486,717,582</u></u>

(1) Gross Direct Debt includes all unlimited (general obligation bonds) and limited (full faith and credit obligations) tax supported debt. Limited tax pension obligations are included.

(2) Net Debt is Gross Direct Debt less self-supporting limited and unlimited tax supported debt.

Source: Debt Management Division, The Office of the State Treasurer.

Debt Ratios

The following table presents information regarding the District's direct debt, including the Bonds, and the estimated portion of the debt of overlapping taxing districts allocated to the District's property owners.

Debt Ratios

Total Real Market Value ⁽¹⁾ (Fiscal Year 2023)	\$ 186,084,223,414	
Estimated Population	511,433	
Per Capita Real Market Value	\$ 363,849	
Debt Information	Gross Direct Debt ⁽²⁾	Net Direct Debt ⁽³⁾
District Direct Debt ⁽⁴⁾	\$ 2,116,744,288	\$ 2,116,744,288
Overlapping Direct Debt	1,833,540,431	1,486,717,582
Total Direct Debt ⁽⁴⁾	<u>\$ 3,950,284,719</u>	<u>\$ 3,603,461,870</u>
Bonded Debt Ratios ⁽⁴⁾		
District Direct Debt to Real Market Value	1.14%	1.14%
Total Direct Debt to Real Market Value	2.12%	1.94%
Per Capita District Direct Debt	\$ 4,139	\$ 4,139
Per Capita Total Direct Debt	\$ 7,724	\$ 7,046

(1) Value represents the total Real Market Value of taxable properties, without the reduction available to specially assessed properties such as farm and forestland.

(2) Gross Direct Debt includes all debt with an unlimited (general obligation bonds) and limited (full faith and credit obligations) tax pledge. Limited tax pension obligations are included.

(3) Net Debt is Gross Direct Debt less any self-supporting obligations which are paid from other revenues sources.

(4) Includes the Bonds.

Sources: Multnomah, Washington, and Clackamas Counties Department of Assessment and Taxation, U.S. Census Bureau, Small Area Income and Poverty Program Estimate (SAIPE) data as of January 1, 2022; Debt Management Division, The Office of the State Treasurer as of February 13, 2023 and School District No. 1J, Multnomah County, Oregon (Portland Public Schools) Audited Financial Reports for the Fiscal Year Ended June 30, 2022.

Debt Payment Record

The District has promptly met principal and interest payments on outstanding bonds and other indebtedness in the past ten years when due.

Future Financings

Long-term Borrowings. Other than the remaining authorization from the November 2020 election which is expected to be issued in 2025, the District has no authorized but unissued borrowings, nor does it anticipate issuing additional long-term borrowings within the next twelve months. The District is exploring the possibility of asking voters for additional general obligation bond authorization at the November 2024 election and would potentially issue bonds in 2025. An estimate of the potential authorization amount has not yet been determined.

Short-term Borrowings. The District does not anticipate issuing short-term debt within the next twelve months.

The District

Public School Districts

Under Oregon law (ORS Chapter 332), the District is responsible for educating children residing within the boundaries of the District. The District discharges this responsibility by building, operating, and maintaining school facilities; developing and maintaining approved educational programs and courses of study, including vocational programs and programs for students with disabilities, in accordance with State standards; and

carrying out programs for transportation and feeding of pupils in accordance with District, State, and federal programs.

Under Oregon law, local school districts are subject to supervision by the State. The State Board of Education, a group of seven persons appointed by the Governor, establishes standards for educational programs and facilities, adopts rules of general governance, and prescribes courses of study. The administrative functions of the State Board of Education are handled through the Department of Education, whose executive head is the Deputy Superintendent of Public Instruction. The Deputy Superintendent is appointed by the Governor, who serves as the Superintendent of Public Instruction.

Charter Schools

Under ORS Chapter 338 (“Charter School Law”), public charter schools are separate legal entities operating under a binding charter agreement with a sponsor, which may include the local board of education in which the public charter school is located, the State Board of Education or an institution of higher education. A charter school is a public school operated by parents, teachers and/or community members as a semi-autonomous school within a school district. A public charter school is subject to certain laws pertaining to school district public schools, is released from others and must operate consistent with its charter agreement. Funding for public charter schools is based upon providing a minimum of between 80 and 95 percent of the State’s funding formula per ADMw (see “State School Fund herein”), with the excess retained by the sponsoring District. Student enrollment in a public charter school is voluntary.

The District currently sponsors five public charter schools, KairosPDX Learning Academy, Le Monde French Immersion Charter School, Portland Arthur Academy, Portland Village School, and The Emerson School (the “Charter Schools”). The current charter agreements have rotation renewal cycles of five to ten years. If the charter agreements were terminated with the District, the District would have no direct claim to any assets of the relevant Charter School, but District may receive disbursement of assets from the dissolved Charter School from the State Board of Education, if assets were purchased with public funds.

Charter School Law could be modified by the Legislature at any time, the charter agreements could terminate, or the enrollment associated with the Charter Schools could decline. Such changes could affect the District’s sources of revenue in the future. However, the District does not anticipate any such reductions would materially affect its ability to operate the District or repay the Bonds.

See “Revenue Sources – State School Funding” for additional information on SSF revenue for Oregon public charter schools.

General Description

The District was established in 1851. It is located in Multnomah, Washington and Clackamas Counties, and includes portions of the cities of Portland, Lake Oswego, Beaverton and Milwaukie and unincorporated areas within its boundaries. The District encompasses approximately 152 square miles and has an estimated population of 511,433.

The District maintains over 100 campuses, 200 buildings and a total floor area of more than nine million square feet. Historical and projected enrollments are shown in the following table.

Historical and Projected Enrollment

Fiscal Year	Average Daily Membership(w) ⁽¹⁾ Charters and Portland Public Schools	Charter Enrollment ⁽²⁾	Portland Public Schools		
			Enrollment ⁽²⁾	Teaching Staff ⁽³⁾	Student to Teacher Ratio
2024 ⁽⁴⁾	52,720.1	1,423	44,050	2,600.0	16.9
2023 ⁽⁵⁾	53,351.7	1,294	44,162	2,690.9	16.4
2022 ⁽⁶⁾	53,698.9	1,295	44,202	2,720.9	16.2
2021 ⁽⁶⁾	53,756.9	1,443	45,871	2,749.2	16.7
2020 ⁽⁶⁾	57,624.0	1,383	48,653	2,711.8	17.9
2019	57,823.0	1,481	48,677	2,697.3	18.0
2018	57,779.0	1,534	48,650	2,684.2	18.1

(1) Weighted Average Daily Membership 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. Includes Charter School students.

(2) Enrollment is the number of students attending classes.

(3) Full-time equivalent licensed employees. Includes classroom, music, physical education, special education teachers, librarians and counselors.

(4) Projected. A demographic study has indicated that the District may experience additional enrollment decline in future years, approximately 500 students per year, due to declining birth rates and fewer families moving to the District. See below.

(5) Preliminary, subject to change.

(6) Decline in enrollment driven by move to distance learning related to the COVID-19 pandemic.

Source: Oregon Department of Education and School District No. 1J, Multnomah County, Oregon (Portland Public Schools).

Projected Enrollment Decline. In June 2022, the District commissioned Portland State Population Research Center to prepare an enrollment forecast through Fiscal Year 2037. The study was based on October 2021 enrollment data and indicates the District may experience additional enrollment decline in future years, approximately 500 students per year, primarily due to declining birth rates and fewer families moving to the District. Declining enrollment could impact future distributions of State funding as the formula is driven by ADMw. However, enrollment across the State has declined approximately five percent (according to an Oregonian article dated March 13, 2023) which will also impact the distribution of funds; see “Revenue Sources – State School Funding” herein. The District is preparing for potential declines by building up fund balances and instituting cost savings measures to allow for a smooth reduction plan; see “Financial Factors” herein.

Online Option. The District has provided an online option, the Online Learning Academy (“OLA”), since August 2021, however, the program will be closed June 2023. OLA enrollment has declined to approximately 225 students and District staff have decided to close the program as a cost-saving measure. Early indications are that the majority of families will return to District neighborhood schools.

Staff

As of February 20, 2023, the District had 6,049 full-time employees and 2,302 part-time employees.

Bargaining Units

Bargaining Unit	No. of Employees	Contract Expires
Portland Association of Teachers	3,845 (certified)	June 30, 2023 ⁽¹⁾
Portland Federation of School Professionals	1,342 (classified)	June 30, 2023 ⁽¹⁾
Service Employees International Union	490 (cafeteria & custodial)	June 30, 2023 ⁽¹⁾
District Council of Unions	89 (classified)	December 31, 2023
Amalgamated Transit Union	89 (bus drivers)	June 30, 2025

(1) Negotiations are ongoing with bargaining units.

Source: School District No. 1J, Multnomah County, Oregon (Portland Public Schools).

The Board of Education

The policies of the District are established by an elected seven-member Board. The current members of the Board are:

Board of Education

Name	Position	Occupation	Service	Term Expires ⁽¹⁾
Andrew Scott	Chair	Deputy Chief Operating Officer, Metro	July 1, 2019	June 30, 2023
Gary Hollands	Vice Chair	Business Owner/Non-Profit Director	July 1, 2021	June 30, 2025
Julia Brim-Edwards	Director	Senior Director of Operations, Nike	July 1, 2017	June 30, 2025 ⁽²⁾
Michelle DePass	Director	Community Engagement and Policy Coordinator, City of Portland Housing	July 1, 2019	June 30, 2023
Herman Greene	Director	Pastor/Community Leader	July 1 2021	June 30, 2025
Amy Kohnstamm	Director	Community Leader/Volunteer	July 1, 2015	June 30. 2023
Eilidh Lowery	Director	Pastor	July 1, 2019	June 30, 2023

(1) Terms expiring June 30, 2023 will be filled at the May 16, 2023 election. The filing deadline for candidates running for office in the May 16, 2023 election was March 16, 2023. The term for Board members elected on May 16, 2023 will be from July 1, 2023 through June 30, 2027. Andrew Scott and Michelle DePass are running for re-election without contest. Amy Kohnstamm and Eilidh Lowery are not running for re-election.

(2) Julia Brim-Edwards has filed to run for Multnomah County Commissioner, District 3, in the May 16, 2023 election. She has not indicated any plans to resign from the District Board if she is elected.

Source: Multnomah County Election Divisions and School District No. 1J, Multnomah County, Oregon (Portland Public Schools).

Key Administrative Officials

The day-to-day affairs of the District are managed by a professional administrative staff which includes the following principal officials:

Guadalupe Guerrero, Superintendent. Guadalupe came to the District from the San Francisco Unified School District, where he served as Deputy Superintendent of Instruction, Innovation and Social Justice for five years. He started his career in education as a teacher working three years in San Francisco, then moving to Boston Public Schools where he taught for four years. Guadalupe worked as a Principal in Boston from 2002 to 2008 before returning to San Francisco as an Assistant Superintendent in 2010, a post he held for two years before becoming Deputy Superintendent in 2012. Guadalupe holds two Masters Degrees from Harvard.

Cheryl Proctor, Deputy Superintendent, Instruction & School Communities. Cheryl has been in this vital leadership role since January 2022 where she oversees curriculum and instruction, student support services, and school performance. Dr. Proctor joined the District as Chief Academic Officer in August 2021. Dr. Proctor came from the School District of Philadelphia, the 18th largest public district in the country, where she has served as Assistant Superintendent. She earned a Bachelor of Science in Communication, with a minor in Advertising, from the New York Institute of Technology; a Master of Science in Special Education, with a minor in Reading, from Florida International University; and Doctor of Philosophy in Educational Leadership and Research Methodology, with a minor in Education Policy, from Florida Atlantic University.

Nolberto Delgadillo, Chief Financial Officer. Nolberto joined the District in March 2021, taking on the role of the District's financial leader. He is responsible for ensuring that District funds are managed responsibly and reported accurately, for leading the full spectrum of financial services. He came to Portland from Oklahoma, where he served as CFO of Tulsa Public Schools. Before that, he served as Chief Operations Officer in Los Angeles, at the LA Promise Fund and Green Dot Public Schools. He also spent over 12 years in the health care sector. He is a graduate from USC and Loyola Marymount, earning both an MBA and a Master's in Educational Leadership.

Dan Jung, Chief Operating Officer. Dan has worked for the District for approximately 13 years and was elevated to Chief Operating Officer in 2019. He oversees the Office of School Modernization, Facilities, Maintenance and Operations, Planning and Asset Management, Facilities Project Management and Student Transportation. During his time at the District, Dan oversaw the major modernization and safety work made possible by the

passage of two bonds totaling \$1.2 billion. Dan is a graduate of Portland State University, where he earned a Bachelor of Science in Architecture.

Revenue Sources

The following section summarizes certain major revenue sources of the District.

Oregon School District Funding

Oregon school districts receive revenue from two primary sources: State aid and *ad valorem* property taxes. The following section summarizes these primary revenue sources of the District.

Property Taxes

Most local governments, school districts, education service districts and community college districts ("local governments") have permanent authority to levy property taxes for operations ("Permanent Rates") up to a maximum rate (the "Operating Tax Rate Limit"). Local governments that have never levied property taxes may request that the voters approve a new Operating Tax Rate Limit.

Local governments may not increase their Operating Tax Rate Limits; rather they may only request that voters approve limited term levies for operations or capital expenditures ("Local Option Levies") or levies to repay general obligation bonded indebtedness ("General Obligation Bond Levies").

In 2009, the District was granted special authority to levy its expired "gap bond" property tax levy of \$0.5038 per thousand of assessed value (the "gap bond") on a permanent basis in addition to its Operating Tax Rate Limit of \$4.7743 per thousand of assessed value. The gap bond levy is not shared within the State School Fund formula (see "Revenue Sources – State School Funding" herein).

Local Option Levies that fund operating expenses are limited to five years, and Local Option Levies that are dedicated to capital expenditures are limited to ten years.

The District currently has a Local Option Levy of \$1.99 per \$1,000 of assessed value. The levy was initially approved at the 2011 election and most recently renewed by voters at the 2019 election. The District received \$106 million in Fiscal Year 2022, and anticipates receiving approximately \$111 million in Fiscal Year 2023 from the levy. The levy currently expires on June 30, 2025. The District currently anticipates asking voters for a renewal at the May 2024 election.

ORS 327.333 through 327.339 provides local option equalization grants to school districts with Local Option Levies that have a total assessed property value per student less than the total assessed property value per student of a designated target district. For the biennium commencing July 1, 2021, \$4,000,000 was transferred from the State School Fund for the Local Option Equalization Grants Account. If the amount of money available is insufficient to make grant payments, the grant payments are to be proportionally reduced. The District has not received a local option equalization grant in the last three fiscal years.

Local governments impose property taxes by certifying their levies to the county assessor of the county in which the local government is located. Property taxes ordinarily can only be levied once each Fiscal Year. The local government ordinarily must notify the county assessor of its levies by July 15.

Valuation of Property – Real Market Value. "Real Market Value" is the minimum amount in cash which could reasonably be expected by an informed seller acting without compulsion, from an informed buyer acting without compulsion, in an "arms-length" transaction during the period for which the property is taxed.

Property subject to taxation includes all privately owned real property (land, buildings and improvements) and personal property (machinery, office furniture and equipment) for non-residential taxpayers. There is no property tax on household furnishings (exempt since 1913), personal belongings, automobiles (exempt since

1920), crops, orchards, business inventories or intangible property such as stocks, bonds or bank accounts, except for centrally assessed utilities, for which intangible personal property is subject to taxation.

Property used for charitable, religious, fraternal and governmental purposes is exempt from taxation. Special assessments that provide a reduction in the taxable Real Market Value may be granted (upon application) for veterans' homesteads, farm and forest land, open space and historic buildings. The Real Market Value of specially assessed properties is often called the "Taxable Real Market Value" or "Measure 5 Real Market Value." The assessment roll, a listing of all taxable property, is prepared as of January 1 of each year.

Valuation of Property – Assessed Value. Property taxes are imposed on the assessed value of property. The assessed value of each parcel cannot exceed its Taxable Real Market Value, and ordinarily is less than its Taxable Real Market Value. The assessed value of property was initially established in 1997 as a result of a constitutional amendment. That amendment (now Article XI, Section 11, often called "Measure 50") assigned each property an assessed value and limited increases in that assessed value to three percent per year, unless the property is improved, rezoned, subdivided, or ceases to qualify for exemption. When property is newly constructed or reassessed because it is improved, rezoned, subdivided, or ceases to qualify for exemption, it is assigned an assessed value that is comparable to the assessed value of similar property.

The Oregon Department of Revenue ("ODR") appraises and establishes values for utility property, forestland and most large industrial property for county tax rolls. It collects taxes on harvested timber for distribution to schools, county taxing districts, and State programs related to timber. Certain properties, such as utilities, are valued on the unitary valuation approach. Under the unitary valuation approach, the taxpaying entity's operating system is defined and a value is assigned for the operating unit using the market value approach (cost, market value and income appraisals). Values are then allocated to the entities' operations in Oregon, and then to each county the entity operates in and finally to site locations.

Generally speaking, industrial properties are valued using an income approach, but ODR may apply additions or retirements to the property value through a cost of materials approach. Under the income and cost of materials approaches, property values fluctuate from year-to-year.

Tax Rate Limitation – Measure 5. A tax rate limitation was established in 1990 as the result of a constitutional amendment. That amendment (now Article XI, Section 11b, often called "Measure 5") separates property taxes into two categories: one to fund the public school system (kindergarten through grade twelve school districts, education service districts and community college districts, collectively, "Education Taxes") and one to fund government operations other than the public school system ("General Government Taxes"). Education Taxes are limited to \$5 per \$1,000 and General Government taxes are limited to \$10 per \$1,000 of the Taxable Real Market Value of property (the "Measure 5 Limits"). If the taxes on a property exceed the Measure 5 Limit for Education or General Government, then tax rates are compressed to the Measure 5 Limit. Local Option Levy rates compress to zero before there is any compression of Permanent Rates. In Fiscal Year 2023, there was \$3,130,759.87 of compression of the District's Permanent Rate due to the tax rate limitation. This compression is taken into account in the State School Fund Distribution Formula described herein (see "State of Oregon Public School Funding – State School Fund"). In addition, there was \$21,727,450.02 of compression of the District's Local Option Levy.

Taxes imposed to pay the principal and interest on the following bonded indebtedness are not subject to Measure 5 Limits: (1) bonded indebtedness authorized by a specific provision of the Oregon Constitution; and (2) general obligation bonded indebtedness incurred for capital costs approved by the electors of the issuer and bonds issued to refund such bonds. **Property taxes imposed to pay the principal of and interest on the Bonds are NOT subject to the limitations of Article XI, Sections 11 and 11b.**

In 2007 the Oregon Supreme Court determined that taxes levied by general purpose governments (such as cities and counties) may be subject to the \$5 per \$1,000 limit if those taxes are used for educational services provided by public schools.

Property Tax Collections. Each county assessor is required to deliver the tax roll to the county tax collector in sufficient time to mail tax statements on or before October 25 each year. All tax levy revenues collected by a county for all taxing districts within the county are required to be placed in an unsegregated pool, and each

taxing district shares in the pool in the same proportion as its levy bears to the total of all taxes levied by all taxing districts within the county. As a result, the tax collection record of each taxing district is a *pro-rata* share of the total tax collection record of all taxing districts within the county combined.

Under the partial payment schedule, taxes are payable in three equal installments on the 15th of November, February and May of the same Fiscal Year. The method of giving notice of taxes due, the county treasurer's account for the money collected, the division of the taxes among the various taxing districts, notices of delinquency, and collection procedures are all specified by detailed statutes. The lien for property taxes is prior to all other liens or encumbrances of any kind on real or personal property subject to taxation. By law, a county may not commence foreclosure of a tax lien on real property until three years have passed since the first delinquency.

A Senior Citizen Property Tax Deferral Program (1963) allows certain homeowners to defer taxes until death or sale of the home. A similar program is offered for Disability Tax Deferral (2001), which does not have an age limitation.

The following tables represent historical tax information for the District.

Taxable Property Values
School District No. 1J (Portland Public Schools) (Total)

Fiscal Year	Total Real Market Value	M5 Real Market Value⁽¹⁾	Total Assessed Valuation	Urban Renewal Excess⁽²⁾	AV Used to Calculate Rates⁽³⁾
2023	\$ 186,084,223,414	\$ 157,078,160,634	\$ 68,404,375,600	\$ 5,910,772,392	\$ 62,493,603,208
2022 ⁽⁴⁾	176,497,221,183	147,263,772,983	65,670,944,150	6,056,381,721	59,614,562,429
2021	170,181,586,684	140,249,375,294	63,612,718,068	7,567,171,920	56,045,546,148
2020	162,891,019,566	134,575,991,606	60,851,556,260	7,148,347,709	53,703,208,551
2019	160,187,750,342	131,734,570,412	58,003,887,856	6,891,396,654	51,112,491,202
2018	145,767,030,076	121,647,527,598	56,163,333,260	6,457,719,471	49,705,613,789

Multnomah County

Fiscal Year	Total Real Market Value	M5 Real Market Value⁽¹⁾	Total Assessed Valuation	Urban Renewal Excess⁽²⁾	AV Used to Calculate Rates⁽³⁾
2023	\$ 185,111,467,723	\$ 156,127,502,883	\$ 67,937,836,100	\$ 5,910,772,392	\$ 62,027,063,708
2022 ⁽⁴⁾	175,660,138,286	146,447,044,316	65,221,243,790	6,056,381,721	59,164,862,069
2021	169,405,764,147	139,492,582,767	63,180,725,200	7,567,171,920	55,613,553,280
2020	162,153,362,966	133,838,335,006	60,436,455,630	7,148,347,709	53,288,107,921
2019	159,477,582,178	131,024,402,248	57,602,998,870	6,891,396,654	50,711,602,216
2018	145,107,402,034	120,987,899,556	55,776,309,186	6,457,719,471	49,318,589,715

Washington County

Fiscal Year	Total Real Market Value	M5 Real Market Value⁽¹⁾	Total Assessed Valuation	Urban Renewal Excess⁽²⁾	AV Used to Calculate Rates⁽³⁾
2023	\$ 872,586,828	\$ 850,488,888	\$ 415,656,115	\$ -	\$ 415,656,115
2022	746,603,758	726,249,528	400,764,704	-	400,764,704
2021	690,005,602	670,975,592	384,468,126	-	384,468,126
2020	651,357,231	651,357,231	369,378,301	-	369,378,301
2019	628,459,368	628,459,368	356,964,958	-	356,964,958
2018	583,399,580	583,399,580	344,493,690	-	344,493,690

Clackamas County

Fiscal Year	Total Real Market Value	M5 Real Market Value⁽¹⁾	Total Assessed Valuation	Urban Renewal Excess⁽²⁾	AV Used to Calculate Rates⁽³⁾
2023	\$ 100,168,863	\$ 100,168,863	\$ 50,883,385	\$ -	\$ 50,883,385
2022	90,479,139	90,479,139	48,935,656	-	48,935,656
2021	85,816,935	85,816,935	47,524,742	-	47,524,742
2020	86,299,369	86,299,369	45,722,329	-	45,722,329
2019	81,708,796	81,708,796	43,924,028	-	43,924,028
2018	76,228,462	76,228,462	42,530,384	-	42,530,384

- (1) Value represents the Real Market Value of taxable properties, including the reduction in Real Market Value of specially assessed properties such as farm and forestland. This value is also commonly referred to as the Measure 5 Real Market Value by county assessors.
- (2) As of Fiscal Year 2023, includes nine active urban renewal areas administered by Prosper Portland.
- (3) Assessed value of property in the District on which the Permanent Rate is applied to derive *ad valorem* property taxes, excluding urban renewal, exempt property within enterprise zones and any other offsets.
- (4) The decline in Urban Renewal Excess for Multnomah County in Fiscal Year 2022 is due to the reduction in Urban Renewal Excess collected by the Convention Center, Downtown, River District, South Park Blocks, and 82nd & Division Plan Areas while 42nd Avenue and Cully Blvd. Plan Areas did not collect any Urban Renewal Excess.

Note: General obligation bonds may be levied on the Total Assessed Value, the Assessed Value Used to Calculate Rates, or a combination of the two, depending on the type of urban renewal plan and the original approval date of the bond issue.

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

Property Tax Exemption Programs. Oregon statutes authorize a wide variety of full and partial property tax exemptions, including exemptions for property owned or used by cities, counties, schools and other local governments, property of the federal government, property used by religious and charitable entities, property used for low-income housing, historical property and transit oriented property.

The Oregon Enterprise Zone program is a State of Oregon economic development program that allows for property tax exemptions for three to five years. In exchange for receiving property tax exemption, participating firms are required to meet the program requirements set by State statutes and the local sponsor.

The Strategic Investments Program (“SIP”) provides tax incentives for capital investments by “traded-sector” businesses, including manufacturing. SIP recipients receive a 15 year property tax exemption on new construction over \$25 million outside of urban areas, and over \$100 million in urban areas. The exemption value (\$25 million or \$100 million) then increases three percent per year. SIP recipients pay an annual Community Service Fee which is equal to 25 percent of the value of the tax break, which is allocated to local governments through local negotiations. The Community Service Fee is not considered a property tax and thus is outside of the Measure 5 Limit. There are no SIP Agreements within the District’s boundaries.

GASB Statement No. 77 requires local governments to disclose information related to tax abatement programs and amounts abated. Tax abatements result from agreements entered into by the reporting government, as well as those that are initiated by other governments, which reduce the reporting government’s tax revenues. The District does not administer any tax abatement programs, however, overlapping jurisdictions (cities, counties) may offer tax abatement programs which impact the District’s assessed value and property tax collections. In Fiscal Year 2022, the District reported a loss of \$13,314,000 in tax revenues due to tax abatement programs.

Tax Rates and Collections. While the District lies in multiple counties, 99.32 percent of the District’s assessed value lies within Multnomah County. The following table presents the Fiscal Year 2023 tax rates for the District and other taxing jurisdictions within Multnomah County that overlap the District. The District’s Operating Tax Rate Limit is \$5.2781 per \$1,000 of assessed property value. The Operating Tax Rate Limit was calculated in conjunction with the implementation of Measure 50 in 1997. The Permanent Rates shown in the following table are the rates that are actually applied to the assessed value of the taxing district. The Permanent Rates may be different from the Operating Tax Rate Limit of the taxing district due to the decision by the taxing district to levy less than its Operating Tax Rate Limit.

**Fiscal Year 2023 Representative Levy Rate
(Rates per \$1,000 of Assessed Value)**

General Government	Bond Levy				Urban Renewal Portion of the Consolidated Rate ⁽²⁾
	Permanent Rate	or UR Special Rate	Local Option Rate ⁽¹⁾	Consolidated Rate	
Port of Portland	\$ 0.0701	\$ 0.0000	\$ 0.0000	\$ 0.0701	\$ 0.0055
City of Portland	7.3051	0.3698	1.2026	8.8775	0.6200
Metro	0.0966	0.3735	0.0960	0.5661	0.0235
East Multnomah Solid and Water	0.1000	0.0000	0.0000	0.1000	0.0092
Multnomah County	4.3434	0.5913	0.0500	4.9847	0.3916
Multnomah County Library District	1.2200	0.0000	0.0000	1.2200	0.0959
Portland Urban Renewal Special Levy	0.0000	0.1887	0.0000	0.1887	0.0000
Total General Government	13.1352	1.5233	1.3486	16.0071	1.1457
Education					
Multnomah County Ed. Service District	0.4576	0.0000	0.0000	0.4576	0.0378
Portland Community College	0.2828	0.3867	0.0000	0.6695	0.0403
Portland School District	5.2781	2.3000	1.9900	9.5681	0.5591
Total Education	6.0185	2.6867	1.9900	10.6952	0.6372
Total Tax Rate	\$ 19.1537	\$ 4.2100	\$ 3.3386	\$ 26.7023	\$ 1.7829

NOTE: County assessors report levy rates by tax code. Levy rates apply to the assessed property value. Measure 5 Limits are based on the Taxable Real Market Value and are only reported in total dollar amount of compression, if any, for each taxing jurisdiction (see "Property Taxes – Tax Rate Limitation – Measure 5" herein).

- (1) Local Option Levies are voter-approved serial levies. They are limited by ORS 280.060 to five years for operations or ten years for capital construction. Local Option Levy rates compress to zero before there is any compression of overlapping jurisdictions' Permanent Rates (see "Property Taxes – Tax Rate Limitation – Measure 5" herein).
- (2) A portion of a taxing district's consolidate rate is contributed to Prosper Portland through tax increment financing.

Source: Multnomah County Department of Assessment and Taxation. Note that there are 38 tax codes in Multnomah County that overlap the District and Tax Code 201 (represented in the table above) has the highest property value of these tax codes. Total tax levies in the District range from \$17.045 to \$27.0893 per \$1,000 of assessed property value.

**Multnomah, Washington, and Clackamas Counties⁽¹⁾
Tax Collection Record**

Multnomah County			Washington County			Clackamas County		
Fiscal Year	Percent Collected as of Levy Year ⁽²⁾	6/30/2022 ⁽³⁾	Fiscal Year	Percent Collected as of Levy Year ⁽²⁾	6/30/2022 ⁽³⁾	Fiscal Year	Percent Collected as of Levy Year ⁽²⁾	6/30/2022 ⁽³⁾
2022	98.85%	98.85%	2022	99.05%	99.05%	2022	98.01%	98.01%
2021	98.66%	99.51%	2021	99.02%	99.65%	2021	98.48%	99.26%
2020	98.47%	99.69%	2020	98.96%	99.81%	2020	98.40%	99.58%
2019	98.49%	99.86%	2019	98.99%	99.87%	2019	98.54%	99.90%
2018	98.48%	99.96%	2018	98.95%	99.98%	2018	98.01%	99.96%

- (1) Percentage of total tax levy collection in Multnomah, Washington, and Clackamas Counties. Pre-payment discounts are considered to be collected when outstanding taxes are calculated. The tax rates are before offsets.
- (2) The percentage of taxes collected in the "year of the levy" represents taxes collected in a single levy year, beginning July 1 and ending June 30.
- (3) The percentage of taxes shown in the column represents taxes collected cumulatively from July 1 of a given levy year through June 30, 2022.

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

Major Taxpayers
(As of Fiscal Year 2023)
School District No. 1J, Multnomah County, Oregon (Portland Public Schools)

Taxpayer	Business/Service	Assessed Value ⁽¹⁾	Percent of Value	Tax ⁽²⁾
Pacificorp (PP&L)	Electrical Utility	\$ 612,545,000	0.90%	\$ 10,764,133
Portland General Electric Co	Electrical Utility	485,820,630	0.71%	8,504,478
Weston Investment Co LLC	Real Estate	269,090,360	0.39%	6,653,184
Port of Portland ⁽³⁾	Airport, Marine, Property Mgmt.	245,958,840	0.36%	5,987,916
Lumen Technologies Inc.	Telecommunications	281,143,000	0.41%	4,942,372
111 SW 5th Ave Investors LLC	Commercial Office Space	183,979,690	0.27%	4,580,947
AAT Lloyd District LLC	Multi-Family Housing	165,335,070	0.24%	3,905,667
Verizon Communications Inc.	Telecommunications	210,812,000	0.31%	3,703,755
Comcast Corporation	Telecommunications	189,005,000	0.28%	3,323,256
Northwest Natural Gas Co.	Utility	160,829,970	0.24%	2,837,277
Subtotal - ten of District's largest taxpayers		2,804,519,560	4.10%	
All other District's taxpayers		65,599,856,040	95.90%	
Total District		<u>\$ 68,404,375,600</u>	<u>100.00%</u>	

Multnomah County

Taxpayer	Business/Service	Assessed Value ⁽¹⁾	Percent of Value	Tax ⁽²⁾
Port of Portland ⁽³⁾	Airport, Marine, Property Mgmt.	\$ 737,510,200	0.77%	\$ 16,132,930
Portland General Electric Co.	Electrical Utility	797,053,050	0.83%	13,684,327
Pacificorp (PP&L)	Electrical Utility	692,992,000	0.72%	12,055,234
Boeing Company	Manufacturing	463,663,900	0.48%	7,427,249
Weston Investment Co. LLC	Real Estate	306,029,830	0.32%	7,301,467
Alaska Airlines Inc.	Airline	371,870,800	0.39%	5,969,490
Lumen Technologies Inc.	Telecommunications	328,167,000	0.34%	5,684,621
Verizon Communications Inc.	Telecommunications	274,503,000	0.28%	4,744,236
Comcast Corporation	Telecommunications	263,963,000	0.27%	4,614,899
Northwest Natural Gas Co.	Utility	228,629,970	0.24%	3,961,378
Subtotal - ten of County's largest taxpayers		4,464,382,750	4.63%	
All other County's taxpayers		91,881,672,320	95.37%	
Total County		<u>\$ 96,346,055,070</u>	<u>100.00%</u>	

Note: 99.3 percent of the District's assessed value is located within Multnomah County.

- (1) Assessed value does not exclude offsets such as urban renewal and farm tax credits.
- (2) Tax amount is the total tax paid by the taxpayer within the boundaries of the District and County, respectively. This amount is distributed to individual local governments by the County. A breakdown of amounts paid to each individual local government is not available.
- (3) Established in 1891 by the Oregon Legislature, the Port of Portland owns three airports (Portland International, Hillsboro, and Troutdale) four marine terminals, and five business parks. The Port's industrial land portfolio includes five business parks and over 4,400 acres of land. Source: www2.portofportland.com/Inside/Newsroom.

Source: Multnomah County Department of Assessment and Taxation.

State School Funding

One of the largest sources of revenue for school districts and education service districts is State aid appropriated through the Oregon Department of Education ("ODE"). ODE funding supports pre-kindergarten through 12th grade education including funding for operation for the State's 197 school districts and 19 education service districts through the State School Fund ("SSF"). The SSF is funded primarily by State General Fund revenues with a smaller portion provided by Lottery Funds. General Fund dollars consist primarily of funds from income taxes. Educational districts are also expected to receive funds from the Corporate Activity Tax (see Corporate Activity Tax - Fund for Student Success" herein).

State School Fund Formula. State aid is provided to school districts pursuant to a formula set by the Legislative Assembly. The objective of the formula is to provide equitable funding for all school districts. Available State and local resources determine the actual amount of the allocation. Under the current formula, each student is given a factor as an enrolled student that is then adjusted to include additional factors such as English as a Second Language, students with disabilities with an Individualized Education Plan, attending a remote small school, and Impoverished (the “ADMw”). The formula allocates revenues to districts based on the ADMw for each district. Each district’s share of the formula comprises a general purpose grant, transportation grant, small school district supplement and a high cost disability grant.

The SSF grant (the “SSF Grant”) to each school district is the district’s share of the formula minus local revenues. Local revenues include tax offsets, local property taxes for school operations (specifically excluding taxes for voter approved general obligation bonds and, subject to certain limitations, amounts raised from Local Option Levies), Federal Forest Fees, Common School Fund, county school fund, State timber revenues, ESD Equalization, and money received in lieu of property taxes. Collections from Local Option Levies are not included in the calculation as local revenue if they are less than the lesser of (i) \$2,251.02 per student for Fiscal Year 2023, or (ii) 25 percent of a district’s total state resources.

Under the SSF distribution formula for the general purpose grant, the total ADMw is multiplied by a statewide target grant (currently \$4,500). A factor of \$25 per year per student that a district’s average teachers’ experience exceeds the State average is added to (or subtracted from if below the State average) this calculation. The result is multiplied by a funding ratio to arrive at the State’s general purpose grant.

In 2013, the Legislature approved a change in the way the additional weighting for poverty was calculated. Previously, the SSF distribution formula used 2000 Census data as the basis for the calculation. Now the SSF distribution formula uses the Small Area Income Poverty Estimates published every year by the US Census Bureau. This data provides a count of children living in families in poverty in each school district and more accurately reflects current poverty in Oregon’s school districts to ensure better distribution of the formula. The revised poverty calculation went into effect for the Fiscal Year 2015 distributions.

The facility grant (\$3.0 million statewide in the 2021-23 biennium) is distributed on a pro-rata basis to all qualifying districts in the first two years a new school facility is put into use. The grant equals a maximum of eight percent of total construction costs of new school buildings, specifically excluding the cost of acquiring land, but including the addition of new structures to existing school buildings and pre-manufactured buildings if the new structures are used for instructing students. The facility grant is being phased out and replaced by the Oregon School Capital Improvement Matching (“OSCIM”) program which school districts can apply for when they seek voter authorization for a general obligation bond measure.

The transportation grant for each school district is between 70 percent and 90 percent of approved transportation costs, depending upon the ranking of the school district. Such ranking is based upon the approved transportation costs per ADMw.

The high cost disability grant (\$90.0 million statewide in the 2021-23 biennium) is distributed on a pro-rata basis to all qualifying districts and is equal to the approved costs of providing special education and related services to a resident pupil with disabilities in excess of \$30,000.

School districts currently receive 95.5 percent of the total SSF distribution and education service districts (“ESDs”) receive the remaining 4.5 percent. School districts are permitted to withdraw from their ESD and receive 90 percent of their district’s prorated share of State funds allocated to the ESD. Each year, the District has a practice of working with its local education service district to determine the percent of eligible withdraw amounts, known as transit dollars. For Fiscal Year 2024, the District projects drawing 16 percent.

Charter Schools. Per ORS 338.155, students of a public charter school shall be considered to be residents of the school district in which the public charter school is located for purposes of distribution of State School Fund (“SSF”) revenue. A school district shall contractually establish, with any public charter school that is sponsored by the board of the school district, payment for provision of educational services to the public charter school’s students. The payment shall equal an amount per weighted average daily membership (ADMw) of the public charter school that is at least equal to:

(a) Eighty percent of the amount of the school district's General Purpose Grant per ADMw as calculated under ORS 327.013 for students who are enrolled in kindergarten through grade eight; and

(b) Ninety-five percent of the amount of the school district's General Purpose Grant per ADMw as calculated under ORS 327.013 for students who are enrolled in grades 9 through 12.

The sponsoring district may collect the maximum amount of SSF revenue allowable per ADMw and retain any excess over the formula identified above.

District Charter School Impact. In Fiscal Year 2022, under the charter agreements, the District collected the General Purpose Grant per ADMw attributable to Charter School students and distributed 80 percent for District-sponsored K-8 at schools serving less than 50 percent historically underserved by race and ethnicity, estimated 1,081 students; 95 percent for District-sponsored K-8 at schools serving greater than 50 percent historically underserved by race and ethnicity, estimated 219 students; 90 percent for State-sponsored K-8, estimated 409 students; and 95 percent for High School, no students, averaging 84.47 percent combined to the Charter Schools. The District retained 20 percent for K-9 at schools serving less than 50 percent historically underserved by race and ethnicity, 5 percent for K-8 at schools serving greater than 50 percent historically underserved by race and ethnicity, 5 percent for State-sponsored K-8 where 5 percent of total paid is sent to Oregon Department of Education per statute, and 5 percent for High school; averaging 15.53 percent combined, which is approximately \$2,414,143 in resources over and above what is shared with the Charter Schools. The Board approved a resolution to increase the pass-through rate of the State School Funds from 80 percent to 85 percent for Fiscal Year 2023 and from 85 percent to 90 percent beginning Fiscal Year 2024 for K-8 charter schools serving populations of less than 50 percent historically underserved by race and ethnicity. Should the charter agreements be terminated or Charter School enrollment reduced, the District could experience a loss in revenue. The District does not anticipate that any changes to the District's revenue from Charter Schools will affect its ability to repay the Bonds.

State Legislature. The State has a citizen legislature consisting of the Senate, whose 30 members are elected to serve four-year terms, and the House of Representatives, which has 60 members elected for two-year terms (the "Legislature" or "Legislative Assembly").

The Legislature convenes annually at the State Capitol in Salem, but sessions may not exceed 160 days in odd-numbered years and 35 days in even-numbered years. Five-day extensions are allowed by a two-thirds vote in each house. The Legislative Assembly convenes on the second Monday in January in odd-numbered years, and in February in even-numbered years.

State K-12 Education Budget. SSF funding is set biennially in the State budget adopted by the Legislative Assembly in odd-numbered years (the "Legislatively Adopted Budget"). The State budget covers two fiscal years (a biennium) beginning July 1 of an odd-numbered year to June 30 of the next odd-numbered year, and sets funding for State agencies including ODE. The Legislative Assembly has the power to subsequently approve revisions to the Legislatively Adopted Budget. Such revised State budget is termed the "Legislatively Approved Budget."

The State Constitution requires the Legislative Assembly to balance the State's General Fund budget. The Department of Administrative Services Office of Economic Analysis (the "OEA") produces a forecast of projected revenues (a "Revenue Forecast") for the biennium generally each March, June (May in odd-numbered years), September and December. The OEA also produces a "Close of Session Forecast" after the end of the legislative session in odd years that reflects the May economic forecast adjusted for any changes made by the legislature.

Revenue Forecasts are based upon currently available information and upon a wide variety of assumptions. The actual results will be affected by future national and state economic activity and other events. If OEA's assumptions are not realized or if other events occur or fail to occur, the State's financial projections may not be achieved. Copies of the Revenue Forecasts are available from OEA at: www.oregon.gov/DAS/OEA.

If, over the course of a biennium, the forecasted revenues decline significantly from the Close of Session Forecast, the Legislative Assembly may meet to rebalance the budget, the Governor may direct that expenditures be reduced or the Legislative Assembly may adjust the budget when it meets in its regular session at the end of the biennium.

2021-23 Biennium State Budget. The budget adopted by the Legislature, and amended during the 2022 special session, for the 2021-23 biennium (the “2021-23 Legislatively Approved Budget”) includes \$121.165 billion total funds, a 7.7 percent increase from the budget adopted by the Legislature for the 2019-21 biennium and amended during the 2020 special sessions (the “2019-21 Legislatively Approved Budget”). The 2021-23 Legislatively Approved Budget is comprised of planned expenditures of \$27.861 billion in General Funds, \$1.447 billion Lottery Funds, \$51.419 billion Other Funds, and \$40.438 billion Federal Funds.

Revenue Forecasts. On February 22, 2023 the OEA released the March 2023 Revenue Forecast (the “March 2023 Forecast”). The March 2023 Forecast for gross General Fund revenues for the 2021-23 biennium is \$28.884 billion, up \$5.4836 billion from the Close of Session Forecast and \$496.9 million from the December 2022 Forecast. According to the March 2023 Forecast, both personal and corporate tax collections for the biennium remain strong and continue to outperform expectations.

In the December 2022 Forecast, the baseline economic outlook called for a mild recession in the second half of 2023. However, in the March 2023 Forecast, the OEA notes that inflation is now considerably slower which has pushed out the timeline of a potential recession and caused the OEA to remove it from the baseline economic outlook, into an alternative scenario. The OEA also states that the combination of the clear near-term strength in the economy, and the uncertainty surrounding the exact timing of a potential recession makes forecasting this far in advance challenging, if not impossible. In the OEA’s view, the forecast serves as a budgetary planning tool and until a recession is much more likely than not, it is best for the forecast to reflect an expanding economy, even while highlighting the growing risks. While the State forecast for available resources in the remaining 2021-23 biennium is still increasing, the March 2023 Forecast states that gross General Fund revenues for the 2023-25 biennium are expected to be approximately \$3.5 billion lower than for the current biennium as profits and investment income return to normal levels and a record kicker credit is paid out. According to OEA, a significant amount of revenue growth in recent years was driven by nonwage sources of income, and most of the recent surge in payments will likely prove to be temporary. Because significant income was pulled into tax years 2020 and 2021, less is expected to be realized in the near term.

The next Revenue Forecast is due to be released May 17, 2023.

State General Fund Forecast Summary
(\$ in Millions)

	2021-23 Biennium Revenue Forecast			March 2023 Forecast Change From	
	Close of Session	December 2022	March 2023	December 2022	Close of Session
Structural Revenues					
Personal Income Tax	\$ 20,628.1	\$ 23,945.5	\$ 24,185.4	\$ 240.0	\$ 3,557.4
Corporate Income Tax	1,344.0	2,648.0	2,889.4	241.5	1,545.5
All Other Revenues	1,428.4	1,793.7	1,809.2	15.5	380.8
Gross General Fund Revenues	23,400.4	28,387.1	28,884.0	496.9	5,483.6
Beginning Fund Balance	3,025.6	4,082.5	4,082.5	0.0	1,056.9
Offsets and Transfers	(171.5)	(247.3)	(257.1)	(9.8)	(85.6)
Administrative Actions	(21.5)	0.0	0.0	0.0	21.5
Legislative Actions	(224.6)	(220.7)	(220.7)	0.0	3.9
Net Available Resources	\$ 26,008.4	\$ 32,001.6	\$ 32,488.7	\$ 487.1	\$ 6,480.3

Source: Oregon Office of Economic Analysis, “Oregon Economic and Revenue Forecast, March 2023.” February 22, 2023.

2023-25 Biennium State Budget. The Governor proposed a budget for the 2023-25 biennium (the “2023-25 Governor’s Budget”) as of January 31, 2023 which includes \$116.697 billion in expenditures, representing an approximate 3.7 percent decrease over the 2021-23 Legislatively Approved Budget. According to the 2023-25 Governor’s Budget, Oregon’s economic recovery from the pandemic has been strong compared to recent recessions, however, this relatively strong economic vantage point is at risk heading into the 2023-25 biennium.

The combination of high inflation, expected slowing growth, and rising interest rates is potent and the majority of U.S. forecasters and members of the Governor's Council of Economic Advisors believe a recession in 2023 is the most likely outcome for the economy.

The 2023-25 Governor's Budget includes proposed expenditures of \$27.575 billion in General Funds, \$1.508 billion Lottery Funds, \$39.481 billion Federal Funds, and \$48.133 billion Other Funds. Education is one of the Governor's three priorities; for the 2023-25 biennium, \$9.9 billion is allocated to the State School Fund (a 6.5 percent increase from the 2021-23 biennium), \$997.4 million to the Student Investment Account (a 9.5 percent increase from the 2021-23 biennium), and \$329.7 million to the Measure 98/High School Success Act (a 5.8 percent increase from the 2021-23 biennium). The Legislative Assembly convened on January 17, 2023. Legislative committees will review the 2023-25 Governor's Budget and pass a Legislatively Adopted Budget for the biennium before the Close of Session in June 2023. The Legislature may choose to accept the Governor's recommendations, or make revisions in whole or in part.

On March 23, 2023 the Co-Chairs of the Legislature's Ways and Means Committee released their budget framework for the 2023-25 biennium (the "2023-25 Co-Chair's Budget"). The document notes that although the March 2023 Forecast showed improvement and an increase in available resources over the December 2022 Forecast, significant uncertainty still exists. The 2023-25 Co-Chair's Budget includes \$31.592 billion in total expenditures of General and Lottery Funds. The 2023-25 Co-Chair's Budget includes \$9.9 billion total funds for the SSF, comprised of \$9.171 billion of General (including the corporate income tax rebate) and Lottery Fund revenues with the balance funded by corporate activity tax, marijuana tax and other revenues.

Income Tax Rebate. When total actual revenue collections in the General Fund (excluding corporate income tax receipts) exceed the Close of Session forecast by two percent or more, the collections above the forecasted amount are returned to individual income taxpayers, commonly known as the "kicker." Any kicker recorded in one biennium is provided as a credit in the following biennium, reducing revenues available in that subsequent biennium. The March 2023 Forecast estimates a personal tax kicker of \$3.9 billion at the end of the 2021-23 biennium. Should the current outlook hold, the personal tax kicker would be given as a credit on 2023 tax returns filed in 2024.

When corporate income tax collections exceed the Close of Session forecast by two percent or more, the treatment is different: those revenues are retained in the General Fund and dedicated to funding K-12 education. However, there is no guarantee that future Legislatures will allocate budgets such that total K-12 spending is increased by the amount of revenue generated by any corporate tax kicker. The March 2023 Forecast estimates a corporate tax kicker of \$1.5 billion at the end of the 2021-23 biennium which should the current outlook hold, would be available for the 2023-25 biennium.

State School Fund Appropriations. The Legislature appropriated a combined total of \$9.3 billion for the SSF in the 2021-23 biennium, representing a 3.3 percent increase over the 2019-21 Legislatively Approved Budget of \$9.0 billion. While the SSF was said to be held harmless at funding of \$9.1 billion, the Coalition of Oregon School Administrators ("COSA") advocated for current service level appropriations of \$9.6 billion for the SSF and stated that some districts may be forced to make cuts or use reserves at the appropriated funding level of \$9.3 billion. However, additional funding for specific programs is projected to be available to schools; see "Revenues Sources – State School Funding - Corporate Activity Tax" herein. The District's General Fund budget for Fiscal Year 2023 is included in "Financial Factors – Budgetary Process."

The 2023-25 Governor’s Budget and 2023-25 Co-Chair’s Budget include a proposed \$9.9 billion appropriation for the SSF. The Department of Administrative Services and Legislative Fiscal Office calculated a current service level cost of \$9.5 billion, however, the Oregon Association of Business Officials (“OASBO”) has calculated current service level cost of \$10.3 billion. Depending on the SSF amount appropriated, some districts may be forced to make cuts or use reserves. The District is in the process of preparing its budget for Fiscal Year 2024 and will use the latest estimates available to estimate resources.

Current and historical state funding levels are detailed in the following table.

**State School Fund Appropriations
(\$ in Millions)**

Biennium	Fiscal Year	Budget Appropriation
2023-25 ⁽¹⁾	2025	\$ 5,049
	2024	4,851
2021-23	2023	4,743
	2022	4,557
2019-21	2021	4,590
	2020	4,410
2017-19	2019	4,100
	2018	4,100
2015-17	2017	3,747
	2016	3,629

(1) Preliminary, subject to change. Based on \$9.9 billion appropriation included in the 2023-25 Governor’s Budget and 2023-25 Co-Chair’s Budget, see “Revenue Sources – State School Funding – State School Fund Appropriations” above.

Source: Oregon Department of Education, School Finance Unit: <https://www.oregon.gov/ode/schools-and-districts/grants/Pages/School-District-and-ESD-payment-Statements.aspx>

Impact on the District. ODE provides SSF Grant estimates to each school district. Estimates are revised periodically throughout the year. The most recent ODE estimates for the District’s SSF Grant for Fiscal Years 2023 and 2024, are shown in the following table.

School District No. 1J, Multnomah County, Oregon (Portland Public Schools)
Historical and Projected Weighted Average Daily Membership and State School Fund Grant
State School Fund Grant Apportionment

	2023	2024 ⁽¹⁾
Extended ADMw:		
Current Fiscal Year Estimated ADMw	53,057.68	52,720.07
Prior Fiscal Year Estimated ADMw	53,398.20	53,351.68
Extended ADMw (greater of Current or Prior Year)	<u>53,398.20</u>	<u>53,351.68</u>
Experience Adjustment:		
District Average Teacher Experience	11.83	11.83
State Average Teacher Experience	11.90	11.90
Experience Adjustment (District and State Teacher Experience Difference)	<u>-0.07</u>	<u>-0.07</u>
Local Revenue:		
Property Taxes	\$ 288,900,000	\$ 298,500,000
Federal Forest Fees	-	-
Common School Fund	6,361,788	6,613,391
County School Fund	15,000	15,000
State Managed Timber	15,000	15,000
In-lieu of Property Taxes	400,000	450,000
Revenue Adjustments	-	-
Local Revenue	<u>\$ 295,691,788</u>	<u>\$ 305,593,391</u>
Transportation Grant:		
Net Eligible Transportation Costs	\$ 42,500,000	\$ 43,550,000
Grant (70% of Net Eligible Transportation Costs)	<u>\$ 29,750,000</u>	<u>\$ 30,485,000</u>
General Purpose Grant:		
(Extended ADMw x [\$4,500 + (\$25 x Experience Adjust.)]) x Funding Ratio =	\$ 513,069,374	\$ 518,425,924
Total Formula Revenue:		
General Purpose Grant + Transportation Grant =	\$ 542,819,374	\$ 548,910,924
State School Fund Grant:		
Total Formula Revenue - Local Revenue =	\$ 247,127,587	\$ 243,317,533

(1) Based on \$9.9 billion appropriation included in the 2023-25 Governor's Budget, see "Revenue Sources - State School Funding - State School Fund Appropriations" above. Subject to change.

Source: Oregon Department of Education, School Finance Office, Fiscal Year 2023 data as of March 21, 2023 and Fiscal Year 2024 data as of February 22, 2023 <http://www.oregon.gov/ode/schools-and-districts/grants/Pages/default.aspx>.

School districts are required to file their annual audited financials with ODE within six months of the end of the fiscal year pursuant to ORS 327.137. Extensions may be granted by ODE for extenuating circumstances such as natural disasters. Any school district failing to file prior to the deadline and without an extension will not receive SSF payments until after the audit report has been filed. ODE will schedule the payment with the next regularly scheduled SSF payment date.

School districts that do not meet the rules and regulations of the State Board of Education (e.g., there must be at least 265 consecutive calendar days between the first and last instructional day of each school year) are classified as "non-standard." Under ORS 327.103, the Superintendent of Public Instruction may withhold portions of SSF monies otherwise allocated to any district that is found to be non-standard if deficiencies are not corrected before the beginning of the school year immediately following the date such district was found to be non-standard unless withholding of SSF monies would create an undue hardship or an extension has been granted by the

Superintendent of Public Instruction. Such extension may not exceed 12 months. **The District has never been classified as “non-standard.”**

Corporate Activity Tax. In 2019, the Legislature approved the Student Success Act (the “SSA”). The SSA imposes a tax on certain taxable commercial activity (the “Corporate Activity Tax”) and designates the revenues be deposited in the newly created Fund for Student Success. Funds have been used to expand 16 previously existing programs and create 12 new programs focusing on equity in early learning programs and prekindergarten through grade 12 level education.

A prescribed amount of Corporate Activity Tax revenues are allocated to the SSF with the balance allocated between three separate accounts. Of the balance, at least 20 percent will be allocated to an Early Learning Account, up to 30 percent will be allocated to the Statewide Education Initiatives Account and at least 50 percent is to be allocated to a Student Investment Account, which districts are required to apply for through a non-competitive grant process. Each program has rules on how funds will be distributed to districts; some are based on a per student formula and others may be requested by submitting an application. Funds were first available to districts in Fiscal Year 2021.

In response to the weak June 2020 Revenue Forecast, the Legislature reduced the funding level for the Student Investment Account in Fiscal Year 2021 to \$150 million, roughly a third of the original appropriation; the District was allocated \$12,392,738. Estimated allocations prepared by ODE in June 2022, based on a total funding level of \$892.5 million, indicate the District will receive \$36,489,716 in Fiscal Year 2022 and \$37,961,284 in Fiscal Year 2023. Revenue estimates may be affected by the continuation of the COVID-19 pandemic, which is altering the behavior of businesses and people in a manner that may reduce these estimates. See “Revenue Forecast– State School Funding – Revenue Forecasts” herein.

State Reserve Funds. The 2007 Legislative Assembly created two budgetary reserve funds, the Rainy Day Fund and the Education Stability Fund. With the approval of three-fifths of each house, the Legislative Assembly may appropriate up to two-thirds of the money in the Rainy Day Fund or Education Stability Fund for use in any biennium if certain economic or revenue triggers occur.

Rainy Day Fund. The Rainy Day Fund may be drawn on for any General Fund purpose in the event of a decline in employment, a projected budgetary shortfall or a declaration of a state of emergency. The initial deposit of \$319 million was made in 2007, and the Rainy Day Fund retains interest. Additionally, the Rainy Day Fund receives biennial deposits from the ending General Fund balance in an amount equal to the lesser of (a) the actual General Fund ending balance for the preceding biennium or (b) one percent of the amount of General Fund appropriations for the preceding biennium. The amount on deposit with the Rainy Day Fund is capped at 7.5 percent of General Fund revenues for the prior biennium.

Education Stability Fund. The Education Stability Fund must be spent on public education. Under the Oregon Constitution, 18 percent of the net proceeds from the State Lottery must be deposited in the Education Stability Fund on a quarterly basis. The Education Stability Fund currently does not retain earnings in the fund. The amount in the Education Stability Fund may not exceed five percent of the amount that was collected as revenues in the State’s General Fund during the prior biennium.

The March 2023 Forecast indicates that the Rainy Day Fund and the Education Stability Fund balances as of January 2023 were \$1.202 billion and \$637 million, respectively.

Construction Excise Tax

School districts may levy a tax for capital improvements on new residential, commercial and industrial development (“Construction Excise Tax”). Affordable housing, public improvements, agricultural buildings, hospitals, private schools, and religious facilities are exempted from the Construction Excise Tax. The Construction Excise Tax for Fiscal Year 2023 is limited to: (i) \$1.45 per square foot on residential construction and (ii) 72¢ per square foot on non-residential construction up to the lesser of \$36,100 per building permit or \$36,100 per structure. The tax rate limits are adjusted annually by the Oregon Department of Revenue for changes in construction costs. The Construction Excise Tax is not subject to voter approval.

Revenue generated through a Construction Excise Tax can be used to acquire land, construct, reconstruct or improve school facilities, acquire or install equipment, furnishings or other tangible property, pay for architectural, engineering, legal or other costs related to capital improvements, any expenditure for assets that have a useful life of more than one year, or the payment of obligations and related costs of issuance that are issued to finance or refinance capital improvements.

The District. The District imposes a construction excise tax on residential construction over 500 square feet and the maximum construction excise tax on non-residential construction. The District has intergovernmental agreements in place with the County and the City of Portland to collect the construction excise tax. The District has collected the following construction excise taxes in recent years:

**School District No. 1J, Multnomah County, Oregon (Portland Public Schools)
Construction Excise Taxes Received**

Fiscal Year	Amount Collected
2023 ⁽¹⁾	\$ 5,500,000
2022	5,437,000
2021	3,446,000
2020	4,291,000
2019	5,991,000
2018	8,201,000

(1) Budgeted.

Source: District Audited Financial Statements.

Federal Funding

Oregon school districts receive federal funding for a variety of purposes. Such funding is generally restricted to specific purposes. The District reported receipt of \$175 million of federal funds in Fiscal Year 2022. Of this amount, \$21,000 was reported in the District's General Fund, \$173 million in the Special Revenue Fund, \$31,000 in the Debt Service Fund, and \$1.98 million in the Capital Projects Fund. The General Fund portion of federal funding comes from federal grants.

COVID Relief. The District has been awarded reimbursement grants through the Elementary and Secondary School Emergency Relief (ESSER) Fund. There have been three separate ESSER awards of approximately \$115.0 million total. The final expiration date for obligating funds under the ESSER grant is September 30, 2024. In addition, the District is eligible for application to the Federal Emergency Management Agency (FEMA) for Public Assistance reimbursements for emergency protective measures due to the pandemic. FEMA began accepting reimbursement submissions in March 2020 and no end date for submission has been announced. Upon approval, the District expects to receive 75 percent reimbursements for submitted approved expenditures.

Federal Forest Fees. In 2000, Congress passed the Secure Rural Schools and Community Self-Determination Act (the "SRS Act") to replace a previous revenue sharing program. The SRS Act provides funding from the federal government to 18 of Oregon's 36 counties for schools, roads, and other purposes ("Federal Forest Fees"). The U.S. Congress has passed several extensions of the SRS Act, the most recent of which provides funding for the program through September 30, 2023.

Revenue losses from a discontinuation of the SRS Act would be spread across all school districts statewide as Federal Forest Fees are included in local revenue for calculation of SSF Grants (see "State of Oregon Public School Funding – State School Fund" herein).

Financial Factors

Financial Reporting and Accounting Policies

The District's basic financial statements were prepared using modified accrual accounting in conformity with generally accepted accounting principles ("GAAP") as prescribed by the Governmental Accounting Standards Board ("GASB").

Additional information on the District's accounting methods is available in the District's audited financial statements. A copy of the District's audited financial report for Fiscal Year 2022 is attached hereto as Appendix B.

Auditing

Each Oregon political subdivision must obtain an audit and examination of its funds and account groups at least once each year pursuant to the Oregon Municipal Audit Law, ORS 297.405-297.555. Political subdivisions having annual expenditures of less than \$150,000, with the exception of counties and school districts, are exempt from this requirement. All Oregon counties and school districts, regardless of amount of annual expenditures, must obtain an audit annually. The required audit may be performed by the State Division of Audits or by independent public accountants certified by the State as capable of auditing political subdivisions. School districts are required to file their audit annually with ODE within six months of the end of the fiscal year pursuant to ORS 327.137. See "Revenue Sources – State School Funding" herein.

The District audits for the Fiscal Years 2018 through 2022 ("District Audited Financial Statements") were performed by Talbot, Korvola & Warwick, LLP, CPAs, Portland, Oregon (the "Auditor"). The audit report for Fiscal Year 2022 indicates the financial statements, in all material respects, fairly present the District's financial position of the governmental activities, each major fund and the aggregate remaining fund information and the respective changes in financial position in conformance with accounting principles generally accepted in the United States of America. The Auditor was not requested to review this Official Statement and has not completed any additional auditing review procedures subsequent to the issuance of their report on the 2022 Fiscal Year.

Future financial statements may be obtained from the Electronic Municipal Market Access ("EMMA") system, a centralized repository operated by the Municipal Securities Rulemaking Board ("MSRB"), currently located at: www.emma.msrb.org.

Summaries of the District's Net Position and Changes in Net Position follow.

Statement of Net Position
(Fiscal Years, \$ in thousands)

Assets	2018	2019	2020	2021	2022
Cash & cash equivalents	\$ 106,431	\$ 174,188	\$ 256,374	\$ 357,945	\$ 164,820
Cash & cash equivalents held by fiscal agents	5,101	5,476	5,798	5,121	25,265
Investments	548,676	356,271	622,781	662,435	571,766
Accounts and other receivables	33,288	36,096	34,776	45,172	73,168
Property taxes and other taxes receivable	20,145	13,815	13,962	13,721	12,410
Leases Receivable	-	-	-	-	7,970
Inventories	776	876	1,551	1,811	1,464
Prepaid items	884	3,377	6,200	5,098	5,332
Other	-	-	77	-	-
Noncurrent assets:					
Net OPEB asset-RHIA	1,321	3,566	6,400	5,966	9,155
Capital assets, not depreciated:					
Land	9,174	9,174	9,174	9,174	9,174
Construction in progress	92,128	247,924	272,766	498,505	343,471
Capital assets, net of accumulated depreciation:					
Buildings and capital improvements	483,543	467,980	625,145	656,573	973,070
Vehicles and equipment	9,258	9,924	10,287	9,119	58,345
Total Assets	<u>1,310,725</u>	<u>1,328,667</u>	<u>1,865,291</u>	<u>2,270,640</u>	<u>2,255,410</u>
Deferred Outflows of Resources					
OPEB Contributions	9,571	20,959	18,846	18,992	16,642
Pension plan	<u>164,156</u>	<u>186,227</u>	<u>139,627</u>	<u>230,588</u>	<u>558,003</u>
Total Deferred Outflows of Resources	<u>173,727</u>	<u>207,186</u>	<u>158,473</u>	<u>249,580</u>	<u>574,645</u>
Liabilities					
Accounts payable	56,073	52,206	55,886	63,356	56,786
Accrued wages and benefits payable	76,580	92,755	85,696	104,361	99,035
Unearned revenue	1,691	2,184	898	2,044	10,796
Claims payable	5,894	6,843	6,853	5,574	7,129
Non-current liabilities:					
Due within one year					
Accrued compensated absences	2,236	2,378	2,703	3,578	3,537
Bonds	117,239	120,686	125,819	126,601	155,230
Accrued bond interest payable	18,874	21,365	20,486	23,052	18,666
Due in more than one year					
Accrued compensated absences	1,119	1,358	2,583	3,248	2,927
Bonds	896,576	775,890	1,158,931	1,427,132	1,661,880
Accrued bond interest payable	53,739	38,811	28,713	15,634	-
Net pension liability	290,058	353,090	312,349	527,419	273,296
Net OPEB	70,784	82,302	81,319	78,581	75,893
Total Liabilities	<u>1,590,863</u>	<u>1,549,868</u>	<u>1,882,236</u>	<u>2,380,580</u>	<u>2,365,175</u>
Deferred Inflows of Resources					
Deferred Lease Resources	-	-	-	-	7,753
OPEB	3,248	3,148	3,112	4,771	5,721
Pension Plan	<u>27,171</u>	<u>61,181</u>	<u>108,033</u>	<u>96,420</u>	<u>307,519</u>
Total Deferred Inflows of Resources	<u>30,419</u>	<u>64,329</u>	<u>111,145</u>	<u>101,191</u>	<u>320,993</u>
Net Position					
Net investment in capital assets	379,871	477,058	585,214	717,881	590,231
Restricted for:					
Capital projects	461,316	317,744	642,574	757,216	139,609
Grants	9,171	10,532	10,486	12,879	14,764
Student body activities	4,369	4,968	4,930	5,074	5,135
Nutrition services	4,922	3,384	416	2,488	5,491
Debt Service	6,558	13,333	16,522	13,353	14,462
Net OPEB asset-RHIA	-	3,566	6,400	5,966	9,155
Unrestricted	<u>(1,003,037)</u>	<u>(908,929)</u>	<u>(1,236,159)</u>	<u>(1,476,408)</u>	<u>(634,960)</u>
Total Net Position	\$ (136,830)	\$ (78,344)	\$ 30,383	\$ 38,449	\$ 143,887

Source: District Audited Financial Statements.

Statement of Activities
(Fiscal Years, \$ in thousands)

Revenues:	2018	2019	2020	2021	2022
Program Revenues:					
Charges for services	\$ 9,153	\$ 9,806	\$ 8,271	\$ 1,914	\$ 1,997
Operating grants and contributions	83,006	89,961	90,072	113,835	184,581
Capital grants and contribution	-	4,500	11,368	1,319	1,978
General Revenues:					
Property taxes	364,749	388,143	400,203	418,228	446,348
Construction excise tax	8,201	5,991	4,291	3,446	5,437
Local option taxes	88,163	95,173	98,033	101,539	105,314
State school fund - general support	239,804	225,135	266,607	263,622	259,314
State Common School Fund	5,155	5,493	5,012	5,628	5,693
County and intermediate sources	17,662	17,362	19,072	17,185	15,566
Investment earnings	3,473	20,229	12,534	3,107	984
Other	12,024	8,674	17,648	10,113	10,668
Total Revenues	<u>831,390</u>	<u>870,467</u>	<u>933,111</u>	<u>939,936</u>	<u>1,037,880</u>
Expenses:					
Instruction	421,311	428,454	429,149	465,995	470,945
Support services	283,984	310,546	324,513	376,660	359,554
Enterprise and Community Services	24,218	22,785	21,821	23,731	29,283
Facilities Services	8,531	6,030	3,492	10,844	9,576
Interest and fees on long-term debt	<u>46,416</u>	<u>44,166</u>	<u>45,409</u>	<u>54,640</u>	<u>63,084</u>
Total Expenses	784,460	811,981	824,384	931,870	932,442
Increase (decrease) in net position	46,930	58,486	108,727	8,066	105,438
Net position- July 1	<u>(136,309)</u>	<u>(136,830)</u>	<u>(78,344)</u>	<u>30,383</u>	<u>38,449</u>
Restatement of Net Position	<u>(47,451) ⁽¹⁾</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Net Position	<u>\$ (136,830)</u>	<u>\$ (78,344)</u>	<u>\$ 30,383</u>	<u>\$ 38,449</u>	<u>\$ 143,887</u>

(1) In Fiscal Year 2018 due to the implementation of GASB 73 and GASB 75 a restatement of the prior year net position was required to remove the OPEB liability associated with the Retirement Health Insurance Account (RHIA) and the Retirement Health Insurance Subsidy (RHIS), record the total OPEB and pension liabilities and record the deferred outflows associated with contributions.

Source: District Audited Financial Statements.

A five-year summary of the District's General Fund Balance Sheet and Statement of Revenues, Expenditures and Changes in Fund Balance follows.

General Fund Balance Sheet
(Fiscal Years, \$ in thousands)

Assets	2018	2019	2020	2021	2022
Cash & cash equivalents-unrestricted ⁽¹⁾	\$ 36,108	\$ 89,749	\$ 132,150	\$ 158,611	\$ 24,582
Cash & cash equivalents held by fiscal agents	4,589	4,895	5,074	4,664	4,780
Investments ⁽¹⁾	67,894	31,053	-	-	109,824
Prepaid items	103	285	252	628	2,216
Accounts receivable	4,542	5,399	1,459	1,519	6,626
Leases receivable	-	-	-	-	7,970
Property taxes and other taxes receivable	17,303	10,690	10,656	10,509	9,433
Due from other funds ⁽²⁾	16,448	15,382	25,063	40,975	60,760
Inventories	240	285	259	317	373
Other	-	-	47	-	-
Total Assets and Other Debits	<u>147,227</u>	<u>157,738</u>	<u>174,960</u>	<u>217,223</u>	<u>226,564</u>
Liabilities, Deferred Inflow of Resources, and Fund Balances					
Liabilities:					
Accounts payable	20,429	18,529	15,181	20,567	18,772
Accrued wages and benefits	72,154	89,058	85,096	98,076	92,034
Due to other funds	743	744	744	744	744
Total Liabilities:	<u>93,326</u>	<u>108,331</u>	<u>101,021</u>	<u>119,387</u>	<u>111,550</u>
Deferred Inflow of Resources:					
Unavailable leases revenue	-	-	-	-	7,753
Unavailable revenue - property taxes	15,619	9,520	9,465	9,145	8,457
Total Deferred Inflow of Resources:	<u>15,619</u>	<u>9,520</u>	<u>9,465</u>	<u>9,145</u>	<u>16,210</u>
Fund Balances:					
Nonspendable	343	570	511	945	2,589
Assigned	-	-	-	-	96,215
Unassigned	37,939	39,317	63,963	87,746	-
Total Fund Balances	<u>38,282</u>	<u>39,887</u>	<u>64,474</u>	<u>88,691</u>	<u>98,804</u>
Total Liabilities, Deferred Inflow of Resources and Fund Balance	<u>\$ 147,227</u>	<u>\$ 157,738</u>	<u>\$ 174,960</u>	<u>\$ 217,223</u>	<u>\$ 226,564</u>

(1) In Fiscal Year 2020 investment funds moved from investments to cash. In Fiscal Year 2022, the District transferred funds from cash to longer term investments.

(2) Due from other funds includes grants.

Source: District Audited Financial Statements.

**General Fund Statement of Revenues, Expenditures and
Changes in Fund Balance**
(Fiscal Years, \$ in thousands)

Revenues	2018	2019	2020	2021	2022
Property and other taxes	\$ 252,921	\$ 267,434	\$ 273,159	\$ 286,029	\$ 304,228
State School Fund	239,804	225,135	266,607	263,622	259,314
State Common School Fund	5,155	5,493	5,012	5,628	5,693
Federal and state support	22	80	84	18	21
Local option taxes	89,663	97,188	98,789	102,417	106,124
County and intermediate sources	13,269	13,531	13,775	14,381	12,793
Charges for services	3,900	3,877	3,838	1,642	1,724
Investment earnings	2,869	4,527	3,162	544	782
Other	5,211	4,976	4,761	5,681	7,938
Total Revenues	<u>612,814</u>	<u>622,241</u>	<u>669,187</u>	<u>679,962</u>	<u>698,617</u>
Expenditures					
Instruction	339,412	347,735	359,881	363,865	373,758
Support services	248,783	265,988	281,918	285,719	312,766
Enterprise and community services	2,160	1,490	1,507	5,115	893
PERS UAL lump sum payment ⁽¹⁾	-	-	-	-	398,666
Debt Service: Interest and fiscal charges	-	-	-	-	2,167
Total Expenditures	<u>590,355</u>	<u>615,213</u>	<u>643,306</u>	<u>654,699</u>	<u>1,088,250</u>
Excess (deficiency) of revenues over expenditures	<u>22,459</u>	<u>7,028</u>	<u>25,881</u>	<u>25,263</u>	<u>(389,633)</u>
Other Financing Sources (Uses)					
Transfers in	1,006	14	-	-	-
Transfers out	(5,328)	(5,492)	(1,311)	(1,198)	(1,207)
PERS Bond Proceeds ⁽¹⁾	-	-	-	-	399,390
Premium on issuance of debt	-	-	-	-	1,449
Proceeds from the sale of capital assets	41	55	17	152	114
Total Other Financing Sources (Uses)	<u>(4,281)</u>	<u>(5,423)</u>	<u>(1,294)</u>	<u>(1,046)</u>	<u>399,746</u>
Change in fund balance	18,178	1,605	24,587	24,217	10,113
Fund balance at beginning of year	20,104	38,282	39,887	64,474	88,691
Ending fund balance	<u>\$ 38,282</u>	<u>\$ 39,887</u>	<u>\$ 64,474</u>	<u>\$ 88,691</u>	<u>\$ 98,804</u>

- (1) The District sold \$399,390,000 of Full Faith and Credit Bonds, Series 2021 in July 2021. Proceeds were irrevocably deposited with the State of Oregon Public Employees Retirement System ("PERS") to finance all or a portion of the District's unfunded actuarial liability. The District expects to receive annual rate credits towards its pension expenses. See "Financial Factors - Pension System - Side Accounts and Pension Bonds" herein for additional information.

Source: District Audited Financial Statements.

The District currently estimates it will spend down its ending fund balance moderately by the end of Fiscal Year 2023, however, fund balance is still expected to be approximately 10.9 percent of resources.

Budgetary Process

The District prepares an annual budget in accordance with Oregon Local Budget Law (ORS Chapter 294) which establishes standard procedures for all budget functions for Oregon local governments. Under the applicable provisions, there must be public participation in the budget process and the adopted budget must be balanced.

The District's administrative staff evaluates the budget requests of the various departments of the District to determine the funding levels of the operating programs. The budget is presented to the public through public hearings held by a budget committee consisting of Board members and lay members. After giving due consideration to the input received from the citizens, the Board of Education adopts the budget, authorizes the levying of taxes and sets appropriations. The budget must be adopted no later than June 30 of each Fiscal Year.

The budget may be amended during the applicable Fiscal Year through the adoption of a supplemental budget. Supplemental budgets may be adopted by the Board pursuant to ORS 294.471.

The District's budget is prepared in accordance with provisions of the Oregon Local Budget Law which provides standard procedures for preparing, presenting and administering the operating budget for all local governments. The law mandates public involvement in budget preparation and public exposure of its proposed programs. The law also requires that the budget be balanced.

Prior to adoption, the proposed budget must be approved by a budget committee consisting of the District's Board members. In an advertised public meeting, the budget committee reviews the budget and the "budget message," which explains the budget preparation philosophy and significant changes from the prior year.

Following budget approval by the budget committee, a public hearing is held by the Tax Supervising and Conservation Commission of Multnomah County, Oregon. A budget summary and notice of hearing are published prior to the hearing. Publication is governed by strict requirements as to time and mode.

After the budget hearings, the governing body considers citizens' testimony and, if necessary, alters the budget subject to statutory limitations upon increasing taxes or fund allocations without further publication and hearing.

The District levies a tax each year for general operations under its permanent rate limit and under any authorized Local Option Levies. Taxes levied for repayment of general obligation debt are not limited.

After the budget hearing, the governing body prepares a formal resolution which adopts the budget, authorizes taxes to be levied and set out a schedule of appropriations. This resolution must be adopted not later than June 30 and submitted to the county Department of Assessment and Taxation before July 15 so that the taxes may be levied, unless an extension is requested and approved.

Unexpected additional resources may be added to the budget through the use of a supplemental budget and appropriation resolution. Supplemental budgets less than 10 percent of the fund's original budget may be adopted by the Board at a regular Board meeting. A supplemental budget greater than 10 percent of the fund's original budget requires hearings before the public, publication in newspapers and approval by the Board. Original and supplemental budgets may be modified by the use of appropriation transfers within a fund or from the General Fund to any other fund. Such transfers require authorization by an official resolution or ordinance of the Board.

General Fund Adopted Budget
(Fiscal Years, \$ in thousands)

Resources	2022	2023
Property Taxes Other Than Local Option	\$ 432,813	\$ 459,819
Local Option Property Taxes	104,279	109,951
Other Local Sources	104,835	130,738
Intermediate Sources	12,762	12,231
State Sources	347,406	357,333
Federal Sources	166,285	145,587
Interfund Transfers	1,754	1,923
Miscellaneous	1,050	2,350
Beginning Fund Balance	887,226	663,327
Total Resources	\$ 2,058,410	\$ 1,883,261
Requirements		
Instruction	\$ 507,966	\$ 536,615
Support Services	425,257	463,766
Enterprise and Community Services	57,046	36,048
Facilities Acquisition And Con	438,086	514,051
Debt Service	201,532	228,298
Transfers of Funds	1,754	1,923
Contingencies	61,586	56,024
Unappropriated Fund Balance	365,183	46,536
Total Requirements	\$ 2,058,410	\$ 1,883,261

Source: District Adopted Fiscal Year 2023 Budget.

The District has begun preparation of the Fiscal Year 2024 Budget. The Proposed Budget is scheduled to be presented on April 25, 2023 with approval on May 23, 2023. Adoption by the Board will follow prior to the end of the Fiscal Year on June 30, 2023.

Investments

ORS 294.035 authorizes Oregon political subdivisions to invest in obligations, ranging from U.S. Treasury obligations and Agency securities to municipal obligations, bankers' acceptances, commercial paper, certificates of deposit, corporate debt and guaranteed investment contracts, all subject to certain size and maturity limitations. No municipality may have investments with maturities in excess of 18 months without adopting a written investment policy which has been reviewed by the Oregon Short Term Fund Board. ORS 294.052 authorizes Oregon political subdivisions to invest proceeds of bonds or certificates of participation and amounts held in a fund or account for such bonds or certificates of participation under investment agreements if the agreements: (i) produce a guaranteed rate of return; (ii) are fully collateralized by direct obligations of, or obligations guaranteed by, the United States; and (iii) require that the collateral be held by the municipality, an agent of the municipality or a third-party safekeeping agent. The District has its own investment policy which is available upon request.

Political subdivisions are also authorized to invest approximately \$56.8 million (adjusted for inflation) in the Local Government Investment Pool of the Oregon Short-Term Fund, which is managed by the State Treasurer's office. Such investments are managed in accordance with the "prudent person rule" (ORS 293.726) and administrative regulations of the State Treasurer which may change from time to time. Eligible investments presently include all of those listed above, as well as repurchase agreements and reverse repurchase agreements. A listing of investments held by the Oregon Short-Term Fund is available on the Oregon State Treasury website under "Other OSTF Reports - OSTF Detailed Monthly Reports" at [http://www.oregon.gov/treasury/Divisions/Investment/Pages/Oregon-Short-Term-Fund-\(OSTF\).aspx](http://www.oregon.gov/treasury/Divisions/Investment/Pages/Oregon-Short-Term-Fund-(OSTF).aspx).

Pension System

General. The District participates in a retirement pension benefit program under the State of Oregon Public Employees Retirement System (“PERS” or the “System”). After six full months of employment, all District employees are required to participate in PERS. Employer contribution rates are calculated as a percentage of covered payroll. Employees are required to contribute six percent of their annual salary as well; however, employers are allowed to pay the employees’ contribution in addition to the required employers’ contribution. See “Employer Contribution Rates” herein.

T1/T2 Pension Programs. Employees hired before August 29, 2003 participate in the “Tier 1” or “Tier 2” pension programs (the “T1/T2 Pension Programs”). The benefits provided through the T1/T2 Pension Programs are based primarily on a defined benefit model and provide retirement and disability benefits, annual cost-of-living adjustments, and death benefits to members and their beneficiaries. Different benefit structures apply to participants depending on their date of hire. Between January 1, 2004 and June 30, 2020, six percent of each employee’s salary was contributed to fund individual retirement accounts under a separate defined contribution program known as the Individual Account Program (the “IAP”). Effective July 1, 2020, pursuant to legislation approved by the 2019 Legislature (see “Financial Factors – Pension System – 2019 Legislation” herein), the six percent contribution for employees that earn in excess of \$2,500 per month (indexed annually for inflation) is split in two, with two-and-one-half percent of the employee’s salary deposited in the “Employee Pension Stability Account” (“EPSA”) and 3.50 percent of salary sent to the IAP. Effective January 1, 2022, the monthly threshold for this contribution split will be increased from \$2,500 per month to \$3,333 per month.

OPSRP. Employees hired on or after August 29, 2003 participate in the Oregon Public Service Retirement Plan (“OPSRP”) unless membership was previously established in the T1/T2 Pension Programs. OPSRP is a defined benefit pension plan, but also provides access to the IAP. Effective July 1, 2020, the six percent contribution for employees that earn in excess of \$2,500 per month (indexed annually for inflation) is split in two, with 0.75 percent of the employee’s salary deposited in the EPSA and 5.25 percent of salary sent to the IAP. Effective January 1, 2022, the monthly threshold for this contribution split will be increased from \$2,500 per month to \$3,333 per month.

RHIA/RHIPA. The Oregon PERS Health Insurance Program offers optional medical, dental, and long-term care insurance plans to eligible T1/T2 retirees, their spouses, and dependents. See “Other Postemployment Benefits, Retirement Health Insurance Account” herein.

Actuarial Valuation. Actuarial valuations are performed annually as of December 31 of each year and are designed to measure the liabilities, assets and funded status of the System for each employer, as well as determine employer contribution rates. The valuations are based on complex models which utilize assumptions on rates of return, payroll growth rates and demographic trends. The valuations as of December 31 of odd-number years are used by the Oregon Public Employees Retirement System Board (the “PERB”) to set employer contribution rates; valuations as of even-numbered years are used for advisory purposes only. Should the assumptions used in the actuarial model prove inaccurate, liabilities of the System may be higher or lower than estimated. Any increases or decreases in liabilities will be absorbed into future contribution rates assessed against employer payrolls. An employer’s unfunded actuarial liability (“UAL”) is equal to the excess of the actuarially determined present value of the employer’s benefit obligations to employees over the existing assets available to pay those benefits. PERS’ current actuary is Milliman, Inc. (“Milliman,” or the “Actuary”).

Actuarial valuations are performed for the entire System (the “System Valuation”), and for most participating employers, including the District (the “District Valuation”). School Districts are valued as an actuarial pool (“School District Pool Valuation”). Valuations are released nine to eleven months after the valuation date. Current payroll rates are based on the System’s actuarial valuation report as of December 31, 2019 (the “2019 System Valuation”), and those rates will extend through June 30, 2023 (see “Employer Contribution Rates” herein). The December 31, 2021 System-wide Valuation Results (the “2021 Valuation”), provides System, School Pool and SLGRP rates for the 2023-25 biennium. See “Actuarial Assumptions” and “Employer Contribution Rates” herein.

Valuation Date	Release Date	Rates Effective
December 31, 2017	October 2018	July 1, 2019 - June 30, 2021
December 31, 2018	December 2019	Advisory only for July 1, 2021- June 30, 2023
December 31, 2019	October 2020	July 1, 2021 - June 30, 2023
December 31, 2020	December 2021	Advisory only for July 1, 2023 – June 30, 2025
December 31, 2021	October 2022	July 1, 2023 – June 30, 2025

System Actuarial Organization. An employer participates in PERS either on an independent basis, or through an actuarial pool, as follows:

T1/T2 Pension Programs

- *Independents:* An Independent Employer is one for whom its T1/T2 Pension Programs assets and liabilities are based on an actuarial analysis performed on its employee base. The District is not an independent employer.
- *School District Pool:* All kindergarten through grade 12 public school district and education service district public employers are pooled for actuarial purposes for the T1/T2 pension programs (the “School District Pool”). Each School District Pool member’s allocated share of the pool’s assets and liabilities is based on the member’s proportionate share of the School District Pool’s pooled payroll, which share may shift in the future due to relative growth in payroll. **Further, the District’s Allocated T1/T2 UAL may increase if other pool participants fail to pay their full employer contributions. The District is a member of the School District Pool.**
- *State and Local Government Rate Pool:* For the T1/T2 Pension Programs, all State agencies, certain Oregon local governments and all community college public employers are pooled (the “State and Local Government Rate Pool” or “SLGRP”). Each SLGRP member’s allocated share of the pool’s assets and liabilities is based on the member’s proportionate share of the SLGRP’s pooled payroll which share may shift in the future due to relative growth in payroll. Further, a SLGRP member’s Allocated T1/T2 UAL may increase if other pool participants fail to pay their full employer contributions. The District is not a member of the SLGRP.

OPSRP

- *OPSRP’s* assets and liabilities are pooled on a System-wide basis. These assets and liabilities are not tracked or calculated on an employer basis. The District’s allocated share of OPSRP’s assets and liabilities is based on the District’s proportionate share of OPSRP’s pooled payroll.

Actuarial Assumptions. Actuarial assumptions are set each biennium and are applied to the System’s valuations. Significant actuarial assumptions and methods used in the 2019 System Valuation included (a) the Entry Age Normal method, (b) asset valuation method based on market value, (c) the assumed earnings rate (the “Assumed Rate”) on the investment of present and future assets of 7.20 percent, (d) payroll growth rate of 3.50 percent, (e) consumer price inflation of 2.75 percent per year, (f) UAL amortization method of a level percentage of payroll for the 2019 UAL attributable to the Tier 1 and Tier 2 pension programs, in accordance with legislation approved in 2019, is amortized over a 22 year period on a one time basis. In subsequent valuations, the amortization will revert to a 20-year amortization for any new UALs attributable to Tier 1 and Tier 2. Any UAL attributable to OPSRP is amortized over 16 years (fixed) from the date of the first rate-setting valuation at which the UAL is recognized, (g) a rate collar to limit increases or decreases in employer contribution rates from biennium to biennium (the “Rate Collar”) (see “Rate Collar” herein), and (h) a portion of the IAP is redirected to the EPSA resulting in a direct offset and reduction of Employer contribution rates (see “Financial Factors – Pension System – Recent Legislation” herein).

Actuarial assumptions used for the actuarial valuations as of December 31, 2020 (advisory only) and December 31, 2021 (rate setting for 2023-25 biennium) include a reduction to the Assumed Rate by 0.30 percent, to 6.90 percent. For many jurisdictions, this reduction has caused an increase in the employer contribution rate, see “Employer Contribution Rates” below. The PERB also reduced the rate of payroll growth from 3.50 percent to 3.40 percent, and made modifications to the Rate Collar (see “Rate Collar” below).

Employer Contribution Rates. Employer contribution rates are calculated as a percent of covered payroll. The rates are based on the current and projected cost of benefits and the anticipated level of funding available from the Oregon Public Employees Retirement Fund (“OPERF”), including anticipated investment performance of the fund. Contribution rates are subject to future adjustment based on factors such as the result of subsequent actuarial valuations, litigation, decisions by the PERB and changes in benefits resulting from legislative modifications. Pursuant to ORS 238.225, all participating employers are required to make their contribution to PERS based on the employer contribution rates set by the PERB. Employees are required to contribute six percent of their annual salary to the IAP and, if applicable, the EPSA. Employers are allowed to pay the employees’ contribution in addition to the required employers’ contribution. The District has not elected to make the employee contribution.

Rate Collar. The PERB uses a rate collar (the “Rate Collar”) to limit increases (or decreases) in employer contribution rates from biennium to biennium in order to smooth the impact of significant increases or decreases from one valuation to the next.

Beginning with the 2023-25 biennium, for employers participating in either the School District pool or the SLGRP, the collar will be applied as a fixed percentage of payroll, with a limit of three percent of pay for the Tier 1/Tier 2 UAL rate and one percent of pay for OPSRP rate. Further, reductions in the UAL rate would be allowed unless funded level thresholds of at least 88 percent is reached, at which point a portion of the reduction would be allowed, gradually increasing until the funded status reaches 90 percent, at which point the full reduction would be permitted. A wider rate collar was adopted for independent employers who do not participate in either the School District pool or the SLGRP.

System Funded Status & UAL. According to the 2021 Valuation, the UAL for the System as of December 31, 2021 was \$20 billion, and the funded status, excluding Side Accounts for the System, was approximately 80 percent. This is a reduction in UAL and increase in funded status from the 2019 System Valuation, which estimated that the UAL for the System was \$24.6 billion and the funded status, excluding employer Side Accounts, was approximately 72 percent. However, at the PERB meeting on December 1, 2022, the Actuary estimated that the UAL as of September 30, 2022, had risen to \$26.6 billion due to investment underperformance in 2022.

The funded status of PERS and of the District, as reported by Milliman, will change over time depending on a variety of factors, including the market performance of the investments in which the OPERF is invested, future changes in compensation and benefits of covered employees, demographic characteristics of members, methodologies and assumptions used by the actuary in estimating the assets and liabilities of PERS, legislative or judicial actions, and other actions taken by the PERB. The rate of return on the OPERF in 2022 was negative 1.55 percent and year to date in 2023 through January was 1.82 percent, which is lower than the current assumed earnings rate of 6.90 percent. Total returns in 2022 and thereafter, along with the factors mentioned above, may affect the System-wide and District UAL in future valuations. Under current PERS policies, any modification to contribution rates based upon investment performance in 2022 and 2023 would not occur until the 2025-27 biennium.

The table below includes the UAL and funded status for the System and the pool in which the District participates from the five most recent actuarial valuations.

Unfunded Actuarial Liability and Funded Status⁽¹⁾
(\$ in millions)

Valuation Date	System ⁽²⁾		School District Pool	
	UAL	Funded Status	UAL	Funded Status
12/31/21	\$ 20,038.2	79.6%	\$ 5,656.7	82.8%
12/31/20	28,043.8	70.6%	8,612.3	72.6%
12/31/19	24,600.0	72.0%	7,900.0	74.0%
12/31/18	27,000.0	69.0%	9,100.0	70.0%
12/31/17	22,291.2	73.5%	7,752.7	73.9%

(1) Does not take into account offsets for deposits made by individual employers from pension bond proceeds or cash on hand in side accounts (see “Side Accounts and Pension Bonds” herein).

(2) System UAL includes total of SLGRP, School District Pool, Independent Employers, and OPSRP.

Source: *System Valuations and PERS*.

Side Accounts and Pension Bonds. Some jurisdictions, including the District, have issued pension bonds (the “Pension Bonds”) and/or used other cash resources to make lump sum payments to PERS. For most jurisdictions, these lump sum payments have been deposited into a “side account” (the “Side Accounts”) that is amortized over a fixed period and used to reduce the contribution rates of the jurisdiction that makes the deposit. Jurisdictions that issued pension bonds in order to make a lump sum deposit also have debt service payments due on their bonds. See “Outstanding Long-Term Debt” herein.

The District has made lump sum deposits to PERS as follows:

Date	Original Deposit	Value of Side Account as of 2021 Valuation	Source of Funds	End Date of Rate Credits
10/31/02	\$ 208,027,676	\$ 200,900,774	Bonds	12/31/27
04/21/03	278,589,933	267,566,703	Bonds	12/31/27
12/13/19 ⁽¹⁾	9,521,706	12,023,081	Cash	12/31/37
07/15/21	398,665,572	417,707,748	Bonds	12/31/39
Total	\$ 894,804,887	\$ 898,198,306		

(1) In conjunction with the District’s cash deposit, the District was awarded a State match of \$2,380,426 through the PERS Employer Incentive Fund program. There was a delay in the State depositing funds into the District’s side account. PERS has indicated to the District that the deposit will be applied as if deposited on July 1, 2022 and will be reflected in the actuarial valuation report as of December 31, 2022, with the associated rate credits beginning July 1, 2024.

Source: *The District*.

Debt service is also due on the Pension Bonds as follows:

**School District No. 1J, Multnomah County, Oregon (Portland Public Schools)
Projected Pension Bond Debt Service**

Fiscal Year	Outstanding Pension Bonds		Total
	Principal	Interest	Debt Service
2023	\$ 38,296,288	\$ 42,148,452	\$ 80,444,740
2024	62,240,000	22,439,707	84,679,707
2025	68,320,000	19,625,489	87,945,489
2026	76,755,000	16,446,834	93,201,834
2027	83,940,000	12,817,892	96,757,892
2028	50,670,000	8,811,131	59,481,131
2029	18,495,000	6,686,405	25,181,405
2030	19,660,000	6,381,238	26,041,238
2031	20,890,000	6,037,188	26,927,188
2032	22,185,000	5,661,168	27,846,168
2033	23,610,000	5,184,190	28,794,190
2034	25,180,000	4,593,940	29,773,940
2035	26,820,000	3,964,440	30,784,440
2036	28,445,000	3,387,810	31,832,810
2037	30,165,000	2,747,798	32,912,798
2038	31,995,000	2,038,920	34,033,920
2039	33,920,000	1,271,040	35,191,040
2040	17,600,000	440,000	18,040,000
	<u>\$ 679,186,288</u>	<u>\$ 170,683,642</u>	<u>\$ 849,869,930</u>

Source: The District.

Net Unfunded Actuarial Liability. The District's net unfunded pension UAL is the total of the District Allocated T1/T2 UAL and District Allocated OPSRP UAL, less the balance in the District's Side Account, if any. The District's net unfunded pension UAL as reported in the District's actuarial valuation reports as of December 31, 2018 (the "2018 District Valuation"), December 31, 2019 (the "2019 District Valuation"), December 31, 2020 (the "2020 District Valuation") and as of December 31, 2021 (the "2021 District Valuation") is shown in the following table.

**School District No. 1J, Multnomah County, Oregon (Portland Public Schools)
Net Unfunded Pension Liability**

	2018 Valuation	2019 Valuation	2020 Valuation	2021 Valuation
Allocated pooled T1/T2 UAL	\$ 911,675,644	\$ 799,130,951	\$ 860,401,509	\$ 572,480,660
Allocated pooled OPSRP UAL	64,443,762	62,361,478	78,158,345	51,506,785
District Side Account	<u>(538,088,317)</u>	<u>(535,370,414)</u>	<u>(481,034,714)</u>	<u>(898,198,306)</u>
Net unfunded pension actuarial accrued liability/(surplus)	<u>\$ 438,031,089</u>	<u>\$ 326,122,015</u>	<u>\$ 457,525,140</u>	<u>\$ (274,210,861)</u>

Source: District Valuations.

District Contribution Rates. The District's prior contribution rates for the 2019-21 biennium under the 2017 District Valuation, current contribution rates for the 2021-23 biennium under the 2019 District Valuation, and the future contribution rates for the 2023-25 biennium under the 2021 District Valuation are provided in the following table. The rates under the District's 2019 Valuation include the impact of 2018 and 2019 returns on the PERS fund and the impact of legislation approved by the 2019 Legislature (see "Financial Factors – Pension System - 2019 Legislation" herein). The rates under the District's 2021 Valuation include the impact of 2020 and 2021 returns

on the PERS fund and the impact of reductions in the assumed earnings rate of the System (see “Actuarial Assumptions” herein).

School District No. 1J, Multnomah County, Oregon (Portland Public Schools)
Pension Contribution Rates (Percent of Covered Payroll)

	<u>2019-21 Biennium</u>			<u>2021-23 Biennium</u>			<u>2023-25 Biennium</u>		
	T1/T2	OPSRP General	OPSRP P&F	T1/T2	OPSRP General	OPSRP P&F	T1/T2	OPSRP General	OPSRP P&F
Normal cost rate	13.79	8.40	13.03	13.45	8.64	13.00	14.48	9.89	14.68
T1/T2 UAL rate	16.73	16.73	16.73	14.09	14.09	14.09	14.10	14.10	14.10
OPSRP UAL rate	1.45	1.45	1.45	1.69	1.69	1.69	1.69	1.69	1.69
Side account rate relief ⁽¹⁾	(23.22)	(23.22)	(23.22)	(27.81)	(27.81)	(27.81)	(28.53)	(28.53)	(28.53)
Member redirect offset ⁽²⁾	-	-	-	(2.45)	(0.70)	(0.70)	(2.40)	(0.65)	(0.65)
Retiree Healthcare rate (RHIA) ⁽³⁾	0.06	-	-	0.05	-	-	-	-	-
Total net contribution rate (%)⁽⁴⁾	8.81	3.36	7.99	-	-	0.27	-	-	1.29

- (1) In the 2021-23 biennium, the District’s rate credit reflects a cash deposit associated with the issuance of Full Faith and Credit Bonds, Series 2021 which occurred after publication of the 2019 Valuation (see “Financial Factors – Pension System – Side Accounts and Pension Bonds” above for details). The rate credit was provided by PERS at the time of issuance and was first applied beginning in August 2021.
- (2) Redirected member contributions under Senate Bill 1049 (2.50 percent of payroll for Tier 1/Tier 2 and 0.75 percent of payroll for OPSRP) will be used to offset employer contribution rates. The redirect of the IAP does not apply to members with monthly pay below a threshold. The values shown in the table incorporate an estimate of the effect of this limitation. (See “Financial Factors – Pension System - 2019 Legislation” herein).
- (3) Contribution rates to fund RHIA benefits are included in the total District employer contribution rate, but are not a pension cost. See “Other Postemployment Benefits – Retirement Health Insurance Account” below.
- (4) The side account rate relief shown may be reduced such that the net pension contribution rate does not go below 0.00%.

Source: 2017 District Valuation, 2019 District Valuation, 2021 District Valuation, and PERS.

District Contributions. The District’s historical and projected annual contributions to PERS and pension bond debt service are provided in the following table.

School District No. 1J, Multnomah County, Oregon (Portland Public Schools)
Pension Contributions
(Fiscal Years, \$ in thousands)

Fiscal Year	District Contribution⁽¹⁾	Pension Bond Debt Service	Total
2023 ⁽²⁾	\$ 22,000	\$ 80,445	\$ 102,445
2022 ⁽³⁾	401,390	75,791	477,181
2021	17,684	54,414	72,098
2020	24,834	38,779	63,613
2019	8,351	48,854	57,205
2018 ⁽⁴⁾	-	46,874	46,874

- (1) District’s contribution to PERS which is net of the side account rate credit draw.
- (2) Budgeted.
- (3) Includes side account contribution from Pension Obligation Bond Issuance.
- (4) Contribution rates were zero due to the rate offset provided by the District’s side account funded by the Pension Bonds.

Source: School District No. 1J, Multnomah County, Oregon (Portland Public Schools) and District Audited Financial Statements.

2019 Legislation. In 2019, the Legislature adopted Senate Bill 1049 (“SB 1049”), which made certain modifications to the amortization of the UAL and benefits provided to employees retiring after December 31, 2019. Such modifications included: re-amortizing the UAL associated with Tier 1 and Tier 2 benefits that is measured as of December 31, 2019 and extending that amortization to 22 years; redirecting a portion of the 6 percent contributions currently made to the IAP to an EPSA within the PERS fund when an employee’s salary exceeds \$2,500 per month (indexed annually); removing all current hourly limitations on retirees who work for a PERS

employer after retirement, while mandating that such employer shall continue to make pension contributions at the previous employer rate to the PERS Fund; and capping the annual salary used in the calculation of certain retirement packages for all tiers to \$195,000 (indexed annually). In June 2021, the Legislature passed House Bill 2906 ("HB 2906"), which raised the threshold level for the IAP redirect provision to \$3,333 per month, indexed annually. This change is effective January 1, 2022 and will result in slightly higher employer contribution rates beginning with the 2023-2025 biennium.

GASB 67 and GASB 68. GASB Statements No. 67 and No. 68 modify the accounting and financial reporting of pensions by state and local governments and pension plans. Statement No. 67 ("GASB 67"), Financial Reporting for Pension Plans, addresses financial reporting for state and local government pension plans. Statement No. 68 ("GASB 68"), Accounting and Financial Reporting for Pensions, establishes accounting and financial reporting requirements for governments that provide their employees with pensions. The PERS System is subject to GASB 67; each participating employer, including the District is subject to GASB 68 PERS contracted with Milliman to provide information for local governments to use in their financial statements.

The District's proportionate share of the System's net pension liability and pension expense follows.

School District No. 1J, Multnomah County, Oregon (Portland Public Schools)
Pension Amounts under GASB 68

Measurement Date	District's Share of Net Pension Liability	District's Proportionate Share	Pension Expense
06/30/22	1.319%	\$ 201,913,983	\$ 49,890,596
06/30/21	2.238%	267,827,732	31,760,231
06/30/20	2.389%	521,328,629	129,776,703
06/30/19	1.770%	306,139,721	78,044,931
06/30/18	2.286%	346,266,251	83,091,164

Source: Oregon Public Employees Retirement System- GASB 68 Exhibits prepared by Milliman.

Other Postemployment Benefits

Retirement Health Insurance Account. PERS retirees who receive benefits through the Tier 1 and Tier 2 plans and are enrolled in certain PERS administered health insurance programs, may receive a subsidy towards the payment of health insurance premiums. Under ORS 238.420, retirees may receive a subsidy for Medicare supplemental health insurance of up to \$60 per month towards the cost of their health insurance premium under the RHIA plan. The RHIA program's assets and liabilities are pooled on a system-wide basis and are not tracked or calculated on an employer basis. According to the 2021 System Valuation, this program had a surplus of approximately \$394 million as of December 31, 2021. The District's allocated share of the RHIA program's assets and liabilities is based on the District's proportionate share of the program's pooled payroll. According to the 2021 District Valuation, the District's allocated share of the RHIA program's surplus was \$13,021,303.

Medical Benefits - Implicit & Explicit Subsidy. Under ORS 243.303 the District is required to offer the same healthcare benefits for current District employees to all retirees and their dependents until such time as the retirees are eligible for Medicare. GASB Statement No. 75 refers to this as an "implicit subsidy" and requires that the corresponding liability be determined and reported. The benefits under this program are entirely paid by the retired employees.

The District also has an explicit liability as it provides a single-employer defined benefit post-retirement benefits program for employees who have retired from the District with a minimum of fifteen accumulated years of service and are eligible to retire from PERS. There are 5,820 active and 484 retired members 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 Association of Teachers (PAT) group agreed to terminate this benefit after September 30, 2019. The District Council Unions (DCU) agreed to terminate this benefit after

December 31, 2014. All other bargaining units and employee groups agreed to terminate this benefit after June 30, 2014.

The District's projections of total OPEB Liability for the Implicit Rate Subsidy under GASB 75 follows:

Projection of Total OPEB Liability - Medical Benefits
(Fiscal Years, \$ in thousands)

	2018	2019	2020	2021	2022
Service cost	\$ 2,549	\$ 2,319	\$ 2,842	\$ 3,141	\$ 3,105
Interest	2,160	2,475	3,128	2,818	1,720
Change in benefit terms	-	2,711	-	722	-
Differences between expected and actual experience	-	3,880	-	(2,676)	-
Changes of assumptions or other inputs	(2,848)	8,157	1,744	1,151	212
Benefit payments	(8,575)	(8,024)	(8,697)	(7,894)	(7,725)
Net change in total OPEB liability	(6,714)	11,518	(983)	(2,738)	(2,688)
Total OPEB liability - beginning	77,498	70,784	82,302	81,319	78,581
Total OPEB liability - ending	<u>\$ 70,784</u>	<u>\$ 82,302</u>	<u>\$ 81,319</u>	<u>\$ 78,581</u>	<u>\$ 75,893</u>
Covered-employee payroll	344,646	356,540	375,041	386,877	435,531
Total OPEB liability as a % of covered payroll	20.5%	23.1%	21.7%	20.3%	17.4%

Source: District Audited Financial Statements.

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

The District's projections of total OPEB Stipend Liability follows:

Projection of Total OPEB Liability - Stipend
(Fiscal Years, \$ in thousands)

	2018	2019	2020	2021	2022
Service cost	\$ 212	\$ 194	\$ 188	\$ 207	\$ 180
Interest	211	228	250	209	128
Change in benefit terms	-	797	-	264	-
Differences between expected and actual experience	-	94	-	145	-
Changes of assumptions or other inputs	(158)	(68)	79	(69)	9
Benefit payments	(1,389)	(1,174)	(1,132)	(875)	(939)
Net change in total OPEB liability	(1,124)	71	(615)	(119)	(622)
Total OPEB liability - beginning	7,877	6,753	6,824	6,209	6,090
Total OPEB liability - ending	<u>\$ 6,753</u>	<u>\$ 6,824</u>	<u>\$ 6,209</u>	<u>\$ 6,090</u>	<u>\$ 5,468</u>
Covered-employee payroll	68,838	63,301	58,067	68,456	28,623 ⁽¹⁾
Total OPEB liability as a % of covered payroll	9.8%	10.8%	10.7%	8.9%	19.1%

(1) Due to the sunset of the stipend benefit program and decline in the number of eligible employees for the stipend, covered employee payroll is declining.

Source: District Audited Financial Statements.

See Note 11. B “Pension Plans, District Plan Stipend” and Note 12 “Other Post-Employment Benefits” of the District’s audited financial statements for Fiscal Year 2022 for more information.

Paid Leave

In 2019, the Legislature adopted House Bill 2005 (“HB 2005”) to create a family and medical leave insurance program to provide to employees and certain other individuals compensated time off from work for up to 12 weeks to: (1) care for a child following birth or adoption; (2) care for a family member with a serious health condition; or (3) recover from an individual’s own serious health condition. Employers are required to withhold and contribute 0.6 percent of each worker’s wages as the employee contribution to the fund. For larger organizations — with 25 or more employees — the employer is also responsible for contributing on behalf of each of their workers. In those cases, the employer contribution is 0.4 percent of wages. The program has a ceiling for annual wages at \$132,900 for each employee. The Oregon Employment Department began collecting these contributions January 1, 2023. Employees will be able to apply for leave benefits beginning September 3, 2023. The required contributions are not expected to have a material impact on the District’s finances, however, there are additional, unknown costs in situations where the District will need to hire and/or backfill certain positions with overtime. The District cannot predict how many employees will take leave or when they will take leave, nor can it predict the potential implications on the finances or operations of the District.

Risk Management

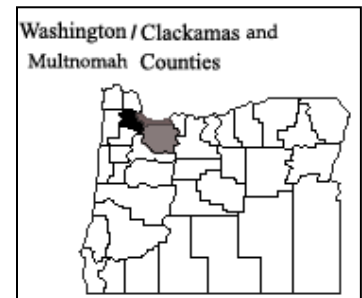
The District is exposed to various risks of loss. A description of the risks is provided in the District’s audited financial statements. The audited financial statement for Fiscal Year 2022 is attached hereto as Appendix B. See also “Certain Investment Considerations” herein.

Demographic Information

General

The District is located in the northwestern part of the state of Oregon. Its boundaries include a large portion of the City of Portland as well as unincorporated portions of Multnomah, Washington and Clackamas counties (the “Counties”). The majority of the District is located in Multnomah County (99.32 percent of Real Market Value).

All three counties are included in the Portland-Beaverton-Vancouver Primary Metropolitan Statistical Area (hereinafter, the “Portland PMSA”). The Portland PMSA includes Multnomah, Washington, Clackamas, Columbia and Yamhill counties in Oregon, and Clark and Skamania County in the state of Washington.



Historical data have been collected from generally accepted standard sources, usually from public bodies. This section will focus on the City of Portland and the Portland PMSA.

Population

The following table shows the historical population for the District, State, Counties and City of Portland:

Population						
Annual Estimates	State of Oregon ⁽¹⁾	Multnomah County ⁽¹⁾	Washington County ⁽¹⁾	Clackamas County ⁽¹⁾	City of Portland ⁽¹⁾	Portland SD 1J ⁽²⁾
2022	4,278,910	810,242	606,378	430,421	647,697	N/A
2021	4,263,827	812,563	604,845	426,818	658,773	511,433
2020	4,243,791	816,310	600,895	422,185	664,605	510,430
2019	4,236,400	821,730	613,410	423,420	657,100	508,693
2018	4,195,300	813,300	606,280	419,425	648,740	508,084
2017	4,141,100	803,000	595,860	413,000	639,100	505,330
Census Data ⁽³⁾						
2020	4,237,256	815,428	600,372	421,401	652,503	510,430
2010	3,831,074	735,334	529,710	375,992	583,776	461,591
2000	3,421,399	660,486	445,342	338,391	529,121	431,985

(1) Source: Center for Population Research and Census, Portland State University. Data as of July 1 of each year.

(2) Source: United States Census Bureau Small Area Income and Poverty Estimates. District estimates are released December of the following year. Most recent estimate for 2021 released December 2022.

(3) Source: United States Census Bureau Census Count as of April 1.

Economic Overview

Portland MSA. The economy of the Portland metropolitan area is broad and widely diversified. The Portland MSA includes the State's largest employers, including Intel, Providence Health System, Safeway, Oregon Health & Sciences University, Fred Meyer, Kaiser Foundation Health Plan, Legacy Health System, and Nike.

Currently, transportation and utilities accounts for 18.1 percent of the total non-farm employment in the Portland PMSA, while professional and business services accounts for 16.4 percent, private education and health services 15.2 percent, government jobs 12.4 percent, manufacturing 10.1 percent, and leisure and hospitality 9.2 percent.

Income. Historical personal income and per capita income levels for Multnomah County and the State are shown below:

Multnomah County and State of Oregon Total Personal and Per Capita Income

Year	Multnomah County				State of Oregon			
	Personal Income (\$000 Omitted)	Dividends, Interest, Rent (\$000 Omitted)	Per Capita Income	Per Capita Dividends, Interest, Rent	Personal Income (\$000 Omitted)	Dividends, Interest, Rent (\$000 Omitted)	Per Capita Income	Per Capita Dividends, Interest, Rent
2022 ⁽¹⁾	N/A	N/A	N/A	N/A	\$ 267,597,500	\$ 49,823,400	\$ 62,826	\$ 11,697
2021	\$ 56,502,646	\$ 10,220,355	\$ 70,331	\$ 12,722	261,546,508	46,810,409	61,596	11,024
2020	52,915,684	9,895,409	64,858	12,129	241,790,308	45,417,353	57,005	10,708
2019	48,750,920	9,806,098	59,993	12,067	222,256,958	44,866,431	52,718	10,642
2018	46,297,511	9,260,698	57,186	11,439	211,541,630	42,639,367	50,567	10,192
2017	43,605,333	8,684,918	53,947	10,745	198,957,532	40,325,683	47,974	9,724

Note: Dollar estimates are in current dollars (not adjusted for inflation).

(1) As of third quarter; seasonally adjusted, preliminary and subject to change. Data released December 23, 2022.

Source: U.S. Department of Commerce, Bureau of Economic Analysis; data as of November 16, 2022.

Employment. Non-farm employment within the Portland MSA is described in the following tables:

**Portland MSA
Labor Force Summary ⁽¹⁾
(by place of residence)**

	2018	2019	2020	2021	2022	2023 ⁽²⁾	2023 Change from				
							2018	2019	2020	2021	2022
Civilian Labor Force	1,303,397	1,325,187	1,322,532	1,343,737	1,368,779	1,383,755	80,358	58,568	61,223	40,018	14,976
Unemployment	49,265	46,927	102,655	68,615	54,125	57,715	8,450	10,788	-44,940	-10,900	3,590
Percent of Labor Force	3.8%	3.5%	7.8%	5.1%	4.0%	4.2%	---	---	---	---	---
Total Employment	1,254,132	1,278,260	1,219,877	1,275,122	1,314,654	1,326,040	71,908	47,780	106,163	50,918	11,386

Non-Agricultural Wage & Salary Employment ⁽³⁾

	2018	2019	2020	2021	2022	2023 ⁽²⁾	2023 Change from				
							2018	2019	2020	2021	2022
Total Nonfarm Payroll Employment	1,204,600	1,228,100	1,145,000	1,171,900	1,227,800	1,242,600	38,000	14,500	97,600	70,700	14,800
Total Private	1,054,100	1,075,500	999,500	1,026,300	1,078,000	1,088,200	34,100	12,700	88,700	61,900	10,200
Mining, logging and construction	74,100	77,300	75,400	78,000	82,000	83,700	9,600	6,400	8,300	5,700	1,700
Manufacturing	127,500	129,300	121,200	121,800	126,900	125,900	-1,600	-3,400	4,700	4,100	-1,000
Trade, transportation, and utilities	218,100	221,800	216,000	222,200	226,100	225,200	7,100	3,400	9,200	3,000	-900
Information	25,500	26,400	25,300	26,400	27,500	27,500	2,000	1,100	2,200	1,100	0
Financial activities	72,400	73,500	73,300	73,900	76,300	76,500	4,100	3,000	3,200	2,600	200
Professional and business services	184,700	190,000	182,500	188,100	200,100	203,800	19,100	13,800	21,300	15,700	3,700
Private education and health services	184,600	188,100	177,600	179,100	183,600	188,500	3,900	400	10,900	9,400	4,900
Leisure and hospitality	125,000	126,500	90,200	97,800	114,300	114,600	-10,400	-11,900	24,400	16,800	300
Other services	42,200	42,800	38,000	39,100	41,300	42,500	300	-300	4,500	3,400	1,200
Government	150,500	152,600	145,500	145,600	149,800	154,400	3,900	1,800	8,900	8,800	4,600

(1) Civilian labor force includes employed and unemployed individuals 16 years and older by place of residence. Employed includes nonfarm payroll employment, self-employed, unpaid family workers, domestics, agriculture and labor disputants. Data are adjusted for multiple job-holding and commuting.

(2) Data for month of February; preliminary and subject to change.

(3) Nonfarm payroll data are based on the 1987 Standard Industrial Classification manual. The data are by place of work. Persons working multiple jobs are counted more than once. The data excludes the self-employed, volunteers, unpaid family workers, and domestics.

Source: State of Oregon Employment Department.

Major Employers in the Portland MSA

Company	Service	Location	No. Employees
Intel Corporation	Semiconductor integrated circuits	Hillsboro	22,328
Providence Health System	Health care services	Portland	19,687
Oregon Health & Science University	Education and health care	Portland	18,497
U.S. Government	Government	Regional	17,900
Nike, Inc.	Sports shoes and apparel	Beaverton	15,125
Legacy Health System	Health Care	Portland	13,087
State Government	Government	Regional	12,900
Kaiser Permanente	Health Care	Portland	12,262
Fred Meyer Stores	Grocery/retail	Portland	9,374
Portland Public Schools	Education	Portland	6,814
City of Portland	Government	Portland	6,483
Multnomah County	Government	Portland	5,307
Beaverton School District	Education	Beaverton	4,879
PeaceHealth	Health Care	Vancouver	4,482
Portland State University	Education	Portland	4,029
U.S. Bank	Finance	Portland	3,794
U.S. Postal Service	Government	Regional	3,665
Vancouver Public Schools	Education	Vancouver	3,234
Portland Community College	Education	Portland	3,043
Daimler Trucks NA (Freightliner Corp)	Heavy duty trucks	Portland	3,000
Wells Fargo	Finance	Portland	2,927
Tri-Met	Mass Transit	Portland	2,916
Portland General Electric	Utility	Portland	2,839
Lam Research Corp.	Wafer fabrication equipment	Tualatin	2,700
Precision Castparts Corp.	Manufacturing	Portland	2,500
Columbia Sportswear Co.	Sports shoes and apparel	Portland	2,500
Hillsboro School District	Education	Hillsboro	2,347
Clackamas County	Government	Oregon City	2,331
Washington County	Government	Hillsboro	2,230
North Clackamas Schools	Education	Milwaukie	2,094

Note: Total number of employees may include full, part-time, temporary and seasonal employment.

Source: Portland Business Journal "The List: Largest Metro-Area Employers" published September 20, 2022; Oregon Employment Department month of August 2022 data.

Building Permits. Residential building permits are an indicator of growth within a region. The number and valuation of new single-family and multi-family residential building permits in the City of Portland are listed below:

**City of Portland
Residential Building Permits**

Year	<u>New Single Family</u>		<u>New Multi Family</u>			<u>Total</u>	
	Number	Construction Cost	Number	Units	Construction Cost	Construction Cost	
2022	489	\$ 138,002,417	64	1,708	\$ 209,640,559	\$	347,642,976
2021	474	130,410,218	77	2,554	491,807,993		622,218,211
2020	584	159,618,317	62	1,195	148,587,857		308,206,174
2019	703	192,676,950	204	4,391	586,548,084		779,225,034
2018	775	186,827,497	142	4,873	673,675,792		860,503,289

Source: U.S. Census Bureau, January 2023.

Higher Education. Portland PMSA Institutions of higher learning include independent institutions such as Reed College, Lewis and Clark College, Pacific University, the University of Portland, Warner Pacific College, and George Fox University. Public institutions include Portland State University, and the Oregon Health & Science University, also located in the Portland PMSA. Portland Community College, Clackamas Community College and Mt. Hood Community College are part of the State’s community college system.

Transportation: The Portland area is a major transportation hub of the Pacific Northwest. Located at the confluence of the Columbia and Willamette rivers, Portland is approximately 110 river miles from the Pacific Ocean at Astoria. Major north-south (I-5) and east-west (I-84) highways connect the area with other major metropolitan areas of the western states. BNSF Railway Company (Burlington Northern Santa Fe) and Union Pacific railroads provide rail freight service to the area and Amtrak provides rail passenger service. Interstate bus transportation is available through Greyhound and local bus service is provided by the Tri-County Metropolitan Transportation District (Tri-Met).

Commercial air transportation is available at Portland International Airport (“PDX”). PDX, operated by the Port of Portland (the “Port”), is served by 16 scheduled passenger air carriers and eight cargo carriers. The Port also operates general aviation airports in Troutdale and Hillsboro. The Hillsboro Airport, 29 miles west of the City of Portland, is the State’s second busiest general aviation site and maintains the largest corporate jet fleet in the state.

Certain Investment Considerations

In addition to factors set forth elsewhere in this Official Statement, this section describes certain factors and considerations that purchasers of the Bonds should carefully consider in connection with an investment in the Bonds. The following is not meant to present an exhaustive list of the risks and considerations associated with the purchase of any Bonds (and other considerations that may be relevant to particular investors) and the order in which the information is presented does not necessarily reflect the relative importance of the various factors. Prospective investors are advised to consider the following factors, along with all other information contained or incorporated by reference in this Official Statement, in evaluating whether to purchase the Bonds. Any one or more of the risk factors discussed below, among others, could lead to a decrease in the market value and/or in the marketability of the Bonds. There can be no assurance that other risk factors not discussed herein will not become material in the future.

General

Economic Considerations. Global and national economic conditions may have had, and may in the future have, significant effects on the finances and operations of the District and its property taxes. No assurance can be given that future changes in economic conditions will not have an effect on the District and its finances and operations, nor can there be any assurances the changes in economic conditions will not have an impact on the taxpayers of the District. Federal and State statutory and regulatory changes, administrative rulings, interpretations of policy,

funding restrictions, whether taken as part of federal or State budgetary actions or otherwise, may reduce funds made available to the District to support certain programs and operations. At the same time, the federal or State government may maintain or increase the responsibilities of the District in certain areas, notwithstanding reductions in federal or State funding for such activities. It is difficult for the District to predict the occurrence of such economic or federal or State government changes or the potential effect on the finances and operations of the District and its property taxes until the extent and duration of such changes are known.

Public Health Considerations. The financial and operating condition of the District may be materially affected by a national or localized outbreak of an infectious disease, such as the outbreak of COVID-19, a respiratory illness caused by a novel strain of coronavirus, or other highly contagious or epidemic disease (an “Outbreak”). There can be no assurances that an Outbreak, including COVID-19 in the State, nationally and globally, will not materially affect the District, state and national economies and accordingly, materially adversely affect the operations and financial condition of the District. The District cannot predict the effects of such events. Further, there may be other developments related to the COVID-19 pandemic. The District does not expect to supplement this Official Statement based on those changes.

Current information on State requirements and case levels related to COVID 19 can be found on the Oregon Health Authority’s COVID-19 Updates webpage.

Cybersecurity

The District, like other public and private entities, relies on a large and complex technology environment to conduct its operations, and consequently faces the threat of cybersecurity incidents. The District routinely face cybersecurity threats including, but not limited to, hacking, viruses, malware and other attacks on computers and other sensitive digital networks and systems. Cybersecurity incidents could result from unintentional events, or from deliberate attacks by unauthorized entities or individuals attempting to gain access to the District’s information technology systems to misappropriate assets and/or information or to cause operational disruption and damage. The District had a material cybersecurity incident in 2019. A fraudulent request for a wire transfer was made by an outside party and funds were wired, however, the problem was discovered quickly and funds were returned to the District.

To reduce and mitigate the risk of business operations impact and/or damage from cybersecurity incidents, the District has invested in multiple forms of cybersecurity and operational safeguards. No assurances can be given that the security and operational control measures of the District will be successful in guarding against any and each cyber threat and attack.

The results of any attack on the computer and information technology systems could have a material adverse impact on the operations of the District and damage the digital networks and systems. The District cannot predict the outcome of any such attack, nor its effect on the operations and finances of the District.

Environmental Considerations

The District, like all communities in the State, may be subject to unpredictable natural or man-made disasters, such as seismic events, seasonal storms, excessive/high winds, flood, fire, toxic dumping or acts of terrorism, any of which could adversely affect the District and the collection and receipt of revenues. In the event of such calamities, there may be significant damage to both property and infrastructure, including the school facilities. The occurrence of a severe natural disaster could have negative effects on the economic, financial and operational status of both the District and its citizens, which could have an adverse impact on the District’s ability to make payments of principal of and interest on the Bonds.

Seismic and Tsunami Risks. The District is located in an area of seismic activity, with frequent small earthquakes and occasional moderate to larger earthquakes on the coast. The scientific consensus is that the Pacific Northwest region is subject to periodic great earthquakes along the Cascadia Subduction Zone, a large fault that runs offshore from Northern California to British Columbia. Historically, the Pacific Northwest has experienced 8.7 to 9.1 magnitude earthquakes every 300 to 400 years, and such seismic event has not occurred since at least 1700. Such an earthquake would cause widespread damage to structures and infrastructure in affected portions of the State, and potentially catastrophic damage in coastal areas inundated by a possible accompanying tsunami. The

District cannot predict how such seismic activity could impact its revenue sources. This kind of regional disaster could result in a significant, and perhaps permanent, loss of population and business as well as significant damage to both property and infrastructure. The Bonds are unlimited tax general obligation bonds (see “Security” and “Revenue Sources - Property Taxes” herein). Further the Bonds are secured by the Oregon School Bond Guaranty (see “Security - Oregon School Bond Guaranty” herein). The District does receive SSF revenues which could be impacted by a regional disaster anywhere in the State (see “Revenue Sources – State School Funding” herein).

Wildfire Risks. In recent years, portions of the State have experienced wildfires that have burned millions of acres and destroyed thousands of homes and structures. Within the last five years, the District has not experienced material wildfire damage within its boundaries. Property damage due to future wildfires could result in a significant decrease in the assessed value of property of the District. It is not possible for the District to make any representation or prediction regarding the extent to which wildfires could cause reduced economic activity within the boundaries of the District or the extent to which wildfires may affect the value of taxable property within the District.

Drought. Areas of the State have experienced varying levels of drought conditions in recent years and may experience extended drought conditions in the future. The Governor has not declared a drought emergency in the Counties within the last five years. As of March 14, 2023, the U.S. Drought Monitor reports that areas within southern Clackamas County are currently experiencing abnormally dry and moderate drought conditions, however, that is outside the boundaries of the District. Extended drought conditions may affect development of undeveloped properties and the value of properties within the boundaries of the District, which may negatively affect the financial condition and operations of the District.

No Acceleration; Limitation of Remedies

The Bonds are not subject to acceleration. The rights of holders are limited by the terms of the Resolution. See “Description of the Bonds – Default and Remedies” “ – Events of Default” and “ – Remedies” herein.

Change in Law

State legislation is introduced before the Oregon Legislative Assembly and as described below, initiatives and referenda are placed on the ballot from time to time that could affect the finances or operations of the District. The District cannot predict whether any such legislation, initiative or referenda will be introduced, enacted or approved in the future, nor can it predict the potential implications on the finances or operations of the District.

The Initiative and Referendum Process

Article IV, Section 1 of the Oregon Constitution reserves to the people of the State the initiative power to amend the State Constitution or to enact legislation by placing measures on the statewide general election ballot for consideration by the voters. Oregon law therefore permits any registered Oregon voter to file a proposed initiative with the Oregon Secretary of State’s office without payment of fees or other burdensome requirements. Consequently, a large number of initiative measures are submitted to the Oregon Secretary of State’s office, and a much smaller number of petitions obtain sufficient signatures to be placed on the ballot.

Because many proposed statewide initiative measures are submitted to the Oregon Secretary of State’s office that do not qualify for the ballot, the District does not formally or systematically monitor the impact of those measures or estimate their financial effect prior to the time the measures qualify for the ballot. The District also does not formally or systematically monitor efforts to qualify measures for the ballot that would initiate new provisions for, or amend, the District’s charter and ordinances. Consequently, the District does not ordinarily disclose information about proposed initiative measures that have not qualified for the ballot.

Pursuant to ORS 250.125, a five-member Committee composed of the Secretary of State, the State Treasurer, the Director of the Department of Revenue, the Director of the Department of Administrative Services, and a local government representative must prepare an estimate of the direct financial impact of each measure (“Financial Estimate Statements”) to be printed in the voters’ pamphlet and on the ballot.

Referendum

“Referendum” generally means measures that have been passed by a legislative body, such as the Legislative Assembly or the governing body of a district, county or other political subdivision and referred to the electors by the legislative body, or by petition prior to the measure’s effective date.

In Oregon, both houses of the Legislative Assembly must vote to refer a statute or constitutional amendment for a popular vote. Such referrals cannot be vetoed by the governor. Any change to the Oregon Constitution passed by the Legislative Assembly requires referral to voters. In the case of a referendum by petition, proponents of the referendum must obtain a specified number of signatures from qualified voters. The required number of signatures is equal to four percent of the votes cast for all candidates for governor at the preceding gubernatorial election.

Initiative Process

To place a proposed statewide initiative on a general election ballot, the proponents must submit to the Secretary of State initiative petitions signed by the number of qualified voters equal to a specified percentage of the total number of votes cast for all candidates for governor at the gubernatorial election at which a governor was elected for a term of four years next preceding the filing of the petition with the Secretary of State. Any elector may sign an initiative petition for any measure on which the elector is entitled to vote. Statewide initiatives may only be filed for general elections in even-numbered years.

A statewide initiative petition must be submitted to the Secretary of State not less than four months prior to the general election at which the proposed measure is to be voted upon. As a practical matter, proponents of an initiative have approximately two years in which to gather the necessary number of signatures. State law permits persons circulating initiative petitions to pay money to persons obtaining signatures for the petition. Once an initiative measure has gathered a sufficient number of signatures and qualified for placement on the ballot, the State is required to prepare a formal estimate of the measure’s financial impact. Typically, this estimate is limited to an evaluation of the direct dollar impact.

Historical Initiative Petitions. Historically, a larger number of initiative measures have qualified for the ballot than have been approved by the electors. According to the Elections Division of the Secretary of State, the total number of initiative petitions that qualified for the ballot and the numbers that passed in recent general elections are as follows:

Recent Initiative Petitions

Number of Year of General Election	Number of Initiatives that Qualified	Initiatives that were Approved
2014	4	2
2016	4	3
2018	4	0
2020	2	2
2022	2	2

Source: Elections Division, Oregon Secretary of State, Initiative, Referendum and Referral Log, Elections Division.

The measures that were approved in November of 2022 addressed a variety of social and political issues, and may have financial implications for some jurisdictions, but no provisions limit the financial powers of the District or are likely to have a material and adverse effect on the financial condition of the District.

Legal Matters and Litigation

Legal Matters

Legal matters incident to the authorization, issuance and sale of Bonds are subject to the approving legal opinion of Bond Counsel, substantially in the form attached hereto as Appendix A. Bond Counsel has reviewed this

document only to confirm that the portions of it describing the Bonds and the authority to issue them conform to the Bonds and the applicable laws under which they are issued.

Litigation

There is no litigation pending questioning the validity of the Bonds nor the power and authority of the District to issue the Bonds. There is no litigation pending which would materially affect the finances of the District or affect the District's ability to meet debt service requirements on the Bonds.

Under the Oregon law local public bodies, such as the District, are subject to the following limits on liability. The State of Oregon is subject to different limits.

Personal Injury and Death Claim. The liability of a local public body and its officers, employees and agents acting within the scope of their employment or duties, to any single claimant for covered personal injury or death claims (and not property claims) arising out of a single accident or occurrence may not exceed \$806,100, for causes of action arising on or after July 1, 2022, and before July 1, 2023. The liability limits to all claimants for covered personal injury or death claims (and not property claims) arising from a single accident or occurrence may not exceed \$1,612,000 for causes of action arising on or after July 1, 2022, and before July 1, 2023.

Property Damage or Destruction Claim. The liability limits of a public body and its officers, employees and agents acting within the scope of their employment or duties, for covered claims for damage and destruction of property that arise from causes of action arising on or after July 1, 2022: (a) \$132,200, adjusted as described below, to any single claimant, and (b) \$661,000, adjusted as described below, to all claimants.

For causes of action arising on or after July 1, 2023, the liability limits for both a single claimant and all claimants will be adjusted based on a determination by a State Court Administrator of the percentage increase or decrease in the cost of living for the previous calendar year as provided in the statutory formula. The adjustment may not exceed three percent for any year.

Tax Matters

In the opinion of Hawkins Delafield & Wood LLP, Bond Counsel to the District, under existing statutes and court decisions and assuming continuing compliance with certain tax covenants described herein, (i) interest on the Bonds is excluded from gross income for federal income tax purposes pursuant to Section 103 of the Internal Revenue Code of 1986, as amended (the "Code"), and (ii) interest on the Bonds is not treated as a preference item in calculating the alternative minimum tax under the Code, however for tax years beginning after December 31, 2022, interest on the Bonds is included in the "adjusted financial statement income" of certain corporations that are subject to the alternative minimum tax under Section 55 of the Code. In rendering its opinion, Bond Counsel has relied on certain representations, certifications of fact, and statements of reasonable expectations made by the District in connection with the Bonds, and Bond Counsel has assumed compliance by the District with certain ongoing covenants to comply with applicable requirements of the Code to assure the exclusion of interest on the Bonds from gross income under Section 103 of the Code.

In addition, in the opinion of Bond Counsel to the District, under existing statutes, interest on the Bonds is exempt from State of Oregon personal income tax.

Bond Counsel expresses no opinion as to any other federal, state, or local tax consequences arising with respect to the Bonds, or the ownership or disposition thereof, except as stated above. Bond Counsel renders its opinion under existing statutes and court decisions as of the issue date, and assumes no obligation to update, revise or supplement its opinion to reflect any action thereafter taken or not taken, any fact or circumstance that may thereafter come to its attention, any change in law or in interpretations thereof that may thereafter occur, or for any other reason. Bond Counsel expresses no opinion as to the consequence of any of the events described in the preceding sentence or the likelihood of their occurrence. In addition, Bond Counsel expresses no opinion on the effect of any action thereafter taken or not taken in reliance upon an opinion of other counsel, regarding federal, state or local tax matters, including, without limitation exclusion from gross income for federal income tax purposes of interest on the Bonds.

Certain Ongoing Federal Tax Requirements and Covenants

The Code establishes certain ongoing requirements that must be met subsequent to the issuance and delivery of the Bonds in order that interest on the Bonds be and remain excluded from gross income under Section 103 of the Code. These requirements include, but are not limited to, requirements relating to use and expenditure of gross proceeds of the Bonds, yield and other restrictions on investments of gross proceeds, and the arbitrage rebate requirement that certain excess earnings on gross proceeds be rebated to the federal government. Noncompliance with such requirements may cause interest on the Bonds to become included in gross income for federal income tax purposes retroactive to their issue date, irrespective of the date on which such noncompliance occurs or is discovered. The District has covenanted to comply with certain applicable requirements of the Code to assure the exclusion of interest on the Bonds from gross income under Section 103 of the Code.

Certain Collateral Federal Tax Consequences

The following is a brief discussion of certain collateral federal income tax matters with respect to the Bonds. It does not purport to address all aspects of federal taxation that may be relevant to a particular owner of a Bond. Prospective investors, particularly those who may be subject to special rules, are advised to consult their own tax advisors regarding the federal tax consequences of owning and disposing of the Bonds.

Prospective owners of the Bonds should be aware that the ownership of such obligations may result in collateral federal income tax consequences to various categories of persons, such as corporations (including S corporations and foreign corporations), financial institutions, property and casualty and life insurance companies, individual recipients of Social Security and railroad retirement benefits, individuals otherwise eligible for the earned income tax credit, and taxpayers deemed to have incurred or continued indebtedness to purchase or carry obligations the interest on which is excluded from gross income for federal income tax purposes. Interest on the Bonds may be taken into account in determining the tax liability of foreign corporations subject to the branch profits tax imposed by Section 884 of the Code.

Original Issue Discount

“Original issue discount” (“OID”) is the excess of the sum of all amounts payable at the stated maturity of a Bond (excluding certain “qualified stated interest” that is unconditionally payable at least annually at prescribed rates) over the issue price of that maturity. In general, the “issue price” of a maturity means the first price at which at least 10 percent of such maturity was sold to the public, i.e., a purchaser who is not, directly or indirectly, a signatory to a written contract to participate in the initial sale of the Bonds. In general, the issue price for each maturity of Bonds is expected to be the initial public offering price set forth on the inside cover page of the Official Statement. Bond Counsel further is of the opinion that, for any Bonds having OID (a “Discount Bond”), OID that has accrued and is properly allocable to the owners of the Discount Bonds under Section 1288 of the Code is excludable from gross income for federal income tax purposes to the same extent as other interest on the Bonds.

In general, under Section 1288 of the Code, OID on a Discount Bond accrues under a constant yield method, based on periodic compounding of interest over prescribed accrual periods using a compounding rate determined by reference to the yield on that Discount Bond. An owner’s adjusted basis in a Discount Bond is increased by accrued OID for purposes of determining gain or loss on sale, exchange, or other disposition of such Bond. Accrued OID may be taken into account as an increase in the amount of tax-exempt income received or deemed to have been received for purposes of determining various other tax consequences of owning a Discount Bond even though there will not be a corresponding cash payment.

Owners of Discount Bonds should consult their own tax advisors with respect to the treatment of original issue discount for federal income tax purposes, including various special rules relating thereto, and the state and local tax consequences of acquiring, holding, and disposing of Discount Bonds.

Bond Premium

In general, if an owner acquires a Bond for a purchase price (excluding accrued interest) or otherwise at a tax basis that reflects a premium over the sum of all amounts payable on the Bond after the acquisition date (excluding certain “qualified stated interest” that is unconditionally payable at least annually at prescribed rates),

that premium constitutes “bond premium” on that Bond (a “Premium Bond”). In general, under Section 171 of the Code, an owner of a Premium Bond must amortize the bond premium over the remaining term of the Premium Bond, based on the owner’s yield over the remaining term of the Premium Bond determined based on constant yield principles (in certain cases involving a Premium Bond callable prior to its stated maturity date, the amortization period and yield may be required to be determined on the basis of an earlier call date that results in the lowest yield on such bond). An owner of a Premium Bond must amortize the bond premium by offsetting the qualified stated interest allocable to each interest accrual period under the owner’s regular method of accounting against the bond premium allocable to that period. In the case of a tax-exempt Premium Bond, if the bond premium allocable to an accrual period exceeds the qualified stated interest allocable to that accrual period, the excess is a nondeductible loss. Under certain circumstances, the owner of a Premium Bond may realize a taxable gain upon disposition of the Premium Bond even though it is sold or redeemed for an amount less than or equal to the owner’s original acquisition cost. Owners of any Premium Bonds should consult their own tax advisors regarding the treatment of bond premium for federal income tax purposes, including various special rules relating thereto, and state and local tax consequences, in connection with the acquisition, ownership, amortization of bond premium on, sale, exchange, or other disposition of Premium Bonds.

Information Reporting and Backup Withholding

Information reporting requirements apply to interest paid on tax-exempt obligations, including the Bonds. In general, such requirements are satisfied if the interest recipient completes, and provides the payor with, a Form W-9, “Request for Taxpayer Identification Number and Certification,” or if the recipient is one of a limited class of exempt recipients. A recipient not otherwise exempt from information reporting who fails to satisfy the information reporting requirements will be subject to “backup withholding,” which means that the payor is required to deduct and withhold a tax from the interest payment, calculated in the manner set forth in the Code. For the foregoing purpose, a “payor” generally refers to the person or entity from whom a recipient receives its payments of interest or who collects such payments on behalf of the recipient.

If an owner purchasing a Bond through a brokerage account has executed a Form W-9 in connection with the establishment of such account, as generally can be expected, no backup withholding should occur. In any event, backup withholding does not affect the excludability of the interest on the Bonds from gross income for federal income tax purposes. Any amounts withheld pursuant to backup withholding would be allowed as a refund or a credit against the owner’s federal income tax once the required information is furnished to the Internal Revenue Service.

Miscellaneous

Tax legislation, administrative actions taken by tax authorities, or court decisions, whether at the federal or state level, may adversely affect the tax-exempt status of interest on the Bonds under federal or state law or otherwise prevent beneficial owners of the Bonds from realizing the full current benefit of the tax status of such interest. In addition, such legislation or actions (whether currently proposed, proposed in the future, or enacted) and such decisions could affect the market price or marketability of the Bonds.

Prospective purchasers of the Bonds should consult their own tax advisors regarding the foregoing matters.

Continuing Disclosure

The Securities and Exchange Commission Rule 15c2-12 (the “Rule”) requires at least annual disclosure of current financial information and timely disclosure of certain events with respect to the Bonds. Pursuant to the Rule, the District has agreed to provide audited financial information and certain financial information or operating data at least annually, and timely notice of certain events (collectively, “Continuing Disclosure”) to the MSRB through its EMMA system (so long as such method of disclosure continues to be approved by the Securities and Exchange Commission for such purposes).

Prior Undertakings. During the previous five years, the District has been obligated to provide Continuing Disclosure filings for its General Obligation Bonds, Series 2013B; General Obligation Bonds, Series 2015B; General Obligation Bonds, Series 2017A and 2017B; General Obligation Bonds, Series 2020; General Obligation Bonds, Series 2020B and 2020C; Full Faith and Credit Bonds, Series 2021; Limited Tax Pension Bonds, Series 2002A and

2002B, Limited Tax Pension Bonds, Series 2003A and 2003B and Limited Tax Pension Refunding Bonds, Series 2012 (collectively “Outstanding Debt”). The District’s undertakings for its Limited Tax Pension Bonds require its annual financial information within 270 days of the end of the Fiscal Year (usually March 27). The District’s other undertakings require its annual financial information filed within nine months of the end of the Fiscal Year (March 30).

The District believes it has complied in all material respects with its continuing disclosure requirements under the Rule in the past five years.

A copy of the form of the District’s Continuing Disclosure Certificate for the Bonds is attached hereto as Appendix D.

Municipal Advisor

In connection with the authorization and issuance of the Bonds, the District has retained Piper Sandler & Co., Portland, Oregon, as its Municipal Advisor (the “Municipal Advisor”).

The Municipal Advisor is not obligated to undertake, and has not undertaken, either to make an independent verification of or to assume responsibility for, the accuracy, completeness, or fairness of the information contained in this Official Statement.

Ratings

As noted on the cover page of this Official Statement, Moody’s Investors Service and S&P Global Ratings, a Division of Standard & Poor’s Financial Services LLC, have assigned their underlying ratings of “Aa2” and “AA,” respectively, to the Bonds. Moody’s Investors Service and S&P Global Ratings have also assigned their ratings of “Aa1” and “AA+,” respectively, to the Bonds based on the District’s participation in the Oregon School Bond Guaranty program. See “Security for the Bonds – Oregon School Bond Guaranty” herein. There is no assurance that the ratings will be retained for any given period of time or that the ratings will not be revised downward or withdrawn entirely by the rating agency if, in its judgment, circumstances so warrant. Any such downward revision or withdrawal of the ratings will be likely to have an adverse effect on the market price of the Bonds.

Purchasers of the Bonds

The Bonds maturing on June 15, 2024 through and including June 15, 2033 (the “Bidding Group 1 Bonds”), are being purchased by BofA Securities, Inc. and they will receive compensation of \$132,340.02. The Bonds maturing on June 15, 2034 through and including June 15, 2049 (the “Bidding Group 2 Bonds”), are being purchased by Citigroup Global Markets Inc. and they will receive compensation of \$749,540.00. The purchasers of the Bonds may offer and sell the Bonds to certain dealers (including dealers depositing the Bonds into investment trusts) and others at prices lower than the initial offering prices corresponding to the yields set forth on page ii of this Official Statement, and such initial offering prices may be changed from time to time by such purchaser. After the initial public offering, the public offering prices may be varied from time to time.

In connection with the offering of the Bonds, the purchasers of the Bonds may overalloc or effect transactions which stabilize or maintain the market price of the Bonds at levels above that which might otherwise prevail in the open market. Such stabilizing, if commenced, may be discontinued or recommenced at any time.

Certificate with Respect to Official Statement

At the time of the original delivery of and payment for the Bonds, the District will deliver a certificate of its authorized representative to the effect that to his or her knowledge, the Official Statement, both as of its date and as of the date of delivery of the Bonds, does not contain any untrue statement of a material fact or omit to state a material fact necessary in order to make the statements made in the light of the circumstances under which they were made, not misleading.

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Appendix A

Form of Bond Counsel Opinion

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On the date of issuance of the Bonds, Hawkins Delafield & Wood LLP, Bond Counsel, proposes to issue its approving opinion in substantially the following form:

April 27, 2023

School District No. 1J, Multnomah County, Oregon
501 N. Dixon Street
Portland, Oregon 97227

Subject: School District No. 1J, Multnomah County, Oregon
(Portland Public Schools)
Multnomah, Washington and Clackamas Counties, Oregon
\$420,000,000 General Obligation Bonds, Series 2023

Ladies and Gentlemen:

We have acted as bond counsel in connection with the issuance by School District No. 1J, Multnomah County, Oregon (Portland Public Schools), in Multnomah, Washington and Clackamas Counties, Oregon (the “District”) of its \$420,000,000 General Obligation Bonds, Series 2023 (the “Bonds”), which are dated the date of their delivery. The Bonds are authorized by the applicable provisions of Oregon Revised Statutes Chapter 287A and Section 328.205, an authorizing vote of the electors of the District at the November 3, 2020 election, District Resolution No. 6675 adopted March 21, 2023 (the “Resolution”) and a Bond Declaration for the Bonds (the “Bond Declaration”) that is dated as of the date of issuance of the Bonds.

We have examined the law and such certified proceedings and other documents as we deem necessary to render this opinion.

We have not been engaged or undertaken to review the accuracy, completeness or sufficiency of the official statement or other offering materials which have been or may be supplied to the purchasers of the Bonds, and we express no opinion relating thereto, excepting only the matters set forth as our opinion in the official statement.

Regarding questions of fact material to our opinion, we have relied on representations of the District in the Resolution and in the certified proceedings and on other certifications of public officials and others furnished to us without undertaking to verify the same by independent investigation.

Based on the foregoing, we are of the opinion that, under existing law:

1. The Bonds have been legally authorized, sold and issued under and pursuant to the Constitution and Statutes of the State of Oregon, the Resolution and the Bond Declaration. The Bonds constitute valid and legally binding general obligations of the District that are enforceable in accordance with their terms.
2. Pursuant to ORS Section 287A.315 the District has pledged its full faith and credit and taxing power to the payment of the Bonds. In addition, the Bonds are payable from ad valorem taxes which may be levied without limitation as to rate or amount on all taxable property within the boundaries of the District.
3. Under existing statutes and court decisions and assuming continuing compliance with certain tax covenants described below, (i) interest on the Bonds is excluded from gross income for federal income tax purposes pursuant to Section 103 of the Internal Revenue Code of 1986, as amended (the “Code”), and (ii) interest on the Bonds is not treated as a preference item in calculating the alternative minimum tax under the Code, however for tax years beginning after December 31, 2022, interest on the Bonds is included in the “adjusted financial statement income” of certain corporations that are subject to the alternative minimum tax under Section 55 of the Code. In rendering our opinion, we have relied on certain representations, certifications of fact, and statements of reasonable expectations made by the District and others in connection with the Bonds, and we have assumed compliance by the

District with certain ongoing covenants to comply with applicable requirements of the Code to assure the exclusion of interest on the Bonds from gross income under Section 103 of the Code.

The Code establishes certain requirements that must be met subsequent to the issuance and delivery of the Bonds in order that, for federal income tax purposes, interest on the Bonds not be included in gross income pursuant to Section 103 of the Code. These requirements include, but are not limited to, requirements relating to the use and expenditure of Bond proceeds, restrictions on the investment of Bond proceeds prior to expenditure and the requirement that certain earnings be rebated to the federal government. Noncompliance with such requirements may cause interest on the Bonds to become subject to federal income taxation retroactive to their date of issue, irrespective of the date on which such noncompliance occurs or is ascertained.

On the date of delivery of the Bonds, the District will execute a Tax Certificate (the "Tax Certificate") containing provisions and procedures pursuant to which such requirements can be satisfied. In executing the Tax Certificate, the District covenants that it will comply with the provisions and procedures set forth therein and that they will do and perform all acts and things required by the Code to assure that interest paid on the Bonds will, for federal income tax purposes, be excluded from gross income.

In rendering the opinion in paragraph 3 hereof, we have relied upon and assumed (i) the material accuracy of the representations, statements of intention and reasonable expectation, and certifications of fact contained in the Tax Certificate with respect to matters affecting the status of interest paid on the Bonds, and (ii) compliance by the District with the procedures and covenants set forth in the Tax Certificate as to such tax matters.

4. Interest on the Bonds is exempt from Oregon personal income tax.

We express no opinion as to any federal, state or local tax consequences arising with respect to the Bonds, or the ownership or disposition thereof, except as stated in paragraphs 3 and 4 above. We render our opinion under existing statutes and court decisions as of the date hereof, and we assume no obligation to update, revise or supplement this opinion to reflect any action hereafter taken or not taken, any fact or circumstance that may hereafter come to our attention, any change in law or interpretation thereof that may hereafter occur, or for any other reason. We express no opinion as to the consequence of any of the events described in the preceding sentence or the likelihood of their occurrence. In addition, we express no opinion on the effect of any action taken or not taken in reliance upon an opinion of other counsel regarding federal, state or local tax matters, including, without limitation, exclusion from gross income for federal income tax purposes of interest on the Bonds.

The portion of this opinion that is set forth in paragraph 1, above, is qualified only to the extent that enforceability of the Bonds may be limited by or rendered ineffective by (i) bankruptcy, insolvency, fraudulent conveyance, reorganization, moratorium and other similar laws affecting creditors' rights generally; (ii) the application of equitable principles and the exercise of judicial discretion in appropriate cases; (iii) common law and statutes affecting the enforceability of contractual obligations generally; and (iv) principles of public policy concerning, affecting or limiting the enforcement of rights or remedies against governmental entities such as the District.

This opinion is limited to matters of Oregon law and applicable federal law, and we assume no responsibility as to the applicability of laws of other jurisdictions.

This opinion is provided to you as a legal opinion only, and not as a guaranty or warranty of the matters discussed herein. No opinions may be inferred or implied beyond the matters expressly stated herein. No qualification, limitation or exception contained herein shall be construed in any way to limit the scope of the other qualifications, limitations and exceptions. For purposes of this opinion, the terms “law” and “laws” do not include unpublished judicial decisions, and we disclaim the effect of any such decision on this opinion.

We have served as bond counsel only to the District in connection with the Bonds and have not represented and are not representing any other party in connection with the Bonds. This opinion is given solely for the benefit of the District in connection with the Bonds and may not be relied on in any manner or for any purpose by any person or entity other than the District and any person to whom we may send a formal reliance letter indicating that the recipient is entitled to rely on this opinion.

Very truly yours,

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Appendix B

Financial Statements

The District's Auditor has not performed any further review of the District's financial statements since the date of the audit contained herein. The Auditor was not requested to review this Official Statement and has not completed any additional auditing review procedures subsequent to the issuance of its report on the 2022 Fiscal Year.

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School District No. 1J, Multnomah County, Oregon

PORTLAND PUBLIC SCHOOLS



ANNUAL COMPREHENSIVE FINANCIAL REPORT

For the year ended June 30, 2022



Portland Public Schools

Annual Comprehensive Financial Report

For the year ended June 30, 2022

School District No. 1J, Multnomah County, Oregon

Portland, Oregon

Prepared by the Finance Department

SCHOOL DISTRICT NO.1J, MULTNOMAH COUNTY, OREGON

Annual Comprehensive Financial Report

For the Year Ended June 30, 2022

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SCHOOL DISTRICT NO.1J, MULTNOMAH COUNTY, OREGON

Annual Comprehensive Financial Report

For the Year Ended June 30, 2022

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Financial



Markham Elementary 1st day of School September 2021



Jefferson High School Dancers November 2021



Nolberto Delgadillo
Chief Financial Officer

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

December 13, 2022

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

We are pleased to submit the Annual Comprehensive Financial Report (ACFR) of School District No.1J, Multnomah County, Oregon (Portland Public Schools or the District or PPS) for the fiscal year ended June 30, 2022, together with the audit opinions of our auditors as required by Oregon Revised Statutes. Responsibility for both the accuracy of the presented data and the completeness and fairness of the presentation, including all disclosures, rests with District management. We believe the financial statements and related information reflecting the financial position and results of the operations of the District are stated fairly in all material aspects. All disclosures necessary to enable the reader to gain understanding of the District's financial affairs have been included.

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

Financial Report Presentation

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

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

The **Introductory Section** includes the table of contents, this transmittal letter, the District's organizational chart, and copies of certificates awarded for Portland Public Schools' fiscal year 2020-21 ACFR.

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

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

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

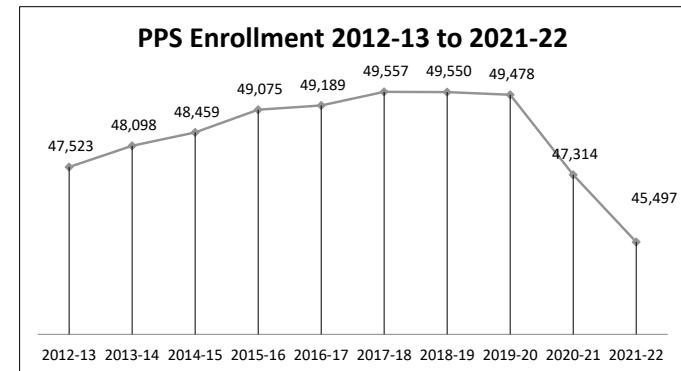
GAAP requires that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The District's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

Profile of the District

Portland Public Schools, founded in 1851, is a PK-12 urban school district in Portland, Oregon. The District has no component units and is not a component unit of any other government. With more than 45,000 students in 113 schools and other programs, it is one of the largest school districts in the Pacific Northwest, and the largest and oldest school district in Oregon. With highly trained teachers and staff, an engaged parent community, strong partnerships, and a focus on closing the racial educational achievement gap, the PPS graduation rate has consistently improved since 2009-10. Thanks to the state Legislature, school funding is improving and thanks to Portland voters, school improvement general obligation bonds are fueling the modernization of our aging school buildings for 21st century learning.

The District covers an area over 152 square miles, including portions of the cities of Portland (total population 641,162), Lake Oswego (total population 40,411), and Milwaukie (total population 20,946), based on 2021 estimates by the U.S. Census Bureau Population Estimates Program (PEP). The District maintains over 100 campuses with more than 300 buildings and a total floor area of nearly 10 million square feet. The median age of PPS school buildings is 83 years for elementary schools, 83 years for middle schools, and 96 years for high schools. Please see Schedule 17 of the Statistical Section for additional details of each building's size, age and enrollment.

Student enrollment as of October 2021 was 45,497. Enrollment counts are compiled annually on or about the first of October as required by the State of Oregon. An enrolled student is defined as a student who attends one or more schools or programs within the District. Regardless of the number of schools or programs attended, each student is counted only once; the counts are not duplicated.



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

October 2021 Portland Public Schools Student Enrollment (by Program Type)			
Program Type	Number of Schools/Programs	Enrollment Distribution	
Regular Schools and Programs			
Elementary Schools	57	20,705	45.51%
Middle Schools	14	7,560	16.62%
High Schools	9	13,050	28.68%
Subtotal - Regular Schools	80	41,315	90.81%
PPS Alternative Programs	5	1,795	3.95%
Subtotal - Schools and Alternative Programs	85	43,110	94.75%
Community-Based Programs	8	637	1.40%
Special Education Programs	15	455	1.00%
Public Charter Programs	5	1,295	2.85%
Grand Total	113	45,497	100.00%

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

The District continues to experience enrollment decline from a high of 49,557 in fiscal year 2017-18 to 45,497 in fiscal year 2020-21. Demographic studies conducted by Portland State University (PSU) project enrollment levels to continue to decrease. The PSU “Middle Series Forecast” scenario estimates enrollment reaching a low of 39,123 in fiscal year 2035-36. Overall enrollment impacts due to the COVID-19 pandemic are only just beginning to be seen and the long-term implications are yet to be fully understood. Additional detail regarding enrollment projections may be found at: <https://www.pps.net/Page/1834>.

The Board of Education

An elected seven-member board establishes and oversees the District’s policies. The Board of Education is the chief governing body and is exclusively responsible for its public decisions. A list of board members can be found on page 9 of this report. The chief administrative officer of the District is the Superintendent, who is appointed by the Board. The Board of Education is accountable for all fiscal matters that significantly affect operations. Guadalupe Guerrero is the Superintendent of Portland Public Schools. Mr. Guerrero served as the chief administrative officer of the district for all of fiscal year 2021-22.

Budgetary Controls

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

The District is required by the State of Oregon to adopt an annual budget for all funds subject to the requirements of Municipal Audit Law as outlined in the 2017 Oregon Revised Statutes 297.405 to 297.555 and 297.990. The budget for each individual fund is a plan for the financial operations to be conducted during the coming fiscal year and is adopted annually, prior to July 1, by the Board of Education after certification by the Multnomah County Tax Supervising and

Conservation Commission. The level of budgetary control, that is the level at which expenditure cannot legally exceed the appropriated amount, is established by major function category: Instruction, Support Services, Enterprise & Community Services, Facilities Acquisition & Construction, Debt Service, Transfers Out, Contingency and Ending Fund Balance. After adoption, the budget may be amended through procedures specified in State statute and Board policy.

District Budget Principles

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

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

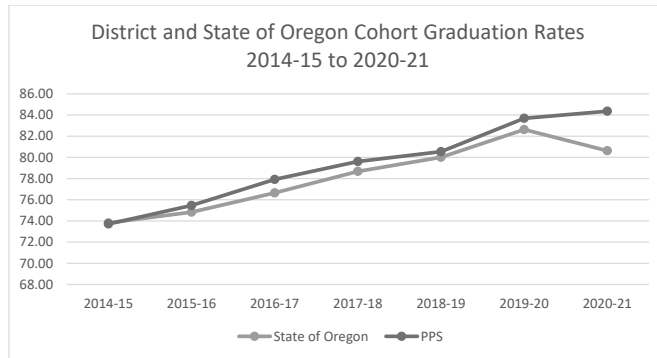
Service Efforts and Accomplishments

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

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

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

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



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

The PPS four-year graduation rate has improved from 73.7 percent for the Class of 2015 to 84.4 percent for the Class of 2021 (the most recent year available from Oregon Department of Education). The average graduation rate for the State of Oregon Class of 2021 was 80.6 percent.

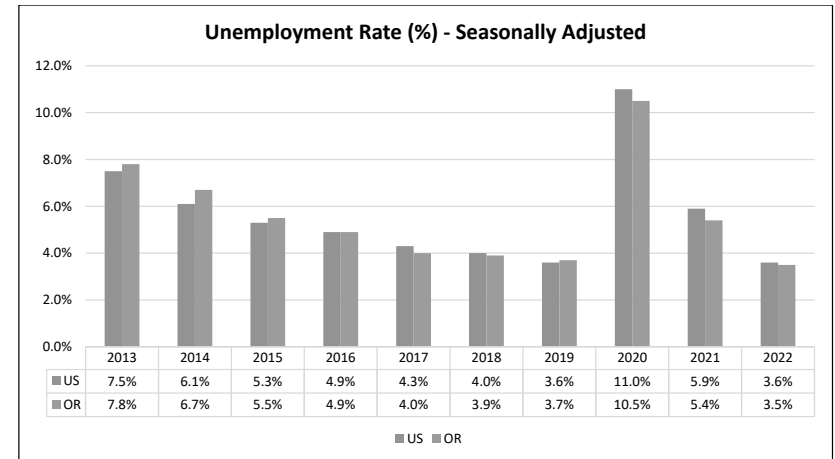
Factors Affecting Financial Condition

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

PPS derives approximately 81.5 percent of its General Fund revenues from the State School Fund and the allocation of certain property taxes within the associated funding distribution formula. Roughly half of the State School Fund money comes via the appropriation made by the state legislature, while the 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 the District – about 15.2 percent of General Fund revenues - is its local option levy which is a property tax based upon assessed values of property in the PPS taxing district. The local option levy revenues are significantly influenced by real market values of homes within the PPS taxing district.

Oregon State Economy – In June 2022, Oregon's unemployment rate fell to 3.5 percent from a high of 13.2 percent in April 2020. This is the lowest unemployment rate since the COVID-19 pandemic began.



Source: Bureau of Labor Statistics, Unemployment Data

Approximately 102 thousand jobs were gained over the past year, contributing to a total workforce increase of 5.5 percent from June 2021 to June 2022. The Leisure & Hospitality sector experienced the greatest percentage gains, with 43 thousand jobs gained, representing a 26.0 percent year-over-year increase.

Oregon Employment by Industry (number of jobs, in thousands)					
Industry	June 2021	June 2022	% of Economy	Year-over-Year Change (#)	Year-over-Year Change (%)
Government	279.4	287.6	14.7%	8.2	2.9%
Other Services	60.9	61.3	3.1%	0.4	0.7%
Leisure & Hospitality	163.8	206.4	10.6%	42.6	26.0%
Education & Health Services	299.0	307.9	15.7%	8.9	3.0%
Professional & Business Services	253.1	258.4	13.2%	5.3	2.1%
Financial Activities	104.8	106.7	5.5%	1.9	1.8%
Information	33.3	36.2	1.9%	2.9	8.7%
Trade, Transportation, and Utilities	362.4	369.5	18.9%	7.1	2.0%
Manufacturing	183.2	196.5	10.0%	13.3	7.3%
Construction	107.9	119.2	6.1%	11.3	10.5%
Mining and Logging	6.4	6.2	0.3%	(0.2)	-3.1%
Total Nonfarm	1,854.2	1,955.9		101.7	5.48%

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

Local Economy – Portland and the surrounding metropolitan area have a widely diversified economy. Its centralized location and excellent transportation facilities have established the area as a major distribution point on the West Coast for wholesale trade and high-tech exports. During 2021-22, Education, Health Services, and Hospitality accounted for 26.3 percent of the city's economy while the Trades, Transportation and Utilities made up another 18.9 percent.

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

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

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

A second \$790 million capital bond was passed by voters in May 2017. This bond funds renovations and additions at Benson and Leodis V. McDaniel (formerly known as 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.

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

A third \$1.2 Billion capital bond was passed by voters in November 2020. This bond funds additional health and safety projects across the district, replaces curriculum materials and technology equipment districtwide, modernizes Jefferson High School, completes Benson Polytechnic High School, plans additional neighborhood school projects and continues design and planning to modernize Cleveland and Ida B. Wells-Barnett (formerly known as Wilson) High Schools. PPS remains committed to deliver robust high school and middle school projects as envisioned by the voters, steward bond resources prudently and efficiently, and build and maintain the trust of voters in our community.

Charter Schools

Oregon statute provides state funding for charter schools that flow through the District for schools that local school boards of education have granted a charter. The District had five charter schools in operation during the 2021-22 fiscal year. Due to their size relative to the District, the charter schools do not fall under the component unit reporting requirements set forth by GASB Statement No. 39.

Independent Audits

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

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

Awards and Acknowledgments

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the District for its Annual Comprehensive Financial Report for the fiscal year ended June 30, 2021. This was the 42nd consecutive year that the District has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a governmental entity must publish an easily readable and efficiently organized ACFR that satisfies both GAAP and applicable legal requirements. A Certificate of Achievement is valid for a period of one year only. We believe our current report continues to conform to Certificate of Achievement Program requirements, and we are submitting it to GFOA to determine its eligibility for this coveted Certificate.

The Association of School Business Officials International (ASBO) awarded its Certificate of Excellence in Financial Reporting to the District for its Annual Comprehensive Financial Report for the fiscal year ended June 30, 2021. The District was celebrated at ASBO's 2022 Fall Conference for its 50th consecutive year earning this significant award. The Certificate of Excellence is recognition that the District has met the highest standards in school financial reporting as adopted by ASBO. The District believes that this report for fiscal year 2021-22, which will be submitted to ASBO for review, will also conform to these standards.

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

Respectfully submitted,


Nolberto Delgadillo, CFO

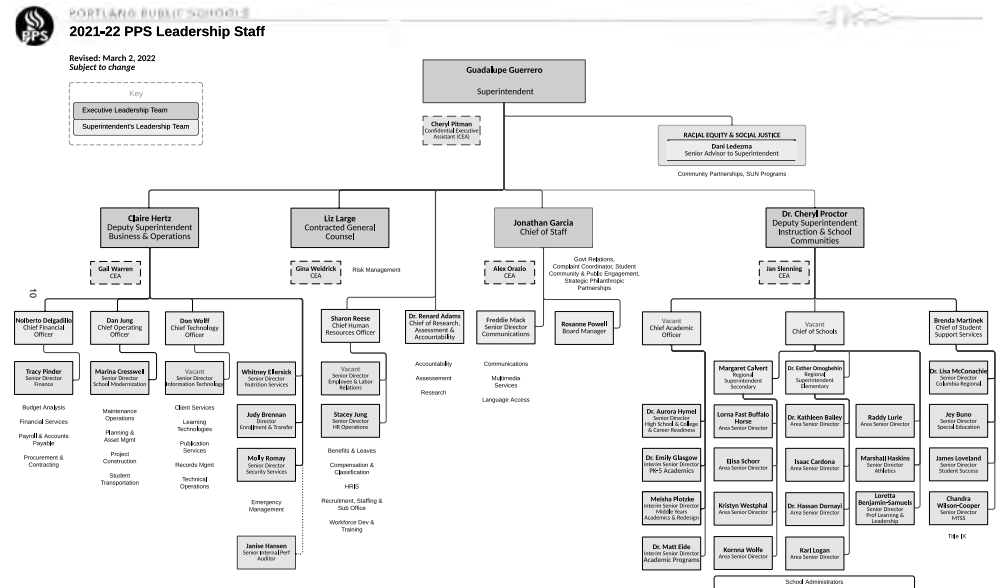
SCHOOL DISTRICT NO. 1J, MULTNOMAH COUNTY, OREGON
Principal Officials
At June 30, 2022

SCHOOL BOARD

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

ADMINISTRATIVE STAFF

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





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

School District 1J, Multnomah County, OR

**for its Annual Comprehensive Financial Report
for the Fiscal Year Ended June 30, 2021.**

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



A handwritten signature in black ink, appearing to read 'Will Sutter'.

William A. Sutter
President

A handwritten signature in black ink, appearing to read '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 Annual Comprehensive
Financial Report
For the Fiscal Year Ended

June 30, 2021

A handwritten signature in black ink, appearing to read 'Christopher P. Morrell'.

Executive Director/CEO

Introductory



Woodmere Unicycle Assembly June 2022



Roosevelt High School Unity Fest May 2022



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

INDEPENDENT AUDITOR'S REPORT

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

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the School District No. 1J, Multnomah County, Oregon (the District), as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the Table of Contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the District, as of June 30, 2022, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for 12 months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

INDEPENDENT AUDITOR'S REPORT (Continued)

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

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



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

INDEPENDENT AUDITOR'S REPORT (Continued)

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

Supplementary Information

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

Other Information

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 9, 2022 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering District's internal control over financial reporting and compliance.

INDEPENDENT AUDITOR'S REPORT (Continued)

Other Reporting Required by Oregon Minimum Standards

In accordance with *Minimum Standards for Audits of Oregon Municipal Corporations*, we have also issued our report dated December 9, 2022, 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.



For Talbot, Korvola & Warwick, LLP
Portland, Oregon
December 9, 2022

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, 2022. 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

Financial

At July 15, 2021, authorized by Board Resolution No. 6314, the District issued full faith and credit bonds, Series 2021. The bond proceeds were used to finance a portion of the District's estimated unfunded actuarial liability with the Oregon Public Employees Retirement System (OPERS) and to pay associated issuance costs. The bonds were issued at a par amount of \$399.4 million, with a net original issue premium of \$1.4 million. After issuance costs, the District transferred \$398.7 million to OPERS to be deposited in a "side account" in the PERS fund and used as a prepayment towards the District's annual pension expenses. The District anticipates the total costs of financing the District's actuarial obligation in this manner will result in a significant savings when compared to paying for such costs as additional contribution rates to OPERS.

Budget

On June 15, 2021 the Board of Education (the Board) adopted the fiscal year 2021-22 budget by way of Board Resolution No. 6323. The District's fiscal year 2021-22 budget was based on the Oregon Legislature's biennial budget cycle for 2021-2023 that includes a State School Fund allocation of \$9.3 billion, a Student Investment Account (SIA) allocation of \$778.8 million, and a High School Success (Measure 98 or M98) allocation of \$314.5 million.

The fiscal year 2021-22 budget continued to focus available resources on the PPS Strategic Plan and Vision: PPS Reimagined. Five strategic system shifts will be prioritized through 2025: a connected and transformative school District; racial equity aligned systems and structures; cultivating system-wide learning and a diverse workforce; transformative curriculum and pedagogy; and a culture of physical and emotional safety. Other investments from the fiscal year 2021-22 budget include pandemic-related response and providing equity resources to schools targeting students of color, students on IEPs and emergent bilingual students.

On January 25, 2022, the Board voted to amend the fiscal year 2021-22 budget, by way of Board Resolution No. 6437. This first amendment to the budget revised appropriations and recognized resources to align the budget with updated projections.

- **General Fund:** \$404.7 million to true up beginning fund balance to align with fiscal year 2020-21 audited financials and adjust appropriations across Instruction, Support Services and Debt Service (PERS UAL). The most significant adjustment was to recognize resources and adjust appropriations related to the July 2021 issuance of Limited Tax Pension Obligations, Series 2021.
- **Special Revenue Fund:** \$11.4 million to true up beginning fund balance to align with fiscal year 2020-21 audited financials and to recognize additional resources from state and Federal grants. Resource appropriations were adjusted across Instruction, Support Services and Enterprise & Community Services to align with updated spending plans.
- **Debt Service Fund:** \$18.6 million to true up beginning fund balance to align with fiscal year 2020-21 audited financials and adjust appropriations to account for the July 2021 issuance of the Limited Tax Pension Obligations, Series 2021.
- **Capital Projects Fund:** \$21.8 million to true up beginning fund balance to align with fiscal year 2020-21 audited financials and to align with updated spending plans.

- **Internal Service Fund:** \$0.7 million to true up beginning fund balance to align with fiscal year 2020-21 audited financials.

On June 14, 2022, the Board voted to amend the fiscal year 2021-22 budget a second time, by way of Board Resolution No. 6521. This second amendment to the budget revised appropriations to align with current spending projections.

- **Special Revenue Fund:** \$250 was allocated from Instruction to Facilities Acquisition & Construction to reflect additional anticipated spending.
- **Internal Service Fund:** \$622 was allocated from Contingency to Support Services to reflect additional anticipated spending.

Other Highlights

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

At June 30, 2022, the 2012 authorization had a remaining balance of \$507 thousand, comprised of proceeds and related investment earnings.

Summary of Bond Resources as of June 30, 2022
(in thousands)

Year	Authorization	Issued			Unspent Balance
	Amount	Par	Premium		
2012	\$ 482,000	\$ 482,000	\$ 56,937		\$ 507
2017	790,000	790,000	69,408		202,698
2020	1,208,000	365,465	29,574		297,349
	<u>\$ 2,480,000</u>	<u>\$ 1,637,465</u>	<u>\$ 155,919</u>		<u>\$ 500,555</u>

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

The health and safety projects include:

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

McDaniel High school has been completely modernized and a new Kellogg Middle school has been built. Both schools opened to students in Fall 2021. Construction of a new Lincoln High school began in January 2020. Students will occupy the building in Fall 2022 and the new athletic fields will open in 2023. Construction for the modernization of Benson Polytechnic High school and a new Multiple Pathways to Graduation building on the Benson campus began in summer 2021 and are scheduled to be completed in Fall 2024.

At June 30, 2022, the 2017 authorization had a remaining balance of \$202.7 million.

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

Continuing health and safety projects include:

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

In December 2020, the District issued \$365.5 million of the \$1.208 billion authorized. A premium of \$29.6 million was realized on the sale. At June 30, 2022, \$297.3 million of the initial bond sale remained unspent.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

Government-Wide Financial Statements are designed to provide readers with a broad overview of the District's finances in a manner similar to a private-sector business. The government-wide financial statements can be found on pages 31-33 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 are shown in the Financial Section of the report beginning on page 35.

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

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

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

Portland Public Schools adopts an annual appropriated budget for each of its funds. A budgetary comparison statement

has been provided for each fund individually in either required or supplementary information to demonstrate compliance with the fund level budgets. The basic governmental fund financial statements can be found on pages 35-41 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 43-45 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 47-87 of this report.

Required Supplementary Information (RSI) is located directly after the notes to the basic financial statements on pages 89-100 and represents the required comparison of the budget and actual results on the District's budgetary basis for the General Fund and Special Revenue Fund. In addition, the RSI discloses the District's proportionate share of liabilities/assets and related employer contributions for pension and other post-employment healthcare benefits obligations.

Supplementary Information (SI) presented on pages 102-104 includes budgetary comparison schedules for the Debt Service Fund, Capital Projects Fund and the Proprietary Fund.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Analysis of Deferred Outflows and Inflows of Resources

Deferred outflows and deferred inflows include pension and other post-employment healthcare related balances. The changes in these deferred outflows and deferred inflows were due to differences between actual and expected earnings, changes in assumptions used by outside actuaries, and other factors impacting these balances. Additionally, the District implemented GASB No. 87 for the year ended June 30, 2022, recording a deferred inflow related to lease resources.

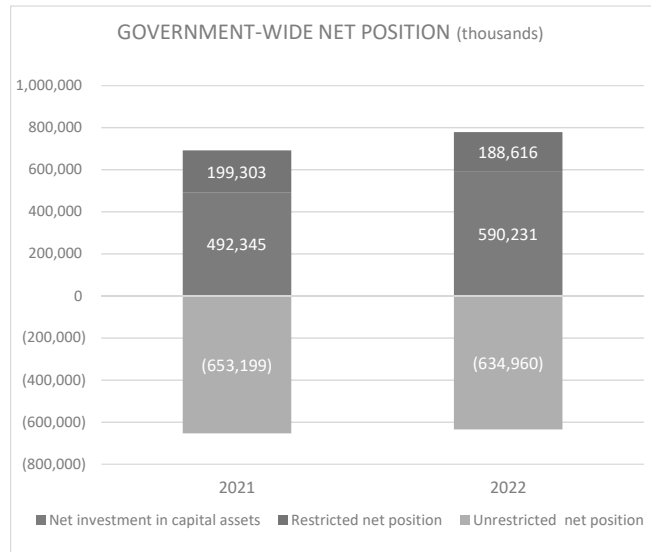
Analysis of Net Position

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: 2021 compared to 2022

Net Position is a primary indicator of financial position. The District's assets and deferred outflows exceeded liabilities and deferred inflows by \$143.9 million at June 30, 2022. This represents an increase of \$105.4 million in net position from the prior year and is further discussed below. Please note that, based on guidance clarification from the Government Finance Officers Association regarding the calculation of net investment in capital assets, the District has reclassified components of net position and is presenting updated fiscal year 2020-21 amounts for comparison. This reclassification has no effect on total net position.

Net Position	Government-wide (thousands)			
	2021	2022	\$ Change	% change
Assets				
Current or other assets	\$ 1,097,269	\$ 871,350	\$ (225,919)	-20.6%
Net capital assets	<u>1,173,371</u>	<u>1,384,060</u>	<u>210,689</u>	18.0%
Total Assets	<u>2,270,640</u>	<u>2,255,410</u>	<u>(15,230)</u>	-0.7%
Deferred Outflows of Resources	<u>249,580</u>	<u>574,645</u>	<u>325,065</u>	130.2%
Liabilities				
Long-term liabilities outstanding	2,052,014	2,013,996	(38,018)	-1.9%
Other liabilities	<u>328,566</u>	<u>351,179</u>	<u>22,613</u>	6.9%
Total Liabilities	<u>2,380,580</u>	<u>2,365,175</u>	<u>(15,405)</u>	-0.6%
Deferred Inflows of Resources	<u>101,191</u>	<u>320,993</u>	<u>219,802</u>	217.2%
Net Position				
Net investment in capital assets	492,345	590,231	97,886	19.9%
Restricted	199,303	188,616	(10,687)	-5.4%
Unrestricted	<u>(653,199)</u>	<u>(634,960)</u>	<u>18,239</u>	2.8%
Total Net Position	<u>\$ 38,449</u>	<u>\$ 143,887</u>	<u>\$ 105,438</u>	274.2%



Net Investment in Capital Assets has increased to \$590.2 million, a \$97.9 million increase over prior year. The increase is primarily driven by increases in capital assets related to the capital bond work, and payment on related debt.

Restricted Net Position represents the unspent portions of capital project funds, debt service funds, and net assets restricted by grants, donations, and post-employment benefits. Restricted Net Position decreased by \$10.7 million to \$188.6 million this year, primarily due to bond-related expenditures.

Unrestricted Net Position consists of all other amounts not included in categories noted above. Unrestricted Net Position at June 30, 2022 is a negative \$635.0 million, an increase of \$18.2 million over the prior year.

Analysis of Activities

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

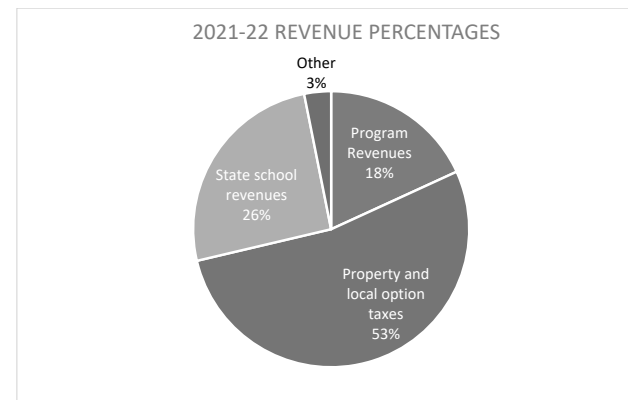
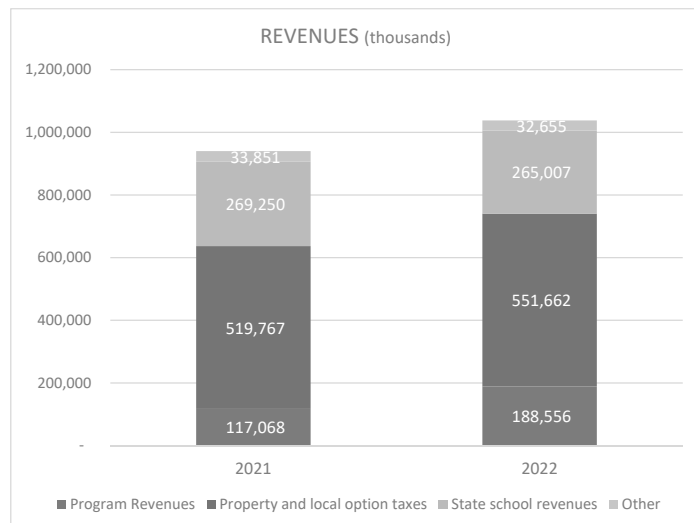
Statement of Activities	Government-wide (thousands)				
	2021	2022	2022- % of Total	\$ Change	% Change
Revenues					
Program Revenues					
Charges for services	\$ 1,914	\$ 1,997	0.2%	\$ 83	4.3%
Operating grants & contributions	113,835	184,581	17.9%	70,746	62.1%
Capital grants & contributions	<u>1,319</u>	<u>1,978</u>	<u>0.2%</u>	<u>659</u>	<u>100.0%</u>
Total Program Revenues	<u>117,068</u>	<u>188,556</u>	<u>18.3%</u>	<u>71,488</u>	<u>61.1%</u>
General Revenues					
Property taxes	418,228	446,348	42.9%	28,120	6.7%
Local option taxes	101,539	105,314	10.1%	3,775	3.7%
County & intermediate sources	17,185	15,566	1.5%	(1,619)	-9.4%
Construction excise tax	3,446	5,437	0.5%	1,991	57.8%
State School Fund	263,622	259,314	25.0%	(4,308)	-1.6%
State Common School Fund	5,628	5,693	0.5%	65	1.2%
Investment earnings	3,107	984	0.1%	(2,123)	-68.3%
Other	<u>10,113</u>	<u>10,668</u>	<u>1.0%</u>	<u>555</u>	<u>5.5%</u>
Total General Revenues	<u>822,868</u>	<u>849,324</u>	<u>81.8%</u>	<u>26,456</u>	<u>3.2%</u>
Total Revenues	<u>939,936</u>	<u>1,037,880</u>	<u>100.1%</u>	<u>97,944</u>	<u>10.4%</u>
Expenses					
Instruction	465,995	470,945	50.5%	4,950	1.1%
Support services	376,660	359,554	38.6%	(17,106)	-4.5%
Enterprise & community services	23,731	29,283	3.1%	5,552	23.4%
Facilities services	10,844	9,576	1.0%	(1,268)	-11.7%
Interest & fees on long-term debt	<u>54,640</u>	<u>63,084</u>	<u>6.8%</u>	<u>8,444</u>	<u>15.5%</u>
Total Expenses	<u>931,870</u>	<u>932,442</u>	<u>100.0%</u>	<u>572</u>	<u>0.1%</u>
Change in net position	8,066	105,438	73.3%	97,372	1207.2%
Net position - beginning of year	30,383	38,449	26.7%	8,066	-26.5%
Net position - end of year	<u>\$ 38,449</u>	<u>\$ 143,887</u>	<u>100.0%</u>	<u>\$ 105,438</u>	<u>-274.2%</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 to provide a better understanding of the District's operations in fiscal year 2021-22 compared to fiscal year 2020-21.

The District's mission is to provide a free and appropriate public education for K-12 students within its boundaries. The District may not charge for its core services, but does charge for non-core services such as facilities rentals and activities fees. Per USDA guidance, free meals were available to all students during the 2021-22 school year. General revenues, primarily property taxes and State School Funds, provide most of the funding required for governmental programs.

Revenue and Expenses: 2021 compared to 2022

Revenues for fiscal year 2021-22 were \$1,037.9 million, an increase of \$97.9 million, or 10.4 percent, from prior year revenues of \$939.9 million. Operating grants and contributions revenues increased by \$70.7 million. The major increases in federal and state funding were related to the Elementary and Secondary School Emergency Relief Fund (ESSER), Student Investment Account (SIA), Measure 98 (M98), and Student Success Act Summer Learning grants. Property and local option taxes increased \$31.9 million over the prior year as assessed values rose and collection rates were consistent with prior years. Construction excise taxes increased \$2.0 million because of increased construction activity over the prior year. State School Fund revenues decreased \$4.3 million from the prior year due to lower enrollment. Investment revenues decreased \$2.1 million from the prior year because of the national decline in interest rates.



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

Current year total expenses were \$932.4 million, which is a slight increase at 0.1 percent, or \$572 thousand, over prior year. Instruction expenses increased \$5.0 million, or 1.1 percent, compared to 2020-21. The major components of this change were staffing and other increases due to additional grant funding, plus step and COLA increases, offset by a reduction in benefits costs resulting from the issuance of Series 2021 Pension Bonds. The issuance of Pension Bonds reduced the District's PERS unfunded liability which in turn reduced benefits costs. Support Services expenses decreased \$17.1 million, or 4.5 percent, from the prior year. The major components of this change were wage increases due to step and COLA increases, offset by benefits cost reductions due to issuance of Pension Bonds as discussed above. Instruction and support services together accounted for 89.1 percent of the District's total expenses in fiscal year 2021-22, compared to 90.4 percent in fiscal year 2020-21. Interest and fees expense increased \$8.4 million due to increased debt service requirements related to the new Series 2021 PERS Bonds.

FINANCIAL ANALYSIS OF THE DISTRICT'S MAJOR FUNDS

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

General Fund. The General Fund is the major operating fund of the District. The fund's ending fund balance increased by \$10.1 million to \$98.8 million in fiscal year 2021-22. The General Fund saw an increase of \$18.7 million in revenue, largely due to an increase in property and local option taxes. Instructional expenditures increased by \$9.9 million, or 2.7 percent, in fiscal year 2021-22. Support services increased by \$27.0 million, or 7.4 percent, in fiscal year 2021-22. Increases are primarily related to wage and benefit increases; additional staffing for counselors, school administrators, substitutes, and custodians; the opening of a new school (Kellogg) and utilities and transportation increases as schools returned to in-person learning.

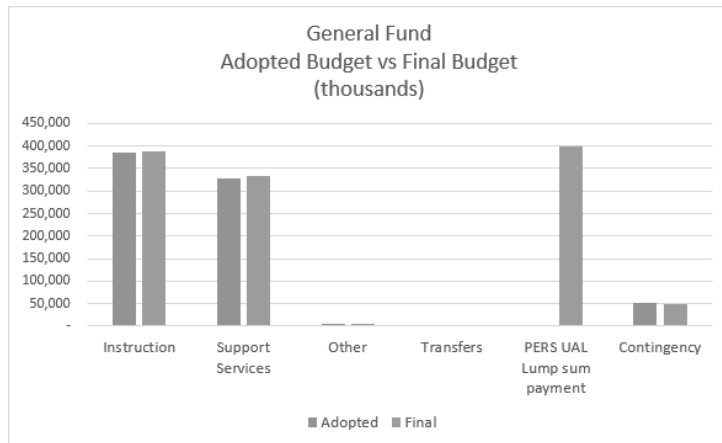
Special Revenue Fund. The Special Revenue Fund ending fund balance increased by \$6.8 million, or 24.3 percent, in fiscal year 2021-22. The Special Revenue Fund saw an increase of \$69.0 million in revenue, largely driven by increases in federal and state support. Expenditures across the fund increased by \$54.6 million due to increased federal and state funding. The major increases in federal and state funding were related to the Elementary and Secondary School Emergency Relief Fund (ESSER), Student Investment Account (SIA), Measure 98 (M98), and Student Success Act Summer Learning grants.

Debt Service Fund. The Debt Service Fund ending fund balance increased \$2.0 million to \$13.7 million in fiscal year 2021-22, primarily due to property tax collections exceeding GO bond debt service. Debt Service expenditures increased \$26.6 million in fiscal year 2021-22, primarily due to the issuance of Limited Tax Pension Bonds.

Capital Projects Fund. The Capital Projects Fund ending fund balance decreased \$249.8 million to \$521.8 million in fiscal year 2021-22 as spending continued for GO Bond projects. Overall spending on GO Bond projects decreased \$36.0 million in fiscal year 2021-22 primarily due to the substantial completion of the McDaniel and Kellogg projects in Fall of 2021, offset by an increase in activity for the Benson modernization. Spending on curriculum and technology modernization projects increased \$33.0 million to \$50.7 million in fiscal year 2021-22.

BUDGETARY HIGHLIGHTS FOR THE GENERAL FUND

Adopted budget compared to final budget. There were two amendments to the fiscal year 2021-22 budget. The amendments allocated funds across Instruction and Support Services, appropriated funding for the PERS UAL lump sum payment, reduced funding across Instruction and Support Services to reflect a reduction in SIA allocation, allocated additional funding across appropriations to recognize new Special Revenue Fund resources, and adjusted appropriations across Support Services and Enterprise and Community Services to align the budget with intended expenditures of additional resources.



Final budget compared to actual results. In fiscal year 2021-22 the District underspent the final General Fund budget by \$38.6 million before contingency, or roughly 3.4 percent. Salaries and associated payroll costs across Instruction and Support Services accounted for \$18.6 million of the underspend, while non-personnel expenditures made up the other \$16.6 million. Per the Governor's order, PPS returned to in-person instruction for the 2021-22 school year, after utilizing a comprehensive distance learning model, followed by a hybrid instructional model, during the pandemic.

	Final Budget vs Actual Expenditures (thousands)			
	Final Budget	Actual Expenditures	\$ Variance	% of Budget
Instruction	\$ 388,858	\$ 373,758	\$ (15,100)	96.1%
Support Services	332,886	312,766	(20,120)	94.0%
Other Objects	6,389	3,060	(3,329)	47.9%
Transfers	1,236	1,207	(29)	97.7%
PERS UAL Lump sum payment	398,666	398,666	(0)	100.0%
	1,128,035	1,089,457	(38,578)	96.6%
Operating Contingency	48,613	-	(48,613)	0.0%
	<u>\$ 1,176,648</u>	<u>\$ 1,089,457</u>	<u>\$ (87,191)</u>	<u>92.6%</u>

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, 2022, the District had invested \$1.38 billion in capital assets, net of depreciation and amortization, as shown in the following table:

Capital assets	Government-wide (thousands)			
	2021	2022	\$ Change	% change
Land	\$ 9,174	\$ 9,174	\$ -	0.0%
Buildings and site improvements	933,782	1,267,251	333,469	35.7%
Vehicles and equipment	39,946	98,775	58,829	147.3%
Construction in progress	498,505	343,471	(155,034)	-31.1%
	1,481,407	1,718,671	237,264	16.0%
less accumulated depreciation	(308,036)	(334,611)	(26,575)	8.6%
Capital assets, net of depreciation	<u>\$ 1,173,371</u>	<u>\$ 1,384,060</u>	<u>\$ 210,689</u>	<u>18.0%</u>

District-wide, capital assets increased by \$210.7 million in fiscal year 2021-22, and the District recognized \$26.6 million of depreciation and amortization. Capital construction accounted for the majority of the increase. Further discussion of capital assets can be found in Note 7 of the financial statements.

Debt Administration. At the end of the current fiscal year, the District had total debt outstanding of \$1.70 billion (excluding premiums and discounts), which is comprised of limited tax pension and refunding bonds (\$679.2 million) and debt backed by the full faith and credit of the District (\$1,018.7 million). During fiscal year 2021-22, the District reduced debt by making scheduled debt service payments of \$129.6 million and issued the \$399.4 million in series 2021 limited tax pension bonds. Further explanation of debt is shown in Note 10 of the Financial Statements.

Outstanding Debt	Government-wide (thousands)				
	2021	Increases	Decreases	2022	% change
Limited tax pension and refunding bonds	\$ 314,159	\$399,390	\$ (34,363)	\$ 679,186	116.2%
Other debt	1,113,943	-	(95,263)	1,018,680	-8.6%
Total Long Term Debt	1,428,102	399,390	(129,626)	1,697,866	
Unamortized Bond Premium/(Discount)	125,631	1,449	(7,836)	119,244	-5.1%
Total Long Term Debt, net of Premium	\$1,553,733	\$400,839	\$(137,462)	\$ 1,817,110	17.0%

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 \$11.7 billion.

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

The District has issued limited tax pension obligation bonds, Series 2002, 2003 and 2021. Proceeds from the bond issues were put into PERS "side accounts" and used to offset a portion of the OPERS Net Pension Liability (NPL). The reduced contribution rate charged for the NPL that has resulted from the District's decision to borrow, has saved an estimated \$35.2 million in the current year; savings that the District has used to provide more instruction and support services. Over time, this reduction in rates could dampen the effects of future increases in the District's NPL. As long as OPERS' investment returns exceed the costs of servicing the bonds, the benefits of this program will exceed the costs. The District's NPL was reduced but was not eliminated by these borrowing transactions. Statutes, legislation, regulations, and rules regarding OPERS can change at any time.

NEXT YEAR'S BUDGET AND ECONOMIC FACTORS

The 2022-23 budget will continue to support the District's Strategic Plan and Vision: PPS Reimagined as well as the goals set by the Board. The budget coincides with the Oregon Legislature's biennial budget cycle for 2021-23, which includes a \$9.3 billion State School Fund, and full funding for SIA and M98. The biggest unknown for the District continues to be enrollment. The 2022-23 budget assumes a decline of approximately 3,400 students, or 8.0 percent, from pre-pandemic enrollment levels. Enrollment for the District as of October 1, 2021, was 45,497 students, a decline of 3,981 from October 1, 2019 (pre-pandemic). The enrollment decrease is most significant in PPS Elementary schools, which has been offset somewhat by increases at Middle and High schools, as well as Alternative Programs.

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

The 2022-23 budget investments include addressing unfinished learning as a result of the pandemic; increasing learning opportunities for every student; creating time for professional educators to plan, collaborate and prepare; providing high-quality emotional, mental health and wrap-around supports; and making meaningful progress on our community's top priorities as identified in PPS Reimagined.

The Oregon state economy and labor market has increased during the past year. Oregon's unemployment rate has decreased from 5.4 percent in June of 2021 to 3.5 percent in June of 2022. However, the Oregon Economic and Revenue Forecast assumes a mild recession beginning at the end of calendar year 2023.

REQUESTS FOR INFORMATION

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



BASIC FINANCIAL STATEMENTS

SCHOOL DISTRICT NO.1J, MULTNOMAH COUNTY, OREGON
Statement of Net Position
June 30, 2022
(amounts expressed in thousands)

	Governmental Activities
ASSETS	
Cash and cash equivalents-unrestricted	\$ 164,820
Cash and cash equivalents held by fiscal agents	25,265
Investments	571,766
Accounts and other receivables	73,168
Property taxes and other taxes receivable	12,410
Leases Receivable	7,970
Inventories	1,464
Prepaid items	5,332
Total current assets	<u>862,195</u>
Noncurrent assets:	
Net OPEB asset-RHIA	9,155
Capital assets, not depreciated:	
Land	9,174
Construction in progress	343,471
Capital assets, net of accumulated depreciation:	
Buildings and capital improvements	973,070
Vehicles and equipment	58,345
Total assets	<u>2,255,410</u>
DEFERRED OUTFLOWS OF RESOURCES	
OPEB contributions subsequent to measurement date	7,381
OPEB differences between expected and actual experience	2,054
OPEB differences due to changes in assumptions	6,700
OPEB changes in employer proportion	507
Pension changes in employer proportion	63,594
Pension differences between expected and actual experience	25,152
Pension differences due to changes in assumptions	67,075
Pension contributions subsequent to measurement date	402,182
Total deferred outflows of resources	<u>574,645</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, 2022
(amounts expressed in thousands)

LIABILITIES		
Accounts payable	\$	56,786
Accrued wages and benefits payable		99,035
Unearned revenues		10,796
Claims payable		7,129
Non-current liabilities:		
Due within one year		
Accrued compensated absences		3,537
Bonds		155,230
Accrued bond interest payable		18,666
Due in more than one year		
Accrued compensated absences		2,927
Bonds		1,661,880
Net pension liability- PERS		267,828
Total pension liability-stipend		5,468
Total OPEB liability-RHIS		<u>75,893</u>
Total liabilities		<u>2,365,175</u>
DEFERRED INFLOWS OF RESOURCES		
Deferred Lease Resources		7,753
OPEB differences between expected and actual experience		2,316
OPEB differences due to changes in assumptions		1,226
OPEB differences between actual and expected earnings		2,176
OPEB changes in employer proportion		3
Pension differences due to changes in assumptions		745
Pension differences between employer contribution and proportionate share of contributions		61,701
Pension changes in employer proportion		46,802
Pension differences between actual and expected earnings		<u>198,271</u>
Total deferred inflows of resources		<u>320,993</u>
NET POSITION		
Net investment in capital assets		590,231
Restricted for:		
Capital projects		139,609
Grants		14,764
Student body activities		5,135
Nutrition services		5,491
Debt service		14,462
Net OPEB asset-RHIA		9,155
Unrestricted (deficit)		<u>(634,960)</u>
Total net position		<u>\$ 143,887</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, 2022
(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	\$ 470,945	\$ 77	\$ 112,774	\$ -	\$ (358,094)
Support services	359,554	1,195	61,135	-	(297,224)
Enterprise and Community Services	29,283	725	10,672	-	(17,886)
Facilities Services	9,576	-	-	1,978	(7,598)
Interest and fees on long-term debt	63,084	-	-	-	(63,084)
Total governmental activities	<u>\$ 932,442</u>	<u>\$ 1,997</u>	<u>\$ 184,581</u>	<u>\$ 1,978</u>	<u>(743,886)</u>

GENERAL REVENUES

Property taxes levied for general purposes	304,451
Property taxes levied for debt service	141,897
Construction excise tax	5,437
Local option taxes levied for general purposes	105,314
State School Fund - general support	259,314
State Common School Fund - general support	5,693
County and intermediate sources - general support	15,566
Investment earnings	984
Other	10,668
Total general revenues	<u>849,324</u>
Change in net position	105,438
Net position - beginning of year	<u>38,449</u>
Net position - end of year	<u>\$ 143,887</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, 2022
(amounts expressed in thousands)

	General Fund	Special Revenue Fund
ASSETS		
Cash and cash equivalents-unrestricted	\$ 24,582	\$ 39,037
Cash and cash equivalents held by fiscal agents	4,780	-
Investments	109,824	13,487
Prepaid items	2,216	11
Accounts receivable	6,626	64,825
Leases receivable	7,970	-
Property taxes and other taxes receivable	9,433	-
Due from other funds	60,760	744
Inventories	373	1,091
Total assets	<u>\$ 226,564</u>	<u>\$ 119,195</u>
LIABILITIES		
Accounts payable	\$ 18,772	\$ 5,858
Accrued wages and benefits	92,034	6,712
Due to other funds	744	60,760
Unearned revenues	-	10,796
Total liabilities	<u>111,550</u>	<u>84,126</u>
DEFERRED INFLOWS OF RESOURCES		
Unavailable property tax revenue	8,457	-
Unavailable leases revenue	7,753	-
Total deferred inflows of resources	<u>16,210</u>	<u>-</u>
FUND BALANCES		
Nonspendable	2,589	1,102
Restricted	-	25,390
Committed	-	19,389
Assigned	96,215	-
Unassigned	-	(10,812)
Total fund balances	<u>98,804</u>	<u>35,069</u>
Total liabilities, deferred inflows and fund balances	<u>\$ 226,564</u>	<u>\$ 119,195</u>

Debt Service Fund	Capital Projects Fund	Total Governmental Funds
\$ 12,913	\$ 81,121	\$ 157,653
485	20,000	25,265
-	448,455	571,766
-	2,730	4,957
12	1,705	73,168
-	-	7,970
2,977	-	12,410
-	-	61,504
-	-	1,464
<u>\$ 16,387</u>	<u>\$ 554,011</u>	<u>\$ 916,157</u>
LIABILITIES		
\$ -	\$ 31,947	\$ 56,577
-	225	98,971
-	-	61,504
-	-	10,796
<u>-</u>	<u>32,172</u>	<u>227,848</u>
DEFERRED INFLOWS OF RESOURCES		
2,682	-	11,139
-	-	7,753
<u>2,682</u>	<u>-</u>	<u>18,892</u>
FUND BALANCES		
-	2,730	6,421
11,780	514,393	551,563
1,925	-	21,314
-	4,716	100,931
-	-	(10,812)
<u>13,705</u>	<u>521,839</u>	<u>669,417</u>
<u>\$ 16,387</u>	<u>\$ 554,011</u>	<u>\$ 916,157</u>

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

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, 2022
(amounts expressed in thousands)

Fund balances - governmental funds (page 36)	\$ 669,417
Amounts reported for governmental activities in the Statement of Net Position are different because:	
Capital assets are not financial resources and are not reported in governmental funds.	1,384,060
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.	11,139
Assets, deferred outflows, liabilities and deferred inflows of the internal service funds are included in activities in the Statement of Net Position.	3,231
Bonds payable are not due and payable in the current period and therefore are not reported in the governmental funds.	(1,817,110)
Actuarially determined pension activity is not reported in the governmental funds.	(22,806)
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.	(6,464)
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.	(3,112)
Accrued interest payable is not recognized as a liability in the governmental funds.	(18,666)
Actuarially determined OPEB activity is not reported in the governmental funds.	(55,802)
Net position of governmental activities (page 33)	<u>\$ 143,887</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, 2022
(amounts expressed in thousands)

	General Fund	Special Revenue Fund
REVENUES		
Property and other taxes	\$ 304,228	\$ 330
State School Fund	259,314	-
State Common School Fund	5,693	-
Federal and state support	21	173,098
Local option taxes	106,124	-
County and intermediate sources	12,793	2,773
Charges for services	1,724	217
Extracurricular activities	-	4,020
Investment earnings	782	4
Other	7,938	7,956
Total revenues	<u>698,617</u>	<u>188,398</u>
EXPENDITURES		
Current:		
Instruction	373,758	87,066
Support services	312,766	64,722
Enterprise and community services	893	29,737
Facilities acquisition and construction	-	100
PERS UAL lump sum payment	398,666	-
Debt Service:		
Principal	-	-
Interest and fiscal charges	2,167	-
Total expenditures	<u>1,088,250</u>	<u>181,625</u>
Excess (deficit) of revenues over expenditures	<u>(389,633)</u>	<u>6,773</u>
OTHER FINANCING SOURCES (USES)		
Transfers in	-	73
Transfers out	(1,207)	-
PERS Bond Proceeds	399,390	-
Premium on issuance of debt	1,449	-
Proceeds from the sale of capital assets	114	-
Total other financing sources (uses)	<u>399,746</u>	<u>73</u>
Net change in fund balances	10,113	6,846
Fund balances - beginning of year	88,691	28,223
Fund balances - end of year	<u>\$ 98,804</u>	<u>\$ 35,069</u>

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

Debt Service Fund	Capital Projects Fund	Total Governmental Funds
\$ 142,032	\$ 5,437	\$ 452,027
-	-	259,314
-	-	5,693
31	1,978	175,128
-	-	106,124
-	-	15,566
76,346	56	78,343
-	-	4,020
271	(88)	969
-	1,646	17,540
<u>218,680</u>	<u>9,029</u>	<u>1,114,724</u>
-	-	460,824
-	1,574	379,062
-	-	30,630
-	256,588	256,688
-	-	398,666
129,626	-	129,626
88,773	-	90,940
<u>218,399</u>	<u>258,162</u>	<u>1,746,436</u>
<u>281</u>	<u>(249,133)</u>	<u>(631,712)</u>
1,752	-	1,825
-	(618)	(1,825)
-	-	399,390
-	-	1,449
-	-	114
<u>1,752</u>	<u>(618)</u>	<u>400,953</u>
2,033	(249,751)	(230,759)
11,672	771,590	900,176
<u>\$ 13,705</u>	<u>\$ 521,839</u>	<u>\$ 669,417</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, 2022
(amounts expressed in thousands)

Net change in fund balances - total governmental funds (page 40) \$ (230,759)

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 \$272,078 exceeded depreciation and disposals of \$61,389. 210,689

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. (877)

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. (3,154)

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. (389)

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. (263,377)

Pension actuarial liability activity is reported in the Statement of Activities but not in the governmental funds. 370,359

Other Post Employment Benefits actuarial liability activity is reported in the Statement of Activities but not in the governmental funds. 2,564

Change in compensated absences 362
Change in bond interest payable 20,020

Change in net position of governmental activities (page 33) \$ 105,438



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, 2022
(amounts expressed in thousands)

ASSETS

Current Assets	
Cash and cash equivalents	\$ 7,167
Prepaid items	375
Total current assets	<u>7,542</u>
Noncurrent Assets	
Net OPEB asset-RHIA	2
Total assets	<u>7,544</u>

DEFERRED OUTFLOWS OF RESOURCES

OPEB contributions after measurement date	2
OPEB differences due to changes in assumptions	2
Pension contributions after measurement date	1
Pension changes in employer proportion	17
Pension differences between expected and actual experience	7
Pension differences due to changes in assumptions	<u>17</u>
Total deferred outflows of resources	<u>46</u>
 Total assets and deferred outflows	 <u>7,590</u>

LIABILITIES

Current Liabilities	
Accounts payable	209
Accrued wages and benefits	64
Claims payable	<u>4,017</u>
Total current liabilities	<u>4,290</u>
Long-term Liabilities	
Total OPEB liability- RHIS	20
Net pension liability- PERS	70
Total pension liability-stipend	<u>1</u>
Total long term liabilities	<u>91</u>
 Total liabilities	 <u>4,381</u>

DEFERRED INFLOWS OF RESOURCES

OPEB differences between expected and actual experience	1
Pension changes in employer proportion	12
Pension differences between employer contribution and proportionate share of contributions	<u>16</u>
Total deferred inflows of resources	<u>82</u>
 Total liabilities and deferred inflows of resources	 <u>4,463</u>

NET POSITION

Restricted for Net OPEB asset-RHIA	2
Unrestricted	<u>3,125</u>
Total net position	<u>\$ 3,127</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, 2022
(amounts expressed in thousands)

OPERATING REVENUES

Charges for services	\$ 821
Total operating revenues	<u>821</u>

OPERATING EXPENSES

Salaries and benefits	75
Materials and services	559
Claims expense	<u>3,664</u>
Total operating expenses	<u>4,298</u>
 Operating income (loss)	 <u>(3,477)</u>

NON-OPERATING REVENUES

Federal and state support	308
Investment earnings	<u>15</u>
Total non-operating revenues	<u>323</u>

Change in net position (3,154)

Net position - beginning of year	6,281
Net position - end of year	<u>\$ 3,127</u>

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

SCHOOL DISTRICT NO.1J, MULTNOMAH COUNTY, OREGON
Proprietary Fund - Internal Service Fund
Statement of Cash Flows
For the year ended June 30, 2022
(amounts expressed in thousands)

CASH FLOWS FROM OPERATING ACTIVITIES

Cash received from interfund services provided and used	\$ 821
Cash payments for salaries and benefits	(169)
Cash payments for goods and services	(604)
Cash payments for claims	(2,572)
Net cash provided by (used for) operating activities	<u>(2,524)</u>

CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES

Cash subsidy from state return to work reimbursements	308
Net cash provided by (used for) noncapital financing activities	<u>308</u>

CASH FLOWS FROM INVESTING ACTIVITIES

Investment earnings	15
Net cash provided by investing activities	<u>15</u>
Net increase in cash and cash equivalents	(2,201)

Cash and cash equivalents at beginning of year	9,368
Cash and cash equivalents at end of year	<u>\$ 7,167</u>

RECONCILIATION OF OPERATING INCOME TO

CASH FROM OPERATING ACTIVITIES

Operating income	\$ (3,477)
Adjustments to reconcile operating income to net cash from operating activities:	
Increase in prepaid items	(75)
Decrease in accounts and other payables	(45)
Increase in claims payable	1,167
Decrease in net pension asset and deferred outflows	69
Decrease in net pension liability and deferred inflows	(149)
Decrease in OPEB asset and OPEB related deferred outflows	5
Decrease in OPEB liability and OPEB related deferred inflows	(19)
Total adjustments	<u>953</u>
Net cash used for operating activities	<u>\$ (2,524)</u>



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

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.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

A. Government-wide and fund financial statements - continued

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

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

The District reports the following major governmental funds:

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

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

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

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

Additionally, the District reports the following internal service fund:

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

B. Appropriations and Budgetary Controls

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

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

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

School District No. 1J, Multnomah County, Oregon
Notes to the Basic Financial Statements
For the Year Ended June 30, 2022
(Dollar amounts, unless otherwise indicated, are expressed in thousands)

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

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

After the original budget is adopted, the Board of Education may approve appropriation transfers between the levels of control without limitation. Supplemental appropriations may be approved by the Board of Education if any occurrence, condition, or need exists which had not been anticipated at the time the budget was adopted. An appropriations transfer that alters estimated total expenditures by less than 10.00 percent of any individual fund may be adopted at the regular meeting of the Board of Education. For conditions that require either supplemental appropriations or an increase in expenditures greater than 10.00 percent of an individual fund, a supplemental budget must be adopted, requiring public hearings, publications in newspapers and approval by the Board of Education. Supplemental budgets are submitted, reviewed and certified, similar to the original budget, by the Multnomah County Tax Supervising and Conservation Commission subsequent to approval by the Board of Education. Appropriations lapse at the end of each fiscal year. The District had two supplemental budgets during budget year 2022.

C. Encumbrances

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

D. Cash and Cash Equivalents and Investments

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

E. Property Taxes

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

F. Inventories and Prepaid Items

Inventories of school operating supplies, maintenance supplies, and food and other cafeteria supplies are stated at cost using the weighted average method. A portion of the inventory consists of commodities purchased from the United States Department of Agriculture (USDA). The commodities are recorded at wholesale market value as provided by the USDA. The District accounts for inventory based on the consumption method. 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.

School District No. 1J, Multnomah County, Oregon
Notes to the Basic Financial Statements
For the Year Ended June 30, 2022
(Dollar amounts, unless otherwise indicated, are expressed in thousands)

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

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.

I. Insurance

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

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

School District No. 1J, Multnomah County, Oregon
Notes to the Basic Financial Statements
For the Year Ended June 30, 2022
(Dollar amounts, unless otherwise indicated, are expressed in thousands)

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

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

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

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

J. Compensated Absences

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

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

K. Receivables and Payables

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

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

L. Long-term Obligations

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

School District No. 1J, Multnomah County, Oregon
Notes to the Basic Financial Statements
For the Year Ended June 30, 2022
(Dollar amounts, unless otherwise indicated, are expressed in thousands)

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

M. Retirement Plans

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

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

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

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

N. Other Post-Employment Benefits

The District is mandated to contribute to Retirement Health Insurance Accounts (RHIA's) 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.

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".

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

P. Deferred Inflows and Outflows of Resources

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

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

Q. Lease Receivables

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

R. Management Estimates

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

S. Fund Balance Definitions

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

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

1. *Non-spendable fund balances* – Amounts that are not in spendable form or due to legal or contractual requirements. Examples of resources in this category are prepaid amounts, inventory or notes receivable.
2. *Restricted fund balances* – Amounts constrained to specific purposes by their providers (such as grantors or bond holders), through constitutional provisions or by enabling legislation. These are primarily amounts subject to externally enforceable legal restrictions.
3. *Committed fund balances* – Amounts constrained to specific purposes by resolution of the District's Board. The District's Board can modify or rescind a commitment at any time through passage of a new resolution. In order to commit fund balances the District must take formal action prior to the close of the fiscal year.
4. *Assigned fund balances* – Amounts the District intends to use for a specific purpose that are neither restricted nor committed are reported as assigned fund balance. Intent can be expressed by the Board or delegated authority to an official. An example of assignment is when the District's Board adopts the annual budget which includes funds identified as reserved for a specific purpose.
5. *Unassigned fund balance* – Amounts not included in other classifications above. The amount represents spendable fund balance that is not restricted, committed or assigned in the General Fund. This classification is also used to report any deficit fund balance amounts in other governmental funds.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

S. Fund Balance Definitions - continued

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

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

T. Use of Restricted Resources

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

U. Fund Balance Policy

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

V. Stabilization Arrangements

The District established a PERS Rate Stabilization Reserve Fund by Board Resolutions 2679, adopted on June 16, 2003, and 4471, adopted on June 27, 2011. The purpose of the Fund is to minimize effects of large fluctuations in the PERS rate assessed against District salaries and wages, and to repay the 2002, 2003 and 2020 PERS UAL borrowings. This Fund resides within the Special Revenue Fund, and the primary revenue source is 0.11 percent of Current Year Permanent Rate and GAP Property Taxes. Use of the resources must be authorized through formal Board resolution. In any given year, funds may be transferred to the General Fund not to exceed either 1) the increase in PERS rate over rates in effect at June 30, 2011; or 2) the increase in the internally charged PERS UAL fringe rate over the fringe rate in effect at June 30, 2011, multiplied by the PERS eligible budgeted salary base for that year. The ending fund balance in the PERS Rate Stabilization Reserve Fund at June 30, 2022 is \$19,389.

School District No. 1J, Multnomah County, Oregon
Notes to the Basic Financial Statements
For the Year Ended June 30, 2022
(Dollar amounts, unless otherwise indicated, are expressed in thousands)

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

W. New Accounting Standards Implemented

GASB Statement No. 87. *Leases* requires recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset.

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, 2022 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	\$ 146,000,000 (unrounded dollars)

School District No. 1J, Multnomah County, Oregon
Notes to the Basic Financial Statements
For the Year Ended June 30, 2022
(Dollar amounts, unless otherwise indicated, are expressed in thousands)

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, 2022, the District's cash, cash equivalents, and investments were comprised of the following:

	June 30, 2022	Fair Value Measurements Using
Oregon Local Government Investment Pool	\$ 67,428	N/A
Cash in demand deposits	97,385	N/A
Petty cash	7	N/A
Total cash and cash equivalents	<u>164,820</u>	
Cash and cash equivalents held by fiscal agents	<u>25,265</u>	N/A
U.S. Government agency securities	385,260	Level 1
Commercial Paper	163,335	Level 1
Municipal Bonds	<u>23,171</u>	Level 1
Total investments	<u>571,766</u>	
Total cash, cash equivalents and investments	<u>\$ 761,851</u>	

A. Investments

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

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

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

School District No. 1J, Multnomah County, Oregon

Notes to the Basic Financial Statements

For the Year Ended June 30, 2022

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

NOTE 4 – CASH, CASH EQUIVALENTS AND INVESTMENTS - continued

A. Investments - continued

The Oregon Local Government Investment Pool is unrated. Other investments held at June 30, 2022 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	\$ 328,569	\$ 55,737	\$ 21,476	\$ 405,782
Aa2	-	-	1,695	1,695
A1	-	29,939	-	29,939
A2	-	57,680	-	57,680
P1	-	9,991	-	9,991
NR	56,691	9,988	-	66,679
	<u>\$ 385,260</u>	<u>\$ 163,335</u>	<u>\$ 23,171</u>	<u>\$ 571,766</u>
Weighted Average Maturity (Yrs)	0.48	0.28	0.46	0.42
S & P Rating	U.S. Government & Agency Obligations	Corporate Notes	Municipal Bonds	Total
AAA	\$ -	\$ 55,737	\$ -	\$ 55,737
AA+	328,569	-	21,476	350,045
AA-	-	-	1,695	1,695
A	-	29,939	-	29,939
A-	-	57,680	-	57,680
A-1+	-	19,979	-	19,979
NR	56,691	-	-	56,691
	<u>\$ 385,260</u>	<u>\$ 163,335</u>	<u>\$ 23,171</u>	<u>\$ 571,766</u>
Weighted Average Maturity (Yrs)	0.48	0.28	0.46	0.42

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.

School District No. 1J, Multnomah County, Oregon

Notes to the Basic Financial Statements

For the Year Ended June 30, 2022

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

NOTE 4 – CASH, CASH EQUIVALENTS AND INVESTMENTS - continued

A. Investments - continued

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, 2022 the District held the following individual non-federal assets that exceeded 5.00 percent of total invested funds:

	Value	Percentage of Total Investments
Bank of America Corp	\$ 30,113	5.3%

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, 2022, bank balances of \$1,250 were insured by the FDIC. Funds not covered by FDIC insurance are covered by the Oregon State Treasury Collateral Pool. At June 30, 2022, the carrying amount of the District's balance was \$97,385 and the bank balance was \$96,378.

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, 2022
(Dollar amounts, unless otherwise indicated, are expressed in thousands)

NOTE 5 – RECEIVABLES

Accounts and other receivables at June 30, 2022 are summarized as follows:

	General Fund	Special Revenue Fund	Debt Service Fund	Capital Projects Fund	Total
Accounts and other receivables:					
Interest Receivable	\$ 26	\$ -	\$ -	\$ 979	\$ 1,005
Accounts receivable	6,600	4,789	12	726	12,127
Federal, state and local grants	-	60,036	-	-	60,036
Total accounts and other receivables	6,626	64,825	12	1,705	73,168
Property and other taxes receivable	9,433	-	2,977	-	12,410
Total	<u>\$ 16,059</u>	<u>\$ 64,825</u>	<u>\$ 2,989</u>	<u>\$ 1,705</u>	<u>\$ 85,578</u>

Lease receivables at June 30, 2022 are summarized as follows:

	Original Amount	Outstanding at June 30, 2021	Additions	Decreases	Outstanding at June 30, 2022
Riverdale Land Lease, interest at 2.583%, principal and interest ranges from \$19 to \$46 monthly, due 2051	\$ 7,328	\$ 7,328	\$ -	\$ (61)	\$ 7,267
Trillium Building Lease, interest at 0.972%, principal and interest ranges from \$14 to \$16 monthly, due 2026	809	-	809	(106)	703
Total	<u>\$ 8,137</u>	<u>\$ 7,328</u>	<u>\$ 809</u>	<u>\$ (167)</u>	<u>\$ 7,970</u>

NOTE 6 – PREPAID ITEMS

A summary of changes in prepaid items for the year ended June 30, 2022 is as follows:

	Beginning Balance	Additions	Reductions	Ending Balance
Postage	\$ 205	\$ 238	\$ (163)	\$ 280
Insurance	4,170	-	(1,440)	2,730
Workers Compensation Prefund	300	75	-	375
Other	423	1,947	(423)	1,947
Total Prepaid Assets	<u>\$ 5,098</u>	<u>\$ 2,260</u>	<u>\$ (2,026)</u>	<u>\$ 5,332</u>

School District No. 1J, Multnomah County, Oregon
Notes to the Basic Financial Statements
For the Year Ended June 30, 2022
(Dollar amounts, unless otherwise indicated, are expressed in thousands)

NOTE 6 – PREPAID ITEMS - continued

Prepaid insurance consists of Owner Controlled Insurance Program (OCIP), which provides liability coverage for major construction contracts, and builders risk insurance for high school rebuilds. The District has two OCIP policies being amortized over five years. OCIP I is being amortized April 2019 to April 2024. OCIP II is being amortized June 2020 to June 2025. The District has one builder's risk policy for Lincoln High School, being amortized over 28 months, April 2020 to July 2022.

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.

NOTE 7 – CAPITAL ASSETS

A summary of changes in capital assets for the year ended June 30, 2022 is as follows:

	Beginning Balance	Additions	Deletions	Transfers	Ending Balance
Capital assets not being depreciated or amortized					
Land	\$ 9,174	\$ -	\$ -	\$ -	\$ 9,174
Construction in progress	498,505	228,319	(21,070)	(362,283)	343,471
Total capital assets not being depreciated or amortized	<u>507,679</u>	<u>228,319</u>	<u>(21,070)</u>	<u>(362,283)</u>	<u>352,645</u>
Capital assets being depreciated or amortized					
Buildings and site improvements	933,782	386	(13,479)	346,562	1,267,251
Vehicles and equipment	39,946	43,373	(265)	15,721	98,775
Total capital assets being depreciated or amortized	<u>973,728</u>	<u>43,759</u>	<u>(13,744)</u>	<u>362,283</u>	<u>1,366,026</u>
Total general capital assets	<u>1,481,407</u>	<u>272,078</u>	<u>(34,814)</u>	<u>-</u>	<u>1,718,671</u>
Less accumulated depreciation and amortization					
Buildings and site improvements	(277,209)	(27,614)	10,642	-	(294,181)
Vehicles and equipment	(30,827)	(9,861)	258	-	(40,430)
Total accumulated depreciation and amortization	<u>(308,036)</u>	<u>(37,475)</u>	<u>10,900</u>	<u>-</u>	<u>(334,611)</u>
Total capital assets, net of accumulated depreciation	<u>\$ 1,173,371</u>	<u>\$ 234,603</u>	<u>\$ (23,914)</u>	<u>\$ -</u>	<u>\$ 1,384,060</u>

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

Instruction	\$ 34,899
Supporting services	2,421
Enterprise and Community Services	155
	<u>\$ 37,475</u>

As of June 30, 2022 the District has one school that was closed and idle: Smith elementary school. As of June 30, 2022 the carrying value of this school is \$441 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, 2022
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NOTE 8 – INTERFUND RECEIVABLES, PAYABLE AND TRANSFERS

Interfund balances represent cash owed by one fund to another. Interfund receivables and payables at June 30, 2022 are as follows:

	Due To	Due From
General Fund	\$ 60,760	\$ 744
Special Revenue Fund	744	60,760
	<u>\$ 61,504</u>	<u>\$ 61,504</u>

There is a \$744 interfund balance between the General Fund and the Special Revenue Fund for monies invested on behalf of Student Body Fund accounts. The Special Revenue Fund was advanced \$60,760, by the General Fund to cover unbilled expenditures.

The composition of interfund transfers as of June 30, 2022, is as follows:

	Transfers In	Transfers Out
General Fund	\$ -	\$ 1,207
Special Revenue Fund	73	-
Debt Service Fund	1,752	-
Capital Projects Fund	-	618
	<u>\$ 1,825</u>	<u>\$ 1,825</u>

The District's General Fund made debt service transfers totaling \$1,134 to the Debt Service Fund for principal and interest payments on the District's Full Faith & Credit obligations. The District's General Fund also made transfers totaling \$73 to the Special Revenue Fund to cover write-offs. The Capital Projects Fund made transfers of \$618 to the Debt Service Fund for principal and interest payments on the District's Full Faith & Credit and QZAB obligations.

NOTE 9 – ACCRUED COMPENSATED ABSENCES

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

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

Outstanding June 30, 2021	Increases	Payments	Outstanding June 30, 2022	Due Within One Year
\$ 6,826	\$ 4,966	\$ (5,328)	\$ 6,464	\$ 3,537

School District No. 1J, Multnomah County, Oregon
Notes to the Basic Financial Statements
For the Year Ended June 30, 2022
(Dollar amounts, unless otherwise indicated, are expressed in thousands)

NOTE 10 – BONDED AND OTHER DEBT

Changes in District long-term debt during fiscal year 2022 were as follows:

	Original Amount	Beginning Balance	Additions	Matured and Redeemed	Ending Balance	Due Within One Year
Pension debt:						
Limited tax pension bonds						
Series 2002	\$ 210,104	\$ 142,580	\$ -	\$ (15,900)	\$ 126,680	\$ 17,945
Series 2003	281,170	171,579	-	(7,673)	163,906	7,536
Series 2021	399,390	-	399,390	(10,790)	388,600	12,815
Total pension debt (See Note 11)	<u>890,664</u>	<u>314,159</u>	<u>399,390</u>	<u>(34,363)</u>	<u>679,186</u>	<u>38,296</u>
Other Debt:						
Recovery Zone Economic Development Bonds	11,000	1,700	-	(1,093)	607	607
General Obligation Bonds Series 2013B	68,575	6,025	-	(2,865)	3,160	3,160
General Obligation Bonds Series 2015B	244,700	116,145	-	(5,735)	110,410	6,340
QZAB Series 2016	4,000	3,200	-	(200)	3,000	200
Full Faith and Credit Obligations Series 2016	5,048	3,918	-	(305)	3,613	315
General Obligation Bonds Series 2017B	241,890	177,695	-	(2,315)	175,380	2,650
General Obligation Bonds Series 2020	441,320	386,390	-	(41,625)	344,765	36,945
General Obligation Bonds Series 2020B	365,465	365,465	-	(40,240)	325,225	57,970
General Obligation Bonds Series 2020C	53,965	53,405	-	(885)	52,520	905
Total other debt	<u>1,435,963</u>	<u>1,113,943</u>	<u>-</u>	<u>(95,263)</u>	<u>1,018,680</u>	<u>109,092</u>
Total long-term debt	<u>\$ 2,326,627</u>	<u>1,428,102</u>	<u>399,390</u>	<u>(129,626)</u>	<u>1,697,866</u>	<u>147,388</u>
Unamortized bond premium (discount)		125,631	1,449	(7,836)	119,244	7,842
Total long-term debt, net of premiums (discounts)		<u>\$ 1,553,733</u>	<u>\$ 400,839</u>	<u>\$ (137,462)</u>	<u>\$ 1,817,110</u>	<u>\$ 155,230</u>

Changes in District accrued interest during fiscal year 2022 were as follows:

	Beginning Balance	Additions	Payments and Reductions	Ending Balance
Accrued Interest:				
Current Portion	\$ 23,052	\$ 84,386	\$ (88,772)	\$ 18,666
Long Term Portion	15,634	-	(15,634)	-
Total Accrued Interest	<u>\$ 38,686</u>	<u>\$ 84,386</u>	<u>\$ (104,406)</u>	<u>\$ 18,666</u>

School District No. 1J, Multnomah County, Oregon

Notes to the Basic Financial Statements

For the Year Ended June 30, 2022

(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, 2028 are subject to mandatory prepayment prior to 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 rates ranging from 5.45 to 6.27 percent. Interest on the current coupon bonds is payable semiannually at rates ranging from 5.45 to 6.27 percent. The bonds are federally taxable and are not subject to optional prepayment prior to their stated maturities.

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

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

School District No. 1J, Multnomah County, Oregon

Notes to the Basic Financial Statements

For the Year Ended June 30, 2022

(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 on the outstanding Bonds is fixed at 5.00 percent. Interest payments on the bonds are payable semiannually in June and December, beginning December 15, 2013. The bonds mature on June 15, 2033 with principal payments due annually on June 15. The bonds were issued at a premium of \$7,923 which is being amortized over the life of the bonds.

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

On August 10, 2017 the District issued \$62,160 in General Obligation Bonds, Series 2017B. The interest rate is fixed at rates ranging from 3.00 to 5.00 percent. Interest payments on the bonds are payable semiannually in June and December, beginning December 15, 2017. The Series 2017B Bonds are not subject to early redemption prior to maturity. The bonds mature on June 15, 2030, with principal payments due annually on June 15. The bonds were issued at a premium of \$9,854 which is being amortized over the life of the bonds.

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

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

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

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

On December 30, 2020 the District issued \$365,465 in General Obligation Bonds, Series 2020B. The interest rate is

School District No. 1J, Multnomah County, Oregon

Notes to the Basic Financial Statements

For the Year Ended June 30, 2022

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NOTE 10 – BONDED AND OTHER DEBT – continued

fixed at rates ranging from 1.50 to 5.00 percent. Interest payments on the bonds are payable semiannually in June and December, beginning December 15, 2021. The Series 2020B Bonds maturing on June 15, 2031 and on any date thereafter are subject to redemption at the option of the District prior to their stated maturity dates at any time on or after June 15, 2030 in whole or in part; and, if in part, with maturities to be selected by the District at a price of par plus accrued interest, if any, to the date of redemption. The bonds mature on June 15, 2046 with principal payments due annually on June 15. The bonds were issued at a premium of \$29,574 which is being amortized over the life of the bonds.

On December 30, 2020 the District issued \$53,965 in General Obligation Bonds, Series 2020C. The interest rate is fixed at rates ranging from 1.05 to 2.00 percent. Interest payments on the bonds are payable semiannually in June and December, beginning June 15, 2021. The Series 2020C Bonds maturing on June 15, 2031 and on any date thereafter are subject to redemption at the option of the District prior to their stated maturity dates at any time on or after June 15, 2030 in whole or in part; and, if in part, with maturities to be selected by the District at a price of par plus accrued interest, if any, to the date of redemption. The bonds mature on June 15, 2033 with principal payments due annually on June 15. The bonds were issued at a premium of \$1,631 which is being amortized over the life of the bonds.

C. Other Debt

Pursuant to the American Recovery and Reinvestment Act of 2009 (ARRA), the City of Portland was awarded \$13,500 in Recovery Zone Economic Development Bonds (RZEDBs). In July 2010, the City sub-awarded \$11,000 of the RZED bonds to Portland Public Schools, which are being used to complete energy and water conservation projects that will financially benefit the District in reduced energy and water costs and will yield on-going financial benefit once the bonds are paid off. The District makes semi-annual interest payments and annual principal payments, and the bonds will mature in December 2022. The bond's interest payments of 5.05 percent are 42.4 percent federally subsidized.

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

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

Article XI-K of the Oregon Constitution allows the state to guarantee the general obligation bonded indebtedness of school districts. For the Series 2013B, 2015B, 2017B, 2020, 2020B and 2020C 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, 2022.

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Notes to the Basic Financial Statements

For the Year Ended June 30, 2022

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NOTE 10 – BONDED AND OTHER DEBT – continued

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

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

Fiscal year	Limited tax pension bonds	Recovery zone bonds	Other full faith & credit	General Obligation Bonds	QZAB	Total
Principal						
2023	\$ 38,296	\$ 607	\$ 315	\$ 107,970	\$ 200	\$ 147,388
2024	62,240	-	325	54,465	200	117,230
2025	68,320	-	335	59,445	200	128,300
2026	76,755	-	345	42,860	200	120,160
2027	83,940	-	355	46,735	200	131,230
2028-2032	131,900	-	1,938	236,290	1,000	371,128
2033-2037	134,220	-	-	197,950	1,000	333,170
2038-2042	83,515	-	-	147,085	-	230,600
2043-2047	-	-	-	118,660	-	118,660
Total principal	<u>679,186</u>	<u>607</u>	<u>3,613</u>	<u>1,011,460</u>	<u>3,000</u>	<u>1,697,866</u>
Interest						
2023	42,148	15	103	37,083	-	79,349
2024	22,440	-	94	31,711	-	54,245
2025	19,626	-	84	29,110	-	48,820
2026	16,447	-	74	26,267	-	42,788
2027	12,818	-	63	24,260	-	37,141
2028-2032	33,577	-	147	89,750	-	123,474
2033-2037	19,878	-	-	50,896	-	70,774
2038-2042	3,750	-	-	26,532	-	30,282
2043-2047	-	-	-	6,256	-	6,256
Total interest	<u>170,684</u>	<u>15</u>	<u>565</u>	<u>321,865</u>	<u>-</u>	<u>493,129</u>
Total debt service	<u>\$ 849,870</u>	<u>\$ 622</u>	<u>\$ 4,178</u>	<u>\$ 1,333,325</u>	<u>\$ 3,000</u>	<u>\$ 2,190,995</u>

NOTE 11 – PENSION PLANS

Pension Plans - Summary

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

	OPERS	Stipend	Net
Total Pension Liability	\$ (267,828)	\$ (5,468)	\$ (273,296)
Total Pension Expense	\$ 28,666	\$ (439)	\$ 28,227
Pension Deferred Outflows of Resources	\$ 557,100	\$ 903	\$ 558,003
Pension Deferred Inflows of Resources	\$ (307,479)	\$ (40)	\$ (307,519)

A. Oregon Public Employees Retirement System (OPERS)

General Information about the Pension Plan

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

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

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

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

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

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

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 fair value of the underlying equity investments of that account.

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

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

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

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

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

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

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

School District No. 1J, Multnomah County, Oregon

Notes to the Basic Financial Statements

For the Year Ended June 30, 2022

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

NOTE 11 – PENSION PLANS – continued

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

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

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

Contributions:

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

Employer contribution rates during the period were based on the December 31, 2019 actuarial valuation. The rates based on a percentage of payroll, first became effective July 1, 2021. The state of Oregon and certain schools, community colleges, and political subdivisions have made unfunded actuarial liability payments to establish side accounts, and their rates have been reduced.

The District's rates in effect for the fiscal year ended June 30, 2022 were:

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

The District contributed approximately \$401.4 million for the year ended June 30, 2022.

Actuarial Valuations:

The employer contribution rates effective July 1, 2021 through June 30, 2022, were set using the entry age normal actuarial cost method. For the Tier One / Tier Two component of the OPERS Defined Benefit Plan, this method produced an employer contribution rate consisting of (1) an amount for normal cost (the estimated amount necessary to finance benefits earned by the employees during the current service year), and (2) an amount for the amortization of unfunded actuarial accrued liabilities, which are being amortized over a fixed period with new unfunded actuarial accrued liabilities being amortized over 20 years.

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

School District No. 1J, Multnomah County, Oregon

Notes to the Basic Financial Statements

For the Year Ended June 30, 2022

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

NOTE 11 – PENSION PLANS – continued

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

Actuarial Valuations - continued

Actuarial Methods and Assumptions:

Valuation Date	December 31, 2019
Measurement Date	June 30, 2021
Experience Study	2018, published July 24, 2019
Actuarial Assumptions:	
Actuarial cost method	Entry Age Normal
Inflation rate	2.40 percent
Long-term expected rate of return	6.90 percent
Discount rate	6.90 percent
Projected salary increases	3.40 percent
COLA	Blend of 2.00% COLA and graded COLA (1.25%/0.15%) in accordance with <i>Moro</i> decision; blend based on service
Mortality	Healthy retirees and beneficiaries: Pub-2010 Healthy Retiree, sex distinct, generational with Unisex, Social Security Data Scale, with job category adjustments and set-backs as described in the valuation Active members: Pub-2010 Employee, sex distinct, generational with Unisex, Social Security Data Scale, with job category adjustments and set-backs as described in the valuation Disabled retirees: Pub-2010 Disable Retiree sex distinct, generational with Unisex, Social Security Data Scale, with job category adjustments and set-backs as described in the valuation

Source: OPERS Annual Comprehensive Financial Report, For the Fiscal Year Ended June 30, 2021

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 2018 Experience Study.

Discount Rate:

The discount rate used to measure the total pension liability was 6.90 percent for the Defined Benefit Pension Plan. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and those of the contributing employers are made at the contractually required rates, as actuarially determined. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments for the Defined Benefit Pension Plan was applied to all periods of projected benefit payments to determine the total pension liability.

School District No. 1J, Multnomah County, Oregon

Notes to the Basic Financial Statements

For the Year Ended June 30, 2022

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

NOTE 11 – PENSION PLANS – continued

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

Actuarial Valuations - continued

Depletion Date Projection:

GASB 67 generally requires that a blended discount rate be used to measure the Total Pension Liability (the Actuarial Accrued Liability calculated using the Individual Entry Age Normal Cost Method). The long-term expected return on plan investments may be used to discount liabilities to the extent that the plan's Fiduciary Net Position (fair 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
Debt Securities	15.0 %	25.0 %	20.0 %
Public Equity	27.5	37.5	32.5
Real Estate	9.5	15.5	12.5
Private Equity	14.0	21.0	17.5
Alternatives Portfolio	7.5	17.5	15.0
Opportunity Portfolio	0.0	5.0	0.0
Risk Parity	0.0	2.5	2.5
Total			100.0 %

Source: OPERS Annual Comprehensive Financial Report, For the Fiscal Year Ended June 30, 2021

School District No. 1J, Multnomah County, Oregon

Notes to the Basic Financial Statements

For the Year Ended June 30, 2022

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

Asset Class	Target Allocation	20-Year Annualized Geometric Mean
Global Equity	30.62 %	5.85 %
Private Equity	25.50	7.71
Core Fixed Income	23.75	2.73
Real Estate	12.25	5.66
Master Limited Partnerships	0.75	5.71
Infrastructure	1.50	6.26
Commodities	0.63	3.10
Hedge Fund of Funds - Diversified	1.25	5.11
Hedge Fund Equity - Hedge	0.63	5.31
Hedge Fund - Macro	5.62	5.06
US Cash	-2.50	1.76
Assumed Inflation – Mean		2.40 %

Source: OPERS Annual Comprehensive Annual Financial Report, For the Fiscal Year Ended June 30, 2021

School District No. 1J, Multnomah County, Oregon
Notes to the Basic Financial Statements
For the Year Ended June 30, 2022
(Dollar amounts, unless otherwise indicated, are expressed in thousands)

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

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

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

	1% Decrease (5.90%)	Discount Rate (6.90%)	1% Increase (7.90%)
Proportionate share of the net pension liability	\$525,950	\$267,828	\$51,873

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, 2022, the District reported a liability of \$267,828 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2019. 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, 2022, the District's proportion was 2.24 percent, which is a decrease of 0.15 from the District's proportion of 2.39 percent for the year ended June 30, 2021.

For the year ended June 30, 2022, the District recognized pension expense of \$31.8 million for the defined benefit portion of the pension plan. At June 30, 2022, 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	Net
Pension changes in employer proportion	\$ 63,594	\$ (46,802)	\$ 16,792
Pension differences between employer contribution and proportionate share of contributions	-	(61,701)	(61,701)
Pension differences between expected and actual experience	25,071	-	25,071
Pension differences due to changes in assumptions	67,045	(705)	66,340
Pension differences between expected and actual earnings	-	(198,271)	(198,271)
Total (prior to post-measurement date contributions)	155,710	(307,479)	(151,769)
Pension contributions subsequent to measurement date	401,390	-	401,390
Net Deferred Outflow/(Inflow) of Resources	<u>\$ 557,100</u>	<u>\$ (307,479)</u>	<u>\$ 249,621</u>

Source: OPERS Schedule of Pension Amounts under GASB 68, June 30, 2021

School District No. 1J, Multnomah County, Oregon
Notes to the Basic Financial Statements
For the Year Ended June 30, 2022
(Dollar amounts, unless otherwise indicated, are expressed in thousands)

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

The deferred outflow of resources of \$401.4 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, 2023. 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 2023	\$ (32,807)
Fiscal Year 2024	(35,200)
Fiscal Year 2025	(30,623)
Fiscal Year 2026	(55,016)
Fiscal Year 2027	<u>1,877</u>
Total	<u>\$ (151,769)</u>

Source: OPERS Schedule of Pension Amounts under GASB 68, June 30, 2021

Defined Contribution Plan

OPSRP Individual Account Program (OPSRP IAP)

Plan Description:

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

School District No. 1J, Multnomah County, Oregon

Notes to the Basic Financial Statements

For the Year Ended June 30, 2022

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

NOTE 11 – PENSION PLANS – continued

A. Oregon Public Employees Retirement System (OPERS) – continued
Defined Contribution Plan- continued

Pension Benefits:

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

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

Death Benefits:

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

Contributions:

Employees of the District contribute 6.0 percent of their covered payroll. The District did not make any optional contributions to member IAP accounts for the year ended June 30, 2022. Included in accrued liabilities at June 30, 2022 are \$2.4 million for employee contributions owed to the plan.

B. District Plan - Stipend

Plan Description

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

Total Stipend Liability

The District's total stipend liability of \$5.5 million was measured as of June 30, 2021, rolled forward to June 30, 2022, and was determined by an actuarial valuation as of July 1, 2020.

School District No. 1J, Multnomah County, Oregon

Notes to the Basic Financial Statements

For the Year Ended June 30, 2022

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

NOTE 11 – PENSION PLANS – continued

B. District Plan - Stipend – continued

Actuarial Assumptions and Other Inputs

The total Stipend liability in the June 30, 2022 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, 2020
Measurement Date	June 30, 2020
Inflation	2.50%
Projected salary growth	3.50%
Discount rate	2.16%
Withdrawal, retirement, and mortality rates	December 31, 2018 Oregon PERS valuation
Lapse rates	5% annual lapse rate
Actuarial cost method	Entry Age Normal Level Percent of Pay
Demographic Assumptions	
Mortality	Pub-2010 sex-distinct base tables, as specified below. Male retiree: Teachers, no set back Male spouse: General Employees, set back 12 months Female retiree: Teachers, no set back Female spouse: General Employees, no set back
Withdrawal	Based on Oregon PERS assumptions. Annual rates are based on gender and duration from hire date.
Retirement	Based on Oregon PERS assumption. Annual rates are based on age, Tier/OPSRP, and duration of service

Discount Rate – Under GASB 75, unfunded plans must use a discount rate that reflects a 20-year tax-exempt municipal bond yield or index rate. The discount rate in effect for the June 30, 2022 reporting date is 2.16 percent, reflecting the Bond Buyer 20-Year General Obligation Bond Index.

Changes in the Total Stipend Liability

	<u>Total Stipend Liability</u>
Balance at 6/30/2021	\$ 6,090
Changes for the year:	
Service cost	180
Interest	128
Effect of assumptions changes or inputs	9
Benefit payments	(939)
Net changes	(622)
Balance at 6/30/2022	<u>\$ 5,468</u>

Changes in assumptions and other inputs reflect a change in the discount rate from 2.21% in 2021 to 2.16% in 2022.

School District No. 1J, Multnomah County, Oregon
Notes to the Basic Financial Statements
For the Year Ended June 30, 2022
(Dollar amounts, unless otherwise indicated, are expressed in thousands)

NOTE 11 – PENSION PLANS – continued

B. District Plan - Stipend – continued

Sensitivity of the total stipend liability to changes in the discount rate. The following presents the total stipend liability of the District, as well as what the District's total stipend liability would be if it were calculated using a discount rate that is 1-percentage-point lower (1.16 percent) or 1-percentage-point higher (3.16 percent) than the current discount rate:

	1% Decrease (1.16%)	Discount Rate (2.16%)	1% Increase (3.16%)
Total Stipend Liability	\$ 5,634	\$ 5,468	\$ 5,294

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

For the year ended June 30, 2022, the District recognized stipend benefit of \$439. At June 30, 2022, 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	\$ 81	\$ -	\$ 81
Pension differences due to changes in assumptions	30	(40)	(10)
Total (prior to post-measurement date contributions)	111	(40)	71
Pension contributions subsequent to measurement date	792	-	792
Net Deferred Outflow/(Inflow) of Resources	<u>\$ 903</u>	<u>\$ (40)</u>	<u>\$ 863</u>

Deferred outflows of resources related to the stipend of \$792 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, 2023.

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 2023	\$ 41
Fiscal Year 2024	26
Fiscal Year 2025	4
Fiscal Year 2026	-
Total	<u>\$ 71</u>

School District No. 1J, Multnomah County, Oregon
Notes to the Basic Financial Statements
For the Year Ended June 30, 2022
(Dollar amounts, unless otherwise indicated, are expressed in thousands)

NOTE 12 - OTHER POST-EMPLOYMENT BENEFITS

Other Post-Employment Benefits (OPEB) - Summary

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

	RHIS	RHIA	Net
Total OPEB Liability	\$ (75,893)	\$ -	\$ (75,893)
Net OPEB Asset	\$ -	\$ 9,155	\$ 9,155
Total OPEB Expense	\$ (1,311)	\$ 1,267	\$ (44)
OPEB Deferred Outflows of Resources	\$ 15,829	\$ 813	\$ 16,642
OPEB Deferred Inflows of Resources	\$ (3,151)	\$ (2,570)	\$ (5,721)

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 5,820 active and 484 retired members or beneficiaries currently receiving benefit payments in the plan. Covered employees under the plan are eligible to receive full or part District-paid medical and pharmacy benefits for up to 60 months, or until reaching age 65, whichever comes first. The District also pays a portion of the spouse/domestic partner medical and pharmacy costs during the benefit period. The program was established under separate collective bargaining agreements with the certificated and classified employees and by precedent for all other District employees. The Portland Teachers Association (PAT) group terminated this benefit after September 30, 2019. All other bargaining units and employee groups, except the District Council Unions (DCU), agreed to terminate this benefit after June 30, 2014. The DCU agreed to terminate this benefit after December 31, 2014. Under Oregon Revised Statute (ORS) 243.303 any OPERS qualifying public employee is allowed to pay the full cost for continued coverage under the District group health plans until they become Medicare eligible. The plan does not issue a separate financial report, and there are no assets accumulated in a trust. The plan may be amended by the District under new collective bargaining agreements.

Benefits Provided

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

Employees covered by benefit terms

As of June 30, 2022, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	355
Inactive employees entitled to but not yet receiving benefit payments	129
Active employees	<u>5,820</u>
	<u>6,304</u>

School District No. 1J, Multnomah County, Oregon
Notes to the Basic Financial Statements
For the Year Ended June 30, 2022
(Dollar amounts, unless otherwise indicated, are expressed in thousands)

NOTE 12 - OTHER POST-EMPLOYMENT BENEFITS - continued
A. Retirement Health Insurance Subsidy (RHIS) – continued

Total RHIS Liability

The District's total RHIS liability of \$75.9 million was measured as of June 30, 2021, and was determined by an actuarial valuation as of July 1, 2020, rolled forward to June 30, 2022.

Actuarial Methods and Assumptions

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

Health Care Cost Trend – The actuarial calculations used an assumption that medical costs will increase to 5.75 percent in the first year and reach an eventual ultimate rate of 4.00 percent. These trends are based on a long-term medical trend model published and updated by the Society of Actuaries. Known as the “Getzen model”, it produces long-range trend assumptions built on assumed long-term relationships between certain key economic factors. It also assumes that dental and vision costs will increase by the lesser of the medical cost trend previously described and 4.00 percent per year.

Changes in the Total RHIS Liability

	Increase (Decrease) in Total RHIS Liability
Balance at 6/30/2021	\$ 78,581
Changes for the year:	
Service cost	3,105
Interest	1,720
Effect of assumptions changes or inputs	212
Benefit payments	(7,725)
Net changes	(2,688)
Balance at 6/30/2022	\$ 75,893

Changes in assumptions and other inputs reflect a change in the discount rate from 2.21% in 2021 to 2.16% in 2022.

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 (1.16 percent) or 1-percentage-point higher (3.16 percent) than the current discount rate:

	1% Decrease (1.16%)	Discount Rate (2.16%)	1% Increase (3.16%)
Total RHIS Liability	\$ 80,193	\$ 75,893	\$ 71,723

School District No. 1J, Multnomah County, Oregon
Notes to the Basic Financial Statements
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NOTE 12 - OTHER POST-EMPLOYMENT BENEFITS - continued
A. Retirement Health Insurance Subsidy (RHIS) – continued

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

	1% Decrease	Current Trend Rate	1% Increase
Total RHIS Liability	\$ 69,053	\$ 75,893	\$ 83,758

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

For the year ended June 30, 2022, the District recognized a RHIS benefit of \$1,311. At June 30, 2022, the District reported deferred outflows of resources and deferred inflows of resources related to RHIS from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources	Net
OPEB differences between expected and actual experience	\$ 2,054	\$ (2,061)	\$ (7)
OPEB differences due to changes in assumptions	6,520	(1,090)	5,430
Total (prior to post-measurement date contributions)	8,574	(3,151)	5,423
OPEB contributions subsequent to measurement date	7,255	-	7,255
Total as of June 30, 2021	\$ 15,829	\$ (3,151)	\$ 12,678

Deferred outflows of resources related to RHIS of \$7.2 million resulting from the District's contributions subsequent to the measurement date will be recognized as an increase in the net OPEB asset in the year ended June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to RHIS will be recognized in RHIS expense as follows:

Employer subsequent fiscal years	Deferred Outflow/(Inflow) of Resources (prior to post-measurement date contributions)
Fiscal Year 2023	\$ 1,119
Fiscal Year 2024	1,118
Fiscal Year 2025	1,118
Fiscal Year 2026	1,435
Fiscal Year 2027	762
Thereafter	(129)
Total	\$ 5,423

School District No. 1J, Multnomah County, Oregon
Notes to the Basic Financial Statements
For the Year Ended June 30, 2022
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NOTE 12 - OTHER POST-EMPLOYMENT BENEFITS – continued
B. Retirement Health Insurance Account (RHIA)

Plan Description

As a member of Oregon Public Employees Retirement System (OPERS) the District contributes to the Retirement Health Insurance Account (RHIA) for each of its eligible employees. RHIA is a cost-sharing multiple-employer defined benefit other postemployment benefit plan administered by OPERS. Oregon Revised Statute (ORS) 238.420 established this trust fund. Authority to establish and amend the benefit provisions of RHIA reside with the Oregon Legislature. The plan is closed to new entrants after January 1, 2004. OPERS issues a publicly available financial report that includes financial statements and required supplementary information and is available at: <http://www.oregon.gov/pers/Pages/Financials/Actuarial-Financial-Information.aspx>

Benefits

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

Contributions

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

The District's rates in effect for the fiscal year ended June 30, 2022 were:

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

District contributions for the year ended June 30, 2022 were \$126.

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

At June 30, 2022, the District reported an asset of \$9.2 million for its proportionate share of the OPERS net RHIA asset. The net RHIA asset was measured as of June 30, 2021, and the total RHIA liability used to calculate the net RHIA asset was determined by an actuarial valuation as of December 31, 2019 rolled forward to June 30, 2021. The District's proportion of the net RHIA asset was based on the District's actual, legally required contributions made to the RHIA program during the measurement period relative to total actual contributions from all participating employers. At June 30, 2022, the District's proportionate share was 2.67%, which is a decrease of 0.26% from its proportion of 2.93% as of June 30, 2021.

School District No. 1J, Multnomah County, Oregon
Notes to the Basic Financial Statements
For the Year Ended June 30, 2022
(Dollar amounts, unless otherwise indicated, are expressed in thousands)

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

For the year ended June 30, 2022, the District recognized RHIA expense from this plan of \$1,267. At June 30, 2022, the District reported deferred outflows of resources and deferred inflows of resources related to this RHIA plan from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources	Net
RHIA differences between expected and actual experience	\$ -	\$ (255)	\$ (255)
RHIA differences due to changes in assumptions	180	(136)	44
RHIA net difference between projected and actual earnings on investments	-	(2,176)	(2,176)
RHIA changes in employer proportion	507	(3)	504
	687	(2,570)	(1,883)
RHIA contributions subsequent to measurement date	126	-	126
Total	<u>\$ 813</u>	<u>\$ (2,570)</u>	<u>\$ (1,757)</u>

Source: OPERS Schedule of OPEB Amounts under GASB 75, June 30, 2021

Deferred outflows of resources related to RHIA of \$126 resulting from the District's contributions subsequent to the measurement date will be recognized as an increase in the net OPEB asset in the year ended June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to 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 2022	\$ (392)
Fiscal Year 2023	(307)
Fiscal Year 2024	(497)
Fiscal Year 2025	(687)
Total	<u>\$ (1,883)</u>

Source: OPERS Schedule of OPEB Amounts under GASB 75, June 30, 2021

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, 2022
(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 (5.90 percent) or 1-percentage-point higher (7.90 percent) than the current discount rate:

	1% Decrease (5.90%)	Discount Rate (6.90%)	1% Increase (7.90%)
Net RHIA liability (asset)	\$ (8,097)	\$ (9,155)	\$ (10,060)

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 \$821 of revenues from other governmental funds for the year ended June 30, 2022.

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, 2020 through 2022. There have been no reductions to the District's insurance coverage during the year ended June 30, 2022. The District anticipates that all accrued claims losses will be paid within twelve months.

The total claims payable at June 30, 2022 of \$7.1 million was made up of approximately \$4.0 million in worker's compensation claims (recorded in the Internal Service Fund) and \$3.1 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, 2020, through June 30, 2022, were as follows:

Fiscal Year	Beginning Balance	New Claims	Payments on Claims	Ending Balance
2020	6,843	3,905	(3,895)	6,853
2021	6,853	2,516	(3,795)	5,574
2022	5,574	5,540	(3,985)	7,129

School District No. 1J, Multnomah County, Oregon
Notes to the Basic Financial Statements
For the Year Ended June 30, 2022
(Dollar amounts, unless otherwise indicated, are expressed in thousands)

NOTE 14 – COMMITMENTS AND CONTINGENT LIABILITIES

Contracts

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

Supplier	Commitments
Andersen Construction Co of Oregon LLC	\$ 277,006
First Student Inc	56,006
Hoffman Construction Company of Oregon	42,742
2KG Contractors Inc	4,726
Bassetti Architects PS	4,715
	<u>\$ 385,195</u>

Future District service commitments by fund are as follows:

	Commitments
General Fund	\$ 56,006
Capital Projects Fund	329,189
	<u>\$ 385,195</u>

Dr. Matthew Prophet Educational Service Center (formerly Blanchard Education Service Center)

In June 2000, Multnomah County leased a portion of the District's headquarters 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, 2022 the Multnomah County Reserve balance held in the Facilities Capital Fund, a sub-fund of the Capital Projects Fund, was \$544.

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
For the Year Ended June 30, 2022
(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.

NOTE 15 – FUND BALANCES

Fund balances by classification for the year ended June 30, 2022 are as follows:

	General Fund	Special Revenue Fund	Debt Service Fund	Capital Projects Fund	Total Governmental Funds
Nonspendable					
Prepaid items	\$ 2,216	\$ 11	\$ -	\$ 2,730	\$ 4,957
Inventories	373	1,091	-	-	1,464
	<u>2,589</u>	<u>1,102</u>	<u>-</u>	<u>2,730</u>	<u>6,421</u>
Restricted					
Special Revenue Fund	-	25,390	-	-	25,390
Debt Service Fund	-	-	11,780	-	11,780
Capital Projects Funds	-	-	-	514,393	514,393
	<u>-</u>	<u>25,390</u>	<u>11,780</u>	<u>514,393</u>	<u>551,563</u>
Committed					
Special Revenue Fund	-	19,389	-	-	19,389
Debt Service Fund	-	-	1,925	-	1,925
	<u>-</u>	<u>19,389</u>	<u>1,925</u>	<u>-</u>	<u>21,314</u>
Assigned					
General Fund	96,215	-	-	-	96,215
Capital Projects Fund	-	-	-	4,716	4,716
	<u>96,215</u>	<u>-</u>	<u>-</u>	<u>4,716</u>	<u>100,931</u>
Unassigned					
Special Revenue Fund	-	(10,812)	-	-	(10,812)
Total fund balances	<u>\$ 98,804</u>	<u>\$ 35,069</u>	<u>\$ 13,705</u>	<u>\$ 521,839</u>	<u>\$ 669,417</u>

NOTE 16 – RELATED ORGANIZATIONS

The District includes five charter schools that are legally separate, tax-exempt organizations. The most recent data available indicates charter school total students were 1,295 (representing less than 3.0 percent of the District's total enrollment); and that charter schools' Net Position was \$2,880. 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.

School District No. 1J, Multnomah County, Oregon
Notes to the Basic Financial Statements
For the Year Ended June 30, 2022
(Dollar amounts, unless otherwise indicated, are expressed in thousands)

NOTE 17 – ARTS TAX - continued

Revenues and expenditures for the year ended June 30, 2022 are recorded in the General Fund as follows:

	Arts Tax Revenues	Arts Tax Expenditures ¹	FTE Funded	Number of Schools Funded
Non-Charter Schools	\$ 4,580	\$ 5,574	70.20	60
Charter Schools	151	230	4.70	5
District Total	<u>\$ 4,731</u>	<u>\$ 5,804</u>	<u>74.9</u>	<u>65</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.

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

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

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

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

Transit Oriented Development (ORS 307.600 to 307.637)

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

Historic Property (ORS 358.475 to 545)

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

School District No. 1J, Multnomah County, Oregon
Notes to the Basic Financial Statements
For the Year Ended June 30, 2022
(Dollar amounts, unless otherwise indicated, are expressed in thousands)

NOTE 18 – TAX ABATEMENTS - continued

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.

Housing Authority Partnership (ORS 456.225)

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

The following schedule represents the District's portion of tax abatements granted by Multnomah County for tax year 2021-22. Programs with exemptions totaling more than \$500 thousand were listed separately; all other programs were grouped together:

Exemption Program	Amount
City of Portland Low Income Rental Housing	\$ 4,405
Day Care Centers, Student Housing & Religious Schools	2,923
Transit Oriented Development, Portland	1,939
Historic Property	1,721
Enterprise Zone	876
Housing Authority Partnership	705
All other exemption programs	745
Total Abatements	<u>\$ 13,314</u>

NOTE 19 – SUBSEQUENT EVENTS

The date to which events occurring after June 30, 2022, the date of the most recent statement of net position, has been evaluated for possible adjustment to the financial statements or disclosure is December 9, 2022, which is the date on which the financial statements were available to be issued.

REQUIRED SUPPLEMENTARY INFORMATION

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

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

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

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

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

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

Total OPEB Liability

	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
Service cost	N/A	\$ 2,549	\$ 2,319	\$ 2,842	\$ 3,141	\$ 3,105
Interest	N/A	2,160	2,475	3,128	2,818	1,720
Change in benefit terms	N/A	-	2,711	-	722	-
Differences between expected and actual experience	N/A	-	3,880	-	(2,676)	-
Changes of assumptions or other inputs	N/A	(2,848)	8,157	1,744	1,151	212
Benefit payments	<u>N/A</u>	<u>(8,575)</u>	<u>(8,024)</u>	<u>(8,697)</u>	<u>(7,894)</u>	<u>(7,725)</u>
Net change in total OPEB liability	N/A	(6,714)	11,518	(983)	(2,738)	(2,688)
Total OPEB liability - beginning	N/A	77,498	70,784	82,302	81,319	78,581
Total OPEB liability - ending	<u>\$ 77,498</u>	<u>\$ 70,784</u>	<u>\$ 82,302</u>	<u>\$ 81,319</u>	<u>\$ 78,581</u>	<u>\$ 75,893</u>
Covered-employee payroll	\$ 327,668	\$ 344,646	\$ 356,540	\$ 375,041	\$ 386,877	\$ 435,531
Total OPEB liability as a percentage of covered-employee payroll	23.65%	20.54%	23.08%	21.68%	20.31%	17.43%

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>	<u>2020</u>	<u>2021</u>	<u>2022</u>
District's proportion of the net OPEB liability/(asset)	3.284%	3.164%	3.194%	3.312%	2.928%	2.666%
District's proportionate share of the net OPEB liability (asset)	\$ 892	\$ (1,321)	\$ (3,566)	\$ (6,400)	\$ (5,966)	\$ (9,155)
District's covered-employee payroll ²	\$ 316,998	\$ 327,668	\$ 344,646	\$ 356,540	\$ 375,041	\$ 386,877
District's proportionate share of net OPEB liability (asset) as a percentage of covered-employee payroll	0.3%	-0.4%	-1.0%	-1.8%	-1.6%	-2.4%
Plan fiduciary net position as a percentage of the total OPEB liability	94.14%	108.89%	124.01%	144.34%	150.05%	183.86%
OPEB Measurement Date	6/30/2016	6/30/2017	6/30/2018	6/30/2019	6/30/2020	6/30/2021

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>	<u>2020</u>	<u>2021</u>	<u>2022</u>
Contractually required contribution	\$ 1,575	\$ 1,547	\$ 1,641	\$ 209	\$ 71	\$ 126
Contributions in relation to the contractually required contribution	1,575	1,547	1,641	209	71	126
Contribution deficiency(excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered-employee payroll	\$ 327,668	\$ 344,646	\$ 356,540	\$ 375,041	\$ 386,877	\$ 435,531
Contributions as a percentage of covered-employee payroll	0.48%	0.45%	0.46%	0.06%	0.02%	0.03%

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

Notes to Required Supplementary Information

Changes in Plan Provisions

A summary of key changes in plan provisions are described in the annual letter from Oregon Public Employees Retirement System's actuary, which can be found at:
<https://www.oregon.gov/pers/EMP/Documents/GASB/2022/2021%20GASB75.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

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

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

	2014	2015	2016	2017	2018	2019	2020	2021	2022
District's proportion of the net pension liability/asset	0.254%	0.254%	0.299%	1.380%	2.102%	2.286%	1.770%	2.389%	2.238%
District's proportionate share of the net pension liability (asset)	\$ 12,953	\$ (5,754)	\$ 17,185	\$207,203	\$283,305	\$346,266	\$ 306,140	\$ 521,329	\$ 267,828
District's covered payroll ²	\$256,741	\$264,386	\$283,935	\$316,998	\$327,668	\$344,646	\$ 356,540	\$ 375,041	\$ 386,877
District's proportionate share of net pension liability (asset) as a percent of covered payroll	5.0%	(2.2%)	6.1%	65.4%	86.5%	100.5%	85.9%	139.0%	69.2%
Plan fiduciary net position as a percentage of the total pension liability	92.0%	103.6%	91.9%	80.5%	83.12%	82.07%	80.23%	75.79%	87.57%
OPERS Measurement Date	6/30/2013	6/30/2014	6/30/2015	6/30/2016	6/30/2017	6/30/2018	6/30/2019	6/30/2020	6/30/2021

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

	2014	2015	2016 ³	2017 ³	2018 ⁴	2019	2020	2021	2022 ⁵
Contractually required contribution	\$ 4,785	\$ 4,895	\$ -	\$ -	\$ -	\$ 8,351	\$ 24,834	\$ 17,684	\$ 2,724
Contributions in relation to the contractually required contribution	4,785	4,895	-	-	-	8,351	24,834	17,684	401,390
Contribution (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 398,666
District's covered payroll	\$264,386	\$283,935	\$316,998	\$327,668	\$344,646	\$356,540	\$ 375,041	\$ 386,877	\$ 435,531
Contributions as a percentage of covered payroll	1.81%	1.72%	0.00%	0.00%	0.00%	2.34%	6.62%	4.57%	92.16%

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

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

⁵ Contribution excess reflects issuance of PERS pension bonds

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

Notes to Required Supplementary Information

Changes in Plan Provisions

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

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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

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

Total Pension Liability

	2016	2017	2018	2019	2020	2021	2022
Service cost	N/A	\$ 174	\$ 212	\$ 194	\$ 188	\$ 207	\$ 180
Interest	N/A	304	211	228	250	209	128
Change in benefit terms	N/A	-	-	797	-	264	-
Differences between expected and actual experience	N/A	-	-	94	-	145	-
Changes of assumptions or other inputs	N/A	235	(158)	(68)	79	(69)	9
Benefit payments	N/A	(1,301)	(1,389)	(1,174)	(1,132)	(875)	(939)
Net change in total pension liability	N/A	(587)	(1,124)	71	(615)	(119)	(622)
Total pension liability - beginning	N/A	8,465	7,877	6,753	6,824	6,209	6,090
Total pension liability - ending	<u>\$ 8,465</u>	<u>\$ 7,877</u>	<u>\$ 6,753</u>	<u>\$ 6,824</u>	<u>\$ 6,209</u>	<u>\$ 6,090</u>	<u>\$ 5,468</u>
Covered-employee payroll	N/A	70,988	68,838	63,301	58,067	68,456	28,623
Total pension liability as a percentage of covered-employee payroll	N/A	11.10%	9.81%	10.78%	10.69%	8.90%	19.10%

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, 2022
(amounts expressed in thousands)

	Budgeted Amounts		Actual	Variance from
	Original	Final	Amounts	Final Budget
				Positive/ (Negative)
REVENUES				
Property and other taxes	\$ 298,267	\$ 298,267	\$ 304,228	\$ 5,961
State School Fund	256,417	256,417	259,314	2,897
Local option taxes	105,730	105,730	106,124	394
County and intermediate sources	12,762	12,762	12,793	31
Federal and state support	15	15	21	6
State Common School Fund	5,048	5,048	5,693	645
Charges for services	1,900	1,900	1,724	(176)
Investment earnings	417	417	782	365
Other	5,512	5,512	7,938	2,426
Total revenues	<u>686,068</u>	<u>686,068</u>	<u>698,617</u>	<u>12,549</u>
EXPENDITURES				
Current:				
Instruction:				
Regular programs:				
Salaries and benefits	266,364	267,219	272,208	(4,989)
Materials and services	13,941	13,086	8,443	4,643
Total regular programs	<u>280,305</u>	<u>280,305</u>	<u>280,651</u>	<u>(346)</u>
Special programs:				
Salaries and benefits	76,364	76,364	68,414	7,950
Materials and services	27,993	30,229	24,294	5,935
Total special programs	<u>104,357</u>	<u>106,593</u>	<u>92,708</u>	<u>13,885</u>
Summer school programs:				
Salaries and benefits	340	340	332	8
Materials and services	1,620	1,620	67	1,553
Total summer school programs	<u>1,960</u>	<u>1,960</u>	<u>399</u>	<u>1,561</u>
Total instruction	<u>386,622</u>	<u>388,858</u>	<u>373,758</u>	<u>15,100</u>
Support services:				
Students:				
Salaries and benefits	67,750	68,110	67,203	907
Materials and services	6,700	7,823	7,095	728
Total students	<u>74,450</u>	<u>75,933</u>	<u>74,298</u>	<u>1,635</u>
Instructional staff:				
Salaries and benefits	36,217	35,959	33,251	2,708
Materials and services	4,967	5,187	4,506	681
Total instructional staff	<u>41,184</u>	<u>41,146</u>	<u>37,757</u>	<u>3,389</u>
General administration:				
Salaries and benefits	8,475	9,142	7,635	1,507
Materials and services	6,479	6,525	4,384	2,141
Total general administration	<u>14,954</u>	<u>15,667</u>	<u>12,019</u>	<u>3,648</u>

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

SCHOOL DISTRICT NO.1J, MULTNOMAH COUNTY, OREGON
General Fund
Schedule of Revenues, Expenditures, and
Changes in Fund Balance - Budget and Actual (continued)
For the year ended June 30, 2022
(amounts expressed in thousands)

	Budgeted Amounts		Actual	Variance from
	Original	Final	Amounts	Final Budget
				Positive/ (Negative)
Support services (continued):				
School administration:				
Salaries and benefits	\$ 51,014	\$ 51,328	\$ 50,244	\$ 1,084
Materials and services	955	1,783	1,128	655
Total school administration	<u>51,969</u>	<u>53,111</u>	<u>51,372</u>	<u>1,739</u>
Business:				
Salaries and benefits	59,021	59,488	52,729	6,759
Materials and services	51,835	50,657	56,410	(5,753)
Total business	<u>110,856</u>	<u>110,145</u>	<u>109,139</u>	<u>1,006</u>
Central:				
Salaries and benefits	23,391	23,090	20,425	2,665
Materials and services	11,288	13,794	7,756	6,038
Total central	<u>34,679</u>	<u>36,884</u>	<u>28,181</u>	<u>8,703</u>
Total support services	<u>328,092</u>	<u>332,886</u>	<u>312,766</u>	<u>20,120</u>
Enterprise and community services:				
Food services:				
Salaries and benefits	118	118	25	93
Materials and services	74	74	9	65
Total food services	<u>192</u>	<u>192</u>	<u>34</u>	<u>158</u>
Community services:				
Salaries and benefits	591	591	435	156
Materials and services	2,210	2,210	424	1,786
Total community services	<u>2,801</u>	<u>2,801</u>	<u>859</u>	<u>1,942</u>
Total enterprise and community services	<u>2,993</u>	<u>2,993</u>	<u>893</u>	<u>2,100</u>
Other expenditures:				
Debt Service				
Principal	1,177	1,177	-	1,177
Interest and fiscal charges	47	2,219	2,167	52
PERS UAL lump sum payment	-	398,666	398,666	-
Total debt service	<u>1,224</u>	<u>402,062</u>	<u>400,833</u>	<u>1,229</u>
Total current expenditures	<u>718,931</u>	<u>1,126,799</u>	<u>1,088,250</u>	<u>38,549</u>
Operating contingency	<u>51,896</u>	<u>48,613</u>	<u>-</u>	<u>48,613</u>
Total expenditures	<u>770,827</u>	<u>1,175,412</u>	<u>1,088,250</u>	<u>87,162</u>
Excess (deficit) of revenues over expenditures	<u>(84,759)</u>	<u>(489,344)</u>	<u>(389,633)</u>	<u>99,711</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	(1,136)	(1,236)	(1,207)	29
PERS UAL bond proceeds	-	399,390	399,390	-
Premium on issuance of PERS UAL bonds	-	1,449	1,449	-
Proceeds from the sale of capital assets	50	50	114	64
Proceeds from leases	1,000	1,000	-	(1,000)
Total other financing sources and (uses)	<u>(86)</u>	<u>400,653</u>	<u>399,746</u>	<u>(907)</u>
Net change in fund balance	<u>(84,845)</u>	<u>(88,691)</u>	<u>10,113</u>	<u>98,804</u>
Fund balance - beginning of year	<u>84,845</u>	<u>88,691</u>	<u>88,691</u>	<u>-</u>
Fund balance - end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 98,804</u>	<u>\$ 98,804</u>

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

SCHOOL DISTRICT NO.1J, MULTNOMAH COUNTY, OREGON
Special Revenue Fund
Schedule of Revenues, Expenditures, and
Changes in Fund Balance - Budget and Actual
For the year ended June 30, 2022
(amounts expressed in thousands)

	Budgeted Amounts		Actual	Variance from
	Original	Final	Amounts	Final Budget Positive/ (Negative)
REVENUES				
Property and other taxes	\$ 323	\$ 323	\$ 330	\$ 7
Federal and state support	245,538	265,072	173,098	(91,974)
County and intermediate sources	4,036	4,036	2,773	(1,263)
Charges for services	2,578	2,578	217	(2,361)
Investment earnings	95	95	4	(91)
Extracurricular activities	8,000	8,000	4,020	(3,980)
Other	6,086	6,086	7,956	1,870
Total revenues	<u>266,656</u>	<u>286,190</u>	<u>188,398</u>	<u>(97,792)</u>
EXPENDITURES				
Current:				
Instruction:				
Regular programs:				
Salaries and benefits	31,123	31,749	30,633	1,116
Materials and services	45,174	63,495	8,957	54,538
Total regular programs	<u>76,297</u>	<u>95,244</u>	<u>39,590</u>	<u>55,654</u>
Special programs:				
Salaries and benefits	21,701	19,161	28,033	(8,872)
Materials and services	15,833	19,263	11,944	7,319
Total special programs	<u>37,534</u>	<u>38,424</u>	<u>39,977</u>	<u>(1,553)</u>
Summer school programs:				
Salaries and benefits	5,225	5,225	3,825	1,400
Materials and services	2,288	2,288	3,674	(1,386)
Total summer school programs	<u>7,513</u>	<u>7,513</u>	<u>7,499</u>	<u>14</u>
Total instruction	<u>121,344</u>	<u>141,181</u>	<u>87,066</u>	<u>54,115</u>
Support services:				
Students:				
Salaries and benefits	24,068	24,387	22,378	2,009
Materials and services	11,649	13,194	10,165	3,029
Total students	<u>35,717</u>	<u>37,581</u>	<u>32,543</u>	<u>5,038</u>
Instructional staff:				
Salaries and benefits	14,046	14,508	11,231	3,277
Materials and services	21,703	18,111	3,794	14,317
Total instructional staff	<u>35,749</u>	<u>32,619</u>	<u>15,025</u>	<u>17,594</u>
General administration:				
Salaries and benefits	-	-	1	(1)
Materials and services	262	262	872	(610)
Total general administration	<u>262</u>	<u>262</u>	<u>873</u>	<u>(611)</u>
School administration:				
Salaries and benefits	3,483	3,483	4,119	(636)
Materials and services	3,801	3,800	107	3,693
Total school administration	<u>7,284</u>	<u>7,283</u>	<u>4,226</u>	<u>3,057</u>

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

SCHOOL DISTRICT NO.1J, MULTNOMAH COUNTY, OREGON
Special Revenue Fund
Schedule of Revenues, Expenditures, and
Changes in Fund Balance - Budget and Actual (continued)
For the year ended June 30, 2022
(amounts expressed in thousands)

	Budgeted Amounts		Actual	Variance from
	Original	Final	Amounts	Final Budget Positive/ (Negative)
Support services (continued):				
Business:				
Salaries and benefits	\$ -	\$ -	\$ 5	\$ (5)
Materials and services	7,665	7,817	10,195	(2,378)
Total business	<u>7,665</u>	<u>7,817</u>	<u>10,200</u>	<u>(2,383)</u>
Central:				
Salaries and benefits	865	349	1,296	(947)
Materials and services	3,532	3,597	559	3,038
Total central	<u>4,397</u>	<u>3,946</u>	<u>1,855</u>	<u>2,091</u>
Total support services	91,074	89,508	64,722	24,786
Enterprise and community services:				
Food Services:				
Salaries and benefits	10,172	9,844	9,152	692
Materials and services	9,260	13,669	9,947	3,722
Total food services	<u>19,432</u>	<u>23,513</u>	<u>19,099</u>	<u>4,414</u>
Community services:				
Salaries and benefits	3,068	2,739	2,456	283
Materials and services	31,553	23,647	8,182	15,465
Total community services	<u>34,621</u>	<u>26,386</u>	<u>10,638</u>	<u>15,748</u>
Total enterprise and community services	54,053	49,899	29,737	20,162
Facilities acquisition & construction:				
Materials and services	69	319	100	219
Total facilities acquisition and construction	69	319	100	219
Total current expenditures	<u>266,540</u>	<u>280,907</u>	<u>181,625</u>	<u>99,282</u>
Operating Contingencies	4,903	1,384	-	1,384
Total expenditures	<u>271,443</u>	<u>282,291</u>	<u>181,625</u>	<u>100,666</u>
Excess (deficit) of revenues over expenditures	<u>(4,787)</u>	<u>3,899</u>	<u>6,773</u>	<u>2,874</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	-	100	73	(27)
Total other financing sources (uses)	<u>-</u>	<u>100</u>	<u>73</u>	<u>(27)</u>
Net change in fund balance	<u>(4,787)</u>	<u>3,999</u>	<u>6,846</u>	<u>2,847</u>
Fund balance - beginning of year	36,505	28,222	28,223	1
Fund balance - end of year	<u>\$ 31,718</u>	<u>\$ 32,221</u>	<u>\$ 35,069</u>	<u>\$ 2,848</u>

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

SCHOOL DISTRICT NO.1J, MULTNOMAH COUNTY, OREGON
Debt Service Fund
Schedule of Revenues, Expenditures, and
Changes in Fund Balance - Budget and Actual
For the year ended June 30, 2022
(amounts expressed in thousands)

SUPPLEMENTARY INFORMATION

	Budgeted Amounts		Actual	Variance from
	Original	Final	Amounts	Final Budget Positive/ (Negative)
REVENUES				
Property and other taxes	\$ 141,000	\$ 141,000	\$ 142,032	\$ 1,032
Federal and state support	30	30	31	1
Charges for services	53,781	74,830	76,346	1,516
Investment earnings	252	252	271	19
Other	3,918	-	-	-
Total revenues	<u>198,981</u>	<u>216,112</u>	<u>218,680</u>	<u>2,568</u>
EXPENDITURES				
Current:				
Debt service:				
Principal	118,836	129,626	129,626	-
Interest and fiscal charges	<u>81,473</u>	<u>88,776</u>	<u>88,773</u>	<u>3</u>
Total debt service	200,309	218,402	218,399	3
Total expenditures	<u>200,309</u>	<u>218,402</u>	<u>218,399</u>	<u>3</u>
Excess (deficit) of revenues over expenditures	<u>(1,328)</u>	<u>(2,290)</u>	<u>281</u>	<u>2,571</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	1,754	1,754	1,752	(2)
Total other financing sources (uses)	<u>1,754</u>	<u>1,754</u>	<u>1,752</u>	<u>(2)</u>
Net change in fund balance	426	(536)	2,033	2,569
Fund balance - beginning of year	10,228	11,672	11,672	-
Fund balance - end of year	<u>\$ 10,654</u>	<u>\$ 11,136</u>	<u>\$ 13,705</u>	<u>\$ 2,569</u>

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

SCHOOL DISTRICT NO.1J, MULTNOMAH COUNTY, OREGON
Capital Projects Fund
Schedule of Revenues, Expenditures, and
Changes in Fund Balance - Budget and Actual
For the year ended June 30, 2022
(amounts expressed in thousands)

	Budgeted Amounts		Actual	Variance from
	Original	Final	Amounts	Final Budget
				Positive/
				(Negative)
REVENUES				
Property and other taxes	\$ 5,001	\$ 5,001	\$ 5,437	\$ 436
Federal and state support	6,544	6,544	1,978	(4,566)
Charges for services	600	600	56	(544)
Investment earnings	749	749	(88)	(837)
Other	1,075	1,075	1,646	571
Total revenues	<u>13,969</u>	<u>13,969</u>	<u>9,029</u>	<u>(4,940)</u>
EXPENDITURES				
Current:				
Support services:				
Business:				
Salaries and benefits	146	171	142	29
Materials and services	2,167	2,169	1,427	742
Total business	<u>2,313</u>	<u>2,340</u>	<u>1,569</u>	<u>771</u>
Central:				
Salaries and benefits	-	-	5	(5)
Total central	<u>-</u>	<u>-</u>	<u>5</u>	<u>(5)</u>
Total support services	<u>2,313</u>	<u>2,340</u>	<u>1,574</u>	<u>766</u>
Facilities acquisition & construction:				
Salaries and benefits	5,549	5,549	6,116	(567)
Materials and services	432,468	454,242	250,472	203,770
Total facilities acquisition and construction	<u>438,017</u>	<u>459,791</u>	<u>256,588</u>	<u>203,203</u>
Total expenditures	<u>440,330</u>	<u>462,131</u>	<u>258,162</u>	<u>203,969</u>
Excess (deficit) of revenues over expenditures	<u>(426,361)</u>	<u>(448,162)</u>	<u>(249,133)</u>	<u>199,029</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	(618)	(618)	(618)	-
Total other financing sources (uses)	<u>(618)</u>	<u>(618)</u>	<u>(618)</u>	<u>-</u>
Net change in fund balance	(426,979)	(448,780)	(249,751)	199,029
Fund balance - beginning of year	749,789	771,590	771,590	-
Fund balance - end of year	<u>\$ 322,810</u>	<u>\$ 322,810</u>	<u>\$ 521,839</u>	<u>\$ 199,029</u>

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, 2022
(amounts expressed in thousands)

	Budgeted Amounts		Actual	Variance from
	Original	Final	Amounts	Final Budget
				Positive/
				(Negative)
OPERATING REVENUES				
Charges for services	\$ 2,586	\$ 2,586	\$ 821	\$ (1,765)
Insurance recoveries	5	5	-	(5)
Total operating revenues	<u>2,591</u>	<u>2,591</u>	<u>821</u>	<u>(1,770)</u>
OPERATING EXPENSES				
Support services:				
Salaries and benefits	425	425	167	258
Materials and services	517	517	559	(42)
Claims expense	2,836	3,458	3,664	(206)
Total support services	<u>3,778</u>	<u>4,400</u>	<u>4,390</u>	<u>10</u>
Operating contingency	<u>4,787</u>	<u>4,856</u>	<u>-</u>	<u>4,856</u>
Total operating expenses	<u>8,565</u>	<u>9,256</u>	<u>4,390</u>	<u>4,866</u>
Operating income (loss)	<u>(5,974)</u>	<u>(6,665)</u>	<u>(3,569)</u>	<u>3,096</u>
NON OPERATING REVENUES				
Investment income	16	16	15	(1)
Federal and state support	100	100	308	208
Total non-operating revenues	<u>116</u>	<u>116</u>	<u>323</u>	<u>207</u>
Change in net position	<u>(5,858)</u>	<u>(6,549)</u>	<u>(3,246)</u>	<u>3,303</u>
Beginning net position - budgetary basis	5,858	6,549	6,549	-
Ending net position - budgetary basis	<u>\$ -</u>	<u>\$ -</u>	<u>3,303</u>	<u>\$ 3,303</u>
Reconciliation:				
Net OPEB liability, deferred inflows, and deferred outflows			(15)	
Accrued compensated absences			(51)	
Net pension liability, deferred inflows, and deferred outflows			(110)	
Net position - GAAP basis			<u>\$ 3,127</u>	

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

Statistical



Rigler Elementary September 2021



Grant High School SpongeBob Musical March 2022



Statistical Section

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

<u>Contents</u>	<u>Page</u>
<i>Financial Trends (Schedules 1-4)</i>	107
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>	115
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>	121
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>	125
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>	127
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 Annual Comprehensive Financial Reports for the relevant year.

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

	Government-wide Activities			
	2013	2014- restated	2015	2016
Assets				
Current and other assets	\$ 298,246	\$ 304,224	\$ 579,805	\$ 487,394
Prepaid pension & other prepaid items	414,407	2,149	5,754	1,628
Net capital assets	213,944	233,265	273,957	382,401
Total assets	926,597	539,638	859,516	871,423
Deferred Outflows of Resources				
Pension & OPEB		4,785	6,801	3,200
Liabilities				
Other current liabilities	87,185	90,983	105,763	121,321
Other long-term liabilities	182,759	244,301	495,290	453,679
Limited tax pension bonds payable	419,034	407,499	395,958	384,075
Pension	-	-	-	17,185
Other post employment benefits	36,263	35,579	32,900	29,933
Total liabilities	725,241	778,362	1,029,911	1,006,193
Deferred Inflows of Resources				
Insurance recovery	819	-	-	-
Pension & OPEB	-	-	11,102	6,062
	819	-	11,102	6,062
Net Position				
Net investment in capital assets	146,148	183,584	230,251	260,146
Restricted	131,060	119,224	394,845	283,176
Unrestricted	(76,671)	(536,747)	(799,792)	(680,955)
Total Net Position	\$ 200,537	\$ (233,939)	\$ (174,696)	\$ (137,633)

	Government-wide Activities					
	2017-restated	2018	2019	2020	2021	2022
Assets						
Current and other assets	\$ 364,732	\$ 715,738	\$ 590,288	\$ 941,719	\$ 1,092,171	\$ 866,018
Prepaid pension & other prepaid items	1,080	884	3,377	6,200	5,098	5,332
Net capital assets	506,612	594,103	735,002	917,372	1,173,371	1,384,060
Total assets	872,424	1,310,725	1,328,667	1,865,291	2,270,640	2,255,410
Deferred Outflows of Resources						
Pension & OPEB	163,562	173,727	207,186	158,473	249,580	574,645
Liabilities						
Other current liabilities	181,480	278,587	298,417	298,341	328,566	351,179
Other long-term liabilities	359,702	591,262	467,836	854,165	1,131,855	985,621
Limited tax pension bonds payable	372,249	360,172	348,223	336,062	314,159	679,186
Pension	215,080	290,058	353,090	312,349	527,419	273,296
Other post employment benefits	78,390	70,784	82,302	81,319	78,581	75,893
Total liabilities	1,206,901	1,590,863	1,549,868	1,882,236	2,380,580	2,365,175
Deferred Inflows of Resources						
Insurance recovery	-	-	-	-	-	-
Pension & OPEB	12,845	30,419	64,329	111,145	101,191	320,993
	12,845	30,419	64,329	111,145	101,191	320,993
Net Position						
Net investment in capital assets	297,914	379,871	477,058	585,214	492,345	590,231
Restricted	172,880	486,336	353,527	681,328	199,303	188,616
Unrestricted	(654,554)	(1,003,037)	(908,929)	(1,236,159)	(653,199)	(634,960)
Total Net Position	\$ (183,760)	\$ (136,830)	\$ (78,344)	\$ 30,383	\$ 38,449	\$ 143,887

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>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
Expenses				
Instruction	\$ 267,192	\$ 308,652	\$ 326,935	\$ 364,964
Support services	194,270	200,750	212,213	241,016
Enterprise and community services	18,923	19,164	20,445	21,326
Facilities services	31,635	1,470	2,617	1,230
Interest and fees on long-term debt	26,813	33,546	31,600	40,116
Total expenses	<u>538,833</u>	<u>563,582</u>	<u>593,810</u>	<u>668,652</u>
Program Revenues				
Charges for services:				
Instruction	5,958	5,989	6,457	996
Support services	2,852	2,857	2,916	3,157
Enterprise and community services	4,123	4,420	4,214	4,521
Operating grants and contributions:				
Instruction	62,006	58,418	65,409	58,619
Support services	23,437	17,693	21,638	22,356
Enterprise and community services	2,623	2,240	2,704	3,085
Capital grants and contributions:				
Facilities services	-	-	-	-
Total program revenues	<u>100,999</u>	<u>91,617</u>	<u>103,338</u>	<u>92,734</u>
Net Expenses	<u>(437,834)</u>	<u>(471,965)</u>	<u>(490,472)</u>	<u>(575,918)</u>
General Revenues:				
Property taxes levied for general purposes	205,177	213,115	222,872	233,548
Property taxes levied for debt service	-	44,765	46,568	48,985
Construction excise tax	3,619	4,889	6,076	5,886
Local option taxes levied for general purposes	51,357	55,709	62,923	76,467
State School Fund - general support	151,369	184,690	179,505	211,253
State Common School Fund - general support	4,608	4,427	4,721	5,810
County and intermediate sources - general support	14,560	15,736	15,202	15,772
Federal Stimulus	6	-	-	-
Investment earnings	644	774	1,285	3,140
Other	10,518	11,253	10,563	12,120
Total general revenues	<u>441,858</u>	<u>535,358</u>	<u>549,715</u>	<u>612,981</u>
Change in Net Position	<u>\$ 4,024</u>	<u>\$ 63,393</u>	<u>\$ 59,243</u>	<u>\$ 37,063</u>

	Government-wide Activities					
	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
Expenses						
Instruction	\$ 380,939	\$ 421,311	\$ 428,454	\$ 429,149	\$ 465,995	\$ 470,945
Support services	272,816	283,984	310,546	324,513	376,660	359,554
Enterprise and community services	20,712	24,218	22,785	21,821	23,731	29,283
Facilities services	12,672	8,531	6,030	3,492	10,844	9,576
Interest and fees on long-term debt	39,094	46,416	44,166	45,409	54,640	63,084
Total expenses	<u>726,233</u>	<u>784,460</u>	<u>811,981</u>	<u>824,384</u>	<u>931,870</u>	<u>932,442</u>
Program Revenues						
Charges for services:						
Instruction	533	406	749	251	288	77
Support services	4,424	4,741	4,818	4,095	1,472	1,195
Enterprise and community services	3,471	4,006	4,239	3,925	154	725
Operating grants and contributions:						
Instruction	57,608	57,116	56,796	57,806	56,627	112,774
Support services	22,758	22,871	30,196	29,504	52,678	61,135
Enterprise and community services	2,934	3,019	2,969	2,762	4,530	10,672
Capital grants and contributions:						
Facilities services	-	-	4,500	11,368	1,319	1,978
Total program revenues	<u>91,728</u>	<u>92,159</u>	<u>104,267</u>	<u>109,711</u>	<u>117,068</u>	<u>188,556</u>
Net Expenses	<u>(634,505)</u>	<u>(692,301)</u>	<u>(707,714)</u>	<u>(714,673)</u>	<u>(814,802)</u>	<u>(743,886)</u>
General Revenues:						
Property taxes levied for general purposes	242,899	248,281	262,657	273,860	286,437	304,451
Property taxes levied for debt service	49,384	116,468	125,486	126,343	131,791	141,897
Construction excise tax	7,542	8,201	5,991	4,291	3,446	5,437
Local option taxes levied for general purposes	83,853	88,163	95,173	98,033	101,539	105,314
State School Fund - general support	207,182	239,804	225,135	266,607	263,622	259,314
State Common School Fund - general support	6,191	5,155	5,493	5,012	5,628	5,693
County and intermediate sources - general support	17,270	17,662	17,362	19,072	17,185	15,566
Federal Stimulus	-	-	-	-	-	-
Investment earnings	4,007	3,473	20,229	12,534	3,107	984
Other	17,501	12,024	8,674	17,648	10,113	10,668
Total general revenues	<u>635,829</u>	<u>739,231</u>	<u>766,200</u>	<u>823,400</u>	<u>822,868</u>	<u>849,324</u>
Change in Net Position	<u>\$ 1,324</u>	<u>\$ 46,930</u>	<u>\$ 58,486</u>	<u>\$ 108,727</u>	<u>\$ 8,066</u>	<u>\$ 105,438</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>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
General Fund				
Nonspendable	\$ 139	\$ 200	\$ 247	\$ 386
Restricted	-	560	-	-
Assigned	37,318	50,914	34,195	37,449
Total general fund	<u>37,457</u>	<u>51,674</u>	<u>34,442</u>	<u>37,835</u>
All Other				
Governmental Funds				
Nonspendable	473	2,370	2,452	2,286
Restricted	144,677	127,176	393,179	281,089
Committed	15,486	16,342	17,590	16,400
Assigned	-	-	5,549	6,182
Unassigned	-	-	-	-
Total all other governmental funds	160,636	145,888	418,770	305,957
Total Governmental Fund Balances	<u><u>\$ 198,093</u></u>	<u><u>\$ 197,562</u></u>	<u><u>\$ 453,212</u></u>	<u><u>\$ 343,792</u></u>

	Governmental Activities					
	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
	\$ 360	\$ 343	\$ 570	\$ 511	\$ 945	\$ 2,589
	-	-	-	-	-	-
	<u>19,744</u>	<u>37,939</u>	<u>39,317</u>	<u>63,963</u>	<u>87,746</u>	<u>96,215</u>
	<u>20,104</u>	<u>38,282</u>	<u>39,887</u>	<u>64,474</u>	<u>88,691</u>	<u>98,804</u>
	1,417	1,017	3,383	6,940	5,664	3,832
	170,614	484,006	347,179	671,974	788,139	551,563
	17,454	19,116	18,185	18,921	20,246	21,314
	7,164	10,400	10,470	14,785	10,204	4,716
	-	-	(29)	-	(12,768)	(10,812)
	<u>196,649</u>	<u>514,539</u>	<u>379,188</u>	<u>712,620</u>	<u>811,485</u>	<u>570,613</u>
	<u><u>\$ 216,753</u></u>	<u><u>\$ 552,821</u></u>	<u><u>\$ 419,075</u></u>	<u><u>\$ 777,094</u></u>	<u><u>\$ 900,176</u></u>	<u><u>\$ 669,417</u></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>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
Revenues				
Property and other taxes	\$ 208,434	\$ 260,872	\$ 274,219	\$ 287,035
State School Fund	151,369	184,690	179,505	211,253
State Common School Fund	4,608	4,427	4,721	5,810
Federal and state support	71,942	65,231	75,793	71,024
Local option taxes	51,720	56,013	63,274	76,593
County and intermediate sources	14,560	15,736	15,201	15,771
Federal stimulus	1,920	155	-	-
Charges for services	48,674	51,874	54,233	49,312
Extracurricular activities	7,867	8,308	8,276	7,904
Investment earnings	632	757	1,255	3,096
Other	16,315	13,138	15,414	16,215
Total revenues	<u>578,041</u>	<u>661,201</u>	<u>691,891</u>	<u>744,013</u>
Expenditures				
Current:				
Instruction	303,360	323,921	349,667	362,126
Support services	193,375	202,233	229,254	248,377
Enterprise and community services	19,710	20,059	21,902	21,925
Facilities acquisition and construction	31,575	31,105	54,830	127,491
PERS UAL lump sum payment	-	-	-	-
Debt Service:				
Principal	62,443	51,500	55,033	47,020
Interest and fiscal charges	26,318	34,921	33,811	46,610
Total expenditures	<u>636,781</u>	<u>663,739</u>	<u>744,497</u>	<u>853,549</u>
Excess (deficit) of revenues over expenditures	<u>(58,740)</u>	<u>(2,538)</u>	<u>(52,606)</u>	<u>(109,536)</u>
Other Financing Sources (Uses)				
Transfers in	55,786	9,013	14,409	7,407
Transfers out	(55,786)	(9,013)	(14,409)	(7,407)
PERS Bond Proceeds				
Proceeds from the sale of capital assets	655	2,007	44	116
Issuance of debt, including premium/discount	176,931	-	308,212	-
Issuance of refunding bonds	-	-	-	-
Premium on issuance of debt	-	-	-	-
Payment to refunded bond escrow agent	-	-	-	-
Total other financing sources (uses)	<u>177,586</u>	<u>2,007</u>	<u>308,256</u>	<u>116</u>
Net change in fund balances	<u>\$ 118,846</u>	<u>\$ (531)</u>	<u>\$ 255,650</u>	<u>\$ (109,420)</u>
Debt service as a percentage of noncapital expenditures	14.7%	13.7%	12.9%	12.9%

	Governmental Activities					
	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
Revenues						
Property and other taxes	\$ 298,114	\$ 377,578	\$ 398,930	\$ 403,864	\$ 421,602	\$ 452,027
State School Fund	207,182	239,804	225,135	266,607	263,622	259,314
State Common School Fund	6,191	5,155	5,493	5,012	5,628	5,693
Federal and state support	70,667	69,771	81,482	90,493	108,683	175,128
Local option taxes	84,106	89,663	97,188	98,789	102,417	106,124
County and intermediate sources	17,270	17,663	17,362	19,072	17,185	15,566
Federal stimulus	-	-	-	-	-	-
Charges for services	52,953	56,836	56,311	59,597	57,059	78,343
Extracurricular activities	7,489	7,304	7,191	4,914	1,237	4,020
Investment earnings	3,930	3,392	19,954	12,400	3,018	969
Other	22,414	15,471	13,074	12,717	14,628	17,540
Total revenues	<u>770,316</u>	<u>882,637</u>	<u>922,120</u>	<u>973,465</u>	<u>995,079</u>	<u>1,114,724</u>
Expenditures						
Current:						
Instruction	369,841	386,975	394,080	408,759	417,112	460,824
Support services	266,961	278,758	300,421	319,604	347,414	379,062
Enterprise and community services	22,838	22,961	22,830	21,936	23,914	30,630
Facilities acquisition and construction	149,868	113,043	164,764	207,452	287,538	256,688
PERS UAL lump sum payment	-	-	-	-	-	398,666
Debt Service:						
Principal	50,065	109,874	114,537	117,984	119,759	129,626
Interest and fiscal charges	46,867	57,598	59,304	59,750	72,016	90,940
Total expenditures	<u>906,440</u>	<u>969,209</u>	<u>1,055,936</u>	<u>1,135,485</u>	<u>1,267,753</u>	<u>1,746,436</u>
Excess (deficit) of revenues over expenditures	<u>(136,124)</u>	<u>(86,572)</u>	<u>(133,816)</u>	<u>(162,020)</u>	<u>(272,674)</u>	<u>(631,712)</u>
Other Financing Sources (Uses)						
Transfers in	16,141	6,997	6,125	1,931	2,466	1,825
Transfers out	(16,141)	(6,997)	(6,125)	(1,931)	(2,466)	(1,825)
PERS Bond Proceeds						399,390
Proceeds from the sale of capital assets	37	740	70	10,517	152	114
Issuance of debt, including premium/discount	9,048	421,900	-	509,522	365,465	-
Issuance of refunding bonds	-	-	-	-	53,965	-
Premium on issuance of debt	-	-	-	-	31,205	1,449
Payment to refunded bond escrow agent	-	-	-	-	(55,031)	-
Total other financing sources (uses)	<u>9,085</u>	<u>422,640</u>	<u>70</u>	<u>520,039</u>	<u>395,756</u>	<u>400,953</u>
Net change in fund balances	<u>\$ (127,039)</u>	<u>\$ 336,068</u>	<u>\$ (133,746)</u>	<u>\$ 358,019</u>	<u>\$ 123,082</u>	<u>\$ (230,759)</u>
Debt service as a percentage of noncapital expenditures	12.6%	19.7%	19.5%	19.2%	23.8%	14.8%

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
2013	\$ 41,725,902	\$ 1,691,285	\$ 18,523	\$ 1,538,735	\$ 44,974,445
2014	43,211,127	1,716,219	17,485	1,613,794	46,558,625
2015	45,073,153	1,757,198	18,655	1,673,302	48,522,308
2016	47,216,863	1,838,347	23,782	1,710,931	50,789,923
2017	49,437,875	1,943,596	23,198	1,799,222	53,203,891
2018	52,196,539	2,009,538	22,243	1,913,350	56,141,671
2019	53,550,558	2,212,720	23,701	2,194,854	57,981,833
2020	56,156,552	2,472,239	22,330	2,177,977	60,829,098
2021	58,784,786	2,344,506	22,738	2,437,442	63,589,472
2022	60,776,757	2,359,964	24,851	2,485,712	65,647,284

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)
\$ 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
22,459	7,148,348	53,703,209	9.6734	519,493	4,575	514,918
23,246	7,567,172	56,045,546	9.6698	541,949	5,578	536,371
23,660	6,056,382	59,614,562	9.6016	572,395	5,011	567,384

Notes

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

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

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

Sources

FY 2012-2022: Oregon Property Tax Statistics Supplement for the appropriate fiscal year. Values are the *combined* total for the taxing district, "Portland 1J School", in Multnomah, Clackamas and Washington counties.

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

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

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		
2013	\$ 5.2781	\$ 1.9900	\$ -	\$ 7.2681		
2014	5.2781	1.9900	1.0890	8.3571		
2015	5.2781	1.9900	1.0854	8.3535		
2016	5.2781	1.9900	1.0951	8.3632		
2017	5.2781	1.9900	1.0623	8.3304		
2018	5.2781	1.9900	2.4182	9.6863		
2019	5.2781	1.9900	2.4890	9.7571		
2020	5.2781	1.9900	2.4053	9.6734		
2021	5.2781	1.9900	2.4017	9.6698		
2022	5.2781	1.9900	2.3335	9.6016		
Fiscal Year	Multnomah County	Port of Portland	Metro	City of Portland	Portland Community College	Multnomah Education Service District
2013	\$ 4.3434	\$ 0.0701	\$ 0.0966	\$ 4.5770	\$ 0.2828	\$ 0.4576
2014	4.3434	0.0701	0.0966	4.5770	0.2828	0.4576
2015	4.3434	0.0701	0.0966	4.5770	0.2828	0.4576
2016	4.3434	0.0701	0.0966	4.5770	0.2828	0.4576
2017	4.3434	0.0701	0.0966	4.5770	0.2828	0.4576
2018	4.3434	0.0701	0.0966	4.5770	0.2828	0.4576
2019	4.3434	0.0701	0.0966	4.5770	0.2828	0.4576
2020	4.3434	0.0701	0.0966	4.5770	0.2828	0.4576
2021	4.3434	0.0701	0.0966	4.5770	0.2828	0.4576
2022	4.3434	0.0701	0.0966	4.5770	0.2828	0.4576

Notes

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

Sources

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

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

Taxpayers with Ten Highest Taxable Assessed Values	2021 ¹		2012	
	Taxable Assessed Value	Rank	Taxable Assessed Value	Rank
Pacificorp (PP&L)	\$ 519,535	1	\$ 294,664	1
Portland General Electric Co	452,863	2	257,794	2
Lumen Technologies Inc	284,141	3		
Weston Investment Co LLC	258,364	4	224,601	3
Port of Portland	240,149	5	187,385	6
Verizon Communications Inc	186,659	6		
111 SW 5th Avenue Investors LLC	178,169	7		
Comcast Corporation	172,158	8	207,912	5
AAT Lloyd District LLC	160,382	9		
AT&T Inc	157,790	10		
Evraz Inc NA			217,361	4
LC Portland LLC			178,598	7
CenturyLink			137,293	8
555 SW Oak LLC			134,475	9
Fred Meyer Stores Inc			129,285	10
Subtotal of Ten Largest Taxpayers	2,610,210	4.37	1,969,369	5.02
All Other Taxpayers	57,004,352	95.63	37,250,701	94.98
Total All Taxpayers	<u>\$ 59,614,562</u>	<u>100.00 %</u>	<u>\$ 39,220,070</u>	<u>100.00 %</u>

Notes

¹ 2022 information not available at time of distribution

Sources

Multnomah County, Division of Assessment and Taxation

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

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

	2021 ¹			2012		
	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value
Taxpayers with Ten Highest Taxable Assessed Values						
Portland General Electric Co	\$ 764,205	1	0.85 %	\$ 434,898	2	0.69 %
Port of Portland	703,491	2	0.78	538,039	1	0.86
Pacificorp (PP&L)	587,768	3	0.65	332,377	4	0.53
Boeing Company	402,611	4	0.45	178,209	8	0.28
Alaska Airlines Inc	388,290	5	0.43	173,934	9	0.28
Lumen Technologies Inc	333,177	6	0.37			
Weston Investment Co LLC	298,088	7	0.33	251,667	5	0.40
Verizon Communications Inc	248,531	8	0.28			
Comcast Corporation	243,792	9	0.27	375,817	3	0.60
Fred Meyer Stores Inc	205,005	10	0.23	167,173	10	0.27
Evraz Inc NA				217,362	6	0.35
LC Portland LLC				178,598	7	0.28
Subtotal of Ten Largest Taxpayers	4,174,958		4.64	2,848,074		4.54
All Other Taxpayers	85,640,182		95.36	59,844,572		95.46
Total All Taxpayers	<u>\$ 89,815,140</u>		<u>100.00 %</u>	<u>\$ 62,692,646</u>		<u>100.00 %</u>

Notes

¹ 2022 information not available at time of distribution

Sources

Multnomah County, Division of Assessment and Taxation

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

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

Fiscal Year Ending June 30,	Net Taxes Levied for the Fiscal Year ¹	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years ²	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2013	\$ 263,395	\$ 248,807	94.46%	\$ 7,594	\$ 256,401	97.34%
2014	321,693	304,458	94.64	8,427	312,885	97.26
2015	341,388	323,906	94.88	8,235	332,141	97.29
2016	368,590	350,212	95.01	6,984	357,196	96.91
2017	386,715	368,085	95.18	6,547	374,632	96.88
2018	476,797	451,059	94.60	7,761	458,820	96.23
2019	495,645	474,602	95.75	7,147	481,749	97.20
2020	514,918	490,715	95.30	6,008	496,723	96.47
2021	536,371	512,270	95.51	4,033	516,303	96.26
2022	567,384	544,882	96.03	-	544,882	96.03

Notes

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

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

² Collections in subsequent years includes current year revenue received for taxes levied in prior years.

Sources

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

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

General Bonded Debt							
Fiscal Year	General Obligation Bonds	Less Amount Available for Repayment	Net Unamortized Premium (Discount)	Net General Obligation Bonds Outstanding	Percentage of Assessed Taxable Value of Property ¹	Per Student ²	General Obligation Debt Per Capita ⁴
2013	\$ 144,840	\$ -	\$ 13,347	\$ 158,187	-	\$ 3,329	\$ 206
2014	108,890	(361)	10,209	118,738	0.28%	2,469	153
2015	343,575	(1,363)	39,974	382,186	0.88%	7,887	484
2016	311,720	(2,698)	37,726	346,748	0.76%	7,066	433
2017	276,870	(3,301)	35,507	309,076	0.65%	6,283	383
2018	593,880	(4,229)	43,937	633,588	1.27%	12,785	780
2019	495,390	(10,552)	41,224	526,062	1.03%	10,617	647
2020	832,405	(13,568)	106,051	924,888	1.72%	18,693	1,134
2021	1,105,125	(10,482)	125,762	1,220,405	2.18%	25,794	N/A
2022	1,011,460	(11,780)	117,985	1,117,665	1.87%	24,566	N/A

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	
2013	\$ 419,034	\$ 14,768	\$ 179	\$ 9,356	\$ -	\$ 471	
2014	407,500	12,261	-	8,496	-	-	
2015	395,958	9,970	-	7,611	-	-	
2016	384,074	7,601	-	6,698	-	-	
2017	372,250	10,200	-	5,757	4,000	-	
2018	360,172	7,402	-	4,789	3,800	-	
2019	348,222	4,503	-	3,790	3,600	-	
2020	336,062	4,213	-	2,761	3,400	-	
2021	314,159	3,918	-	1,700	3,200	-	
2022	679,186	3,613	-	607	3,000	-	

Net Unamortized Premium (Discount)	Total District ³	Per Student ²	Per Capita ⁴
(202)	601,793	12,663	785
(209)	547,147	11,376	704
(198)	796,890	16,445	1,008
(187)	747,632	15,234	933
(176)	704,408	14,320	872
(165)	1,013,815	20,458	1,249
(153)	896,576	18,094	1,103
(142)	1,284,750	25,966	1,575
(131)	1,553,733	32,839	N/A
1,259	1,817,110	39,939	N/A

Notes

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

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

² Student enrollment data can be found in Schedule 17.

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

⁴ Per capita is calculated using the estimated District population from the US Department of Commerce, Bureau of Economic Analysis as reported in Schedule 13. Data for 2021 and 2022 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.

Schedule 11
SCHOOL DISTRICT NO.1J, MULTNOMAH COUNTY, OREGON
Direct and Overlapping Governmental Activities Debt
June 30, 2022
(dollars in thousands)

Overlapping Issuer	Net Property-tax Backed Debt ¹	Percent Overlapping	Overlapping Debt ²
Burlington Water District	\$ 1,089	100.00 %	\$ 1,089
City of Beaverton	31,358	1.62	508
City of Lake Oswego	82,050	4.59	3,765
City of Milwaukie	33,678	0.70	236
City of Portland	407,675	86.30	351,834
Clackamas County	115,525	0.10	112
Clackamas Cty RFPD 1	25,185	0.10	25
Clackamas Soil & Water Conservation	5,785	0.10	6
Metro	873,470	39.47	344,759
Mt Hood Community College	76,545	0.06	49
Multnomah County	627,742	75.70	475,184
Multnomah Cty RFPD 10	1,155	0.24	3
Multnomah ESD	60,233	75.02	45,189
Portland Community College	496,110	49.69	246,526
Tualatin Hills Park & Rec District	54,783	1.19	651
Tualatin Valley Fire & Rescue District	60,075	1.71	1,026
Valley View Water District	1,015	100.00	1,015
Washington County	181,686	0.58	1,055
Subtotal, overlapping debt			<u>1,473,032</u>
Direct District debt (PERS) ³			680,445
Direct District debt (other) ³			<u>1,136,665</u>
Subtotal, Direct debt			<u>1,817,110</u>
Total direct and overlapping debt			<u><u>\$ 3,290,142</u></u>

Notes

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

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

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

³ Direct District debt is net of unamortized premiums and discounts.

Sources

Oregon State Treasury, Debt Management Division: Overlapping Debt Report

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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 2022

Real Market Value	<u>\$ 147,263,773</u>
Debt Limit (7.95% of Real Market Value) ¹	<u>\$ 11,707,470</u>
Amount of Debt Applicable to Debt Limit:	
General Obligation Bonded Debt	1,129,445
Less: Amount Available in Debt Service Funds	<u>(11,780)</u>
Amount of Debt Applicable to Debt Limit	<u>1,117,665</u>
Legal Debt Margin	<u><u>\$ 10,589,805</u></u>

	Debt Limit	Total net debt applicable to limit	Legal debt margin	Total net debt applicable to the limit as a percentage of debt limit
2013	\$ 5,604,461	\$ 158,187	\$ 5,446,274	2.82%
2014	5,917,214	118,738	5,798,476	2.01
2015	6,517,491	382,186	6,135,305	5.86
2016	7,228,979	346,748	6,882,231	4.80
2017	8,501,342	309,076	8,192,266	3.64
2018	9,670,978	633,588	9,037,390	6.55
2019	10,472,898	526,062	9,946,836	5.02
2020	10,698,745	924,888	9,773,857	8.64
2021	11,149,825	1,220,405	9,929,420	10.95
2022	11,707,470	1,117,665	10,589,805	10.41

Allowable Percentage of Real Market Value:

^A Kindergarten through eighth grade, 9 x .0055 4.95%

^B Ninth through twelfth, 4 x .0075 3.00%

Allowable Percentage 7.95%¹

Notes

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

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

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

Sources

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

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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 Rate ²
2013	766,135	\$ 33,376,029	\$ 43,564	7.9
2014	776,712	36,588,018	47,106	6.8
2015	790,294	38,906,295	49,230	5.7
2016	801,539	41,735,341	52,069	4.9
2017	807,555	43,873,915	54,329	4.1
2018	811,880	46,966,887	57,850	4.0
2019	812,855	49,399,774	60,773	4.0
2020	815,637	52,080,033	63,852	11.6
2021	- ¹	- ¹	- ¹	5.6
2022	- ¹	- ¹	- ¹	3.5

Notes

¹ Data for 2021 and 2022 not available at time of printing.

² Oregon unemployment rates as of June 30 each year.

Sources

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

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

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

Employer	2022			2013		
	Employees	Rank	Percentage of Total Employment	Employees	Rank	Percentage of Total Employment
Ten Largest Employers						
Intel	21,000	1	1.70 %	16,250	1	1.57 %
Providence Health & Services	21,000	2	1.70	14,389	2	1.39
Oregon Health & Science University	18,048	3	1.46	13,733	4	1.32
Nike Inc	13,964	4	1.13	7,000	10	0.67
Legacy Health	13,120	5	1.06	9,662	6	0.93
Kaiser Permanente	11,163	6	0.90	9,195	7	0.89
Fred Meyer Stores	9,525	7	0.77	10,389	5	1.00
Portland Public Schools	6,847	8	0.55			
City of Portland	6,635	9	0.54	8,951	8	0.86
Multnomah County	5,096	10	0.41			
US Federal Government				13,900	3	1.34
State of Oregon				7,559	9	0.73
Subtotal of Ten Largest Employers	126,398		10.22	111,028		10.70
All Other Employers	1,109,702		89.78	927,272		89.30
Total Portland MSA ¹ Employment	1,236,100 ²		100.00 %	1,038,300		100.00 %

Notes

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

² As of June 2022, not seasonally adjusted.

Sources

Portland Business Journal, Book of Lists, published December 2012 and December 2021

Oregon Employment Department, Workforce and Economic Research

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

Assignment/Function	Full-time Equivalent Employees for the Fiscal Year									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Teachers	2,353.1	2,384.0	2,606.8	2,632.5	2,737.7	2,684.2	2,697.3	2,709.3	2,749.2	2,720.8
Educational Assistants	520.9	509.8	582.1	667.8	674.3	680.8	647.1	688.5	640.1	647.5
School Level Administration	144.2	142.3	155.0	151.0	166.5	167.3	165.5	172.5	174.5	184.5
District Level Administration ¹	14.0	11.0	17.0	22.0	21.0	19.2	16.0	4.0	4.0	7.0
Other Staff	1,798.4	1,720.0	2,056.5	1,959.4	2,123.1	2,275.2	2,048.1	2,234.4	2,330.2	2,383.0
Total FTE	<u>4,830.6</u>	<u>4,767.1</u>	<u>5,417.4</u>	<u>5,432.7</u>	<u>5,722.6</u>	<u>5,826.7</u>	<u>5,574.0</u>	<u>5,808.7</u>	<u>5,898.0</u>	<u>5,942.8</u>

Notes

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

Sources

Internal: System Planning and Performance - Analytics

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

	2013		2014		2015		2016	
Nutrition Services								
Number of Meals Served ¹								
Paid Meals	1,354,685	25%	1,313,005	25%	1,071,048	19%	1,114,504	20%
Reduced Meals	434,353	8%	375,796	7%	194,558	3%	209,753	4%
Free Meals	3,632,901	67%	3,560,251	68%	4,315,732	77%	4,141,824	76%
Total meals served	<u>5,421,939</u>	<u>100%</u>	<u>5,249,052</u>	<u>100%</u>	<u>5,581,338</u>	<u>100%</u>	<u>5,466,081</u>	<u>100%</u>
Average Daily Breakfast Served	10,768		10,380		10,846		10,724	
Average Daily Lunch Served	19,059		18,668		19,710		19,083	
Student Participation ²	47.00%		45.80%		44.00%		44.40%	
Transportation								
Number of buses	263		254		269		245	
Total miles traveled	3,392,622		3,156,795		3,127,505		3,273,739	
Cost per mile	\$ 5.28		\$ 5.89		\$ 5.97		\$ 5.91	
Area encompassed by District (sq mi)	160		160		160		160	

	2017		2018		2019		2020	
Nutrition Services								
Number of Meals Served ¹								
Paid Meals	1,372,455	29%	1,466,345	32%	1,621,312	34%	1,191,926	29%
Reduced Meals	180,707	4%	261,833	6%	292,962	6%	199,756	5%
Free Meals	3,225,700	67%	2,877,750	62%	2,877,464	60%	2,767,579	67%
Total meals served	4,778,862	100%	4,605,928	100%	\$ 4,791,738	100%	\$ 4,159,261	100%
Average Daily Breakfast Served	9,831		8,985		9,010		8,192	
Average Daily Lunch Served	18,173		17,793		17,356		13,830	
Student Participation ²	42.00%		38.67%		37.78%		37.36%	
Transportation								
Number of buses	260		270		270		257	
Total miles traveled	4,174,150		3,506,305		3,587,525		2,993,965	
Cost per mile	\$ 4.88		\$ 6.69		\$ 7.51		\$ 8.62	
Area encompassed by District (sq mi)	160		160		160		160	

	<u>2021</u>		<u>2022</u>	
Nutrition Services				
Number of Meals Served ¹				
Paid Meals ³	-	0%	-	0%
Reduced Meals ³	-	0%	-	0%
Free Meals	4,370,010	100%	4,651,199	100%
Total meals served	<u>4,370,010</u>	<u>100%</u>	<u>4,651,199</u>	<u>100%</u>
Average Daily Breakfast Served	5,316		6,712	
Average Daily Lunch Served	5,332		18,437	
Student Participation ²	12.76%		45.25%	
Transportation				
Number of buses	289		220	
Total miles traveled ⁴	851,568		2,744,944	
Cost per mile	\$ 26.57		\$ 11.68	
Area encompassed by District (sq mi)	160		160	

Notes

¹ Number of meals served includes breakfast, lunch, snack, and supper.

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

³ Per USDA guidance, free meals were available to all students during the 2021-2022 school year.

⁴ Due to COVID and Comprehensive Distance Learning, fewer students were transported to school sites during the 2021-2022 school year.

Sources

Internal: District Nutrition Services and Transportation departments



BUILDING			STUDENT ENROLLMENT											
Year	Age	Square Footage	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022		
1924	98	45,464	505	528	511	513	519	516	520	507	451	374		
1912	110	53,483	569	576	582	600	605	638	625	644	594	553		
1921	101	72,748	769	773	760	730	747	734	730	704	623	525		
1929	93	98,245	462	476	454	456	457	454	490	526	485	269		
1949	73	29,472	478	500	497	493	455	425	434	416	394	383		
1953	69	53,170	440	441	428	435	432	420	419	391	390	342		
1928	94	82,155	613	620	607	631	464	442	428	436	382	351		
1959	63	96,900	730	814	834	859	884	897	782	742	692	657		
1926	96	93,629	535	506	540	540	532	499	325	343	334	340		
1951	71	75,786	405	435	415	476	500	531	504	516	514	337		
1956	66	54,157	457	450	442	480	511	535	518	508	437	435		
1922	100	99,875	460	452	444	481	459	474	450	427	446	400		
1917	105	49,621	403	483	460	437	448	442	443	416	346	324		
1944	94	104,700	440	441	535	532	545	550	546	549	544	544		
1923	99	78,102	592	646	674	643	584	532	494	484	475	341		
1948	74	43,215	459	462	627	604	326	363	358	351	305	269		
1955	67	48,651	388	425	444	476	492	479	466	468	450	419		
1948	74	77,144	345	350	350	392	356	372	361	375	385	250		
1926	96	104,760	423	437	505	494	519	499	504	512	468	436		
1932	90	24,875	-	-	-	-	-	-	-	-	244	219		
2017	5	133,576	454	487	511	479	532	710	767	786	740	703		
1986	24	59,411	502	480	464	449	455	443	410	402	348	348		
1922	99	47,457	602	603	500	492	489	451	449	395	373	373		
1927	95	87,080	371	377	389	376	384	392	382	370	350	340		
1955	67	107,735	757	742	742	729	676	638	658	637	601	529		
1954	68	48,918	412	415	484	499	552	592	629	640	380	351		
1932	90	67,340	460	478	485	493	446	459	339	325	320	248		
1929	93	67,638	439	461	445	429	405	368	347	351	316	332		
1925	70	75,233	626	622	631	610	604	532	498	476	419	372		
1952	97	153,475	312	331	370	400	386	389	321	341	324	315		
1932	99	56,575	605	673	671	695	684	698	692	698	668	649		
1952	70	61,167	497	493	431	456	447	427	276	269	262	268		
1948	74	73,479	573	604	560	564	523	530	508	486	476	477		
1952	70	45,745	400	414	382	382	412	389	390	410	368	337		
1928	94	74,326	583	570	518	531	517	489	484	509	460	395		
1948	74	37,713	327	333	329	359	384	378	383</					

School or Program Type	BUILDING			STUDENT ENROLLMENT									
	Year	Age	Square Footage	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Beaumont	1926	96	81,381	583	584	554	571	569	591	571	573	518	467
da Vinci	1928	94	72,063	470	468	465	458	461	457	456	450	443	415
George	1950	72	85,038	385	373	359	369	360	417	421	438	432	385
Gray	1951	71	82,744	422	464	527	566	546	536	542	566	509	478
Harriett Tubman	1952	70	83,673	-	-	-	-	-	-	491	430	443	388
Hosford	1925	97	74,964	538	576	591	640	631	621	588	651	676	629
Jackson	1964	58	218,118	532	533	548	606	597	659	746	793	803	752
Kellogg ²	2022	1	108,112	-	-	-	-	-	-	-	-	-	684
Lane	1926	96	79,824	486	505	471	481	443	454	433	432	416	363
Mt. Tabor	1952	70	84,785	606	628	662	694	730	718	741	724	721	645
Ockley Green	1925	97	66,338	-	-	-	-	626	531	505	487	487	485
Roseway Heights	1921	101	99,825	-	-	-	-	-	-	588	614	617	589
Sellwood	1913	109	81,470	455	483	545	560	583	589	612	588	549	553
West Sylvan	1953	69	96,171	888	945	958	966	911	876	822	833	802	727
Middle Schools Total			1,314,506	5,365	5,559	5,680	5,911	6,457	6,449	7,516	7,579	7,416	7,560
Benson	1917	105	412,855	889	830	879	914	994	1,026	1,035	1,055	1,005	895
Cleveland	1929	93	346,093	1,532	1,523	1,516	1,600	1,609	1,586	1,651	1,560	1,581	1,623
Franklin	1915	107	285,547	1,469	1,460	1,552	1,570	1,612	1,745	1,856	1,936	2,010	2,014
Grant	1923	99	303,271	1,536	1,486	1,503	1,481	1,476	1,512	1,638	1,813	1,965	2,126
Ida B. Wells-Barnett	1954	68	283,586	1,236	1,230	1,257	1,324	1,413	1,512	1,535	1,558	1,504	1,597
Jefferson	1909	113	299,416	441	511	493	524	590	677	656	641	620	588
Lincoln	1950	72	194,457	1,513	1,565	1,583	1,698	1,703	1,705	1,698	1,588	1,481	1,462
Leotis V McDaniel	1955	67	317,836	1,107	1,066	1,077	1,134	1,070	1,146	1,157	1,079	1,173	1,369
Marshall	1959	63	283,343	-	-	-	-	-	-	-	-	-	-
Roosevelt	1921	101	255,025	828	914	947	940	881	859	994	1,195	1,292	1,376
High Schools Total			2,981,429	10,551	10,585	10,807	11,183	11,348	11,768	12,220	12,425	12,667	13,050
PPS Alternative Programs Total			302,529	1,739	1,699	1,716	1,817	1,760	1,659	1,631	1,632	1,243	1,795
School and Alternative Programs Total			8,583,374	44,232	44,894	45,218	46,070	46,185	46,503	46,615	46,624	44,591	43,110
Community-Based Alternative Programs Total			-	1,207	1,055	1,034	964	968	1,035	912	973	872	637
Special Services Total			89,443	457	485	443	451	451	455	529	496	408	455
Public Charter Schools Total			16,755	1,627	1,664	1,764	1,590	1,585	1,564	1,494	1,385	1,443	1,295
Total All			8,689,572	47,523	48,098	48,459	49,075	49,189	49,557	49,550	49,478	47,314	

² Kellogg School opened in Fall 2022.

³ Weighted Average Daily Membership ("ADMw") is the enrollment figure, adjusted for part-time students and students with special needs, that is used to allocate revenues appropriated by the State to school districts. The most recent two years are preliminary data.

Audit



Grant High School Winter Performance December 2021



Creston Tree Planting March 2022



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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
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, 2022, 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 9, 2022. 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:

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



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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)**

- In our test sample of 60 students with more than 10 absences, there was one student with ten or more consecutive absences who was not withdrawn from ADM as required by State rules.
- In our test sample of 60 teachers, the District misreported years of experience for six teachers.

Internal Control Over Financial Reporting

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

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

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

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, Kowala & Warwick LLP

Portland, Oregon
December 9, 2022

Portland Public Schools Nondiscrimination Statement

Portland Public Schools recognizes the diversity and worth of all individuals and groups and their roles in society. The District prohibits discrimination and harassment on any basis protected by law, including but not limited to, an individual's perceived or actual race, color, religion, sex, sexual orientation, gender expression or identity, national or ethnic origin, marital status, age, mental or physical disability, pregnancy, familiar status, economic status, veteran's status, or because of the perceived or actual race, color, religion, sex, sexual orientation, national or ethnic origin, marital status, age, mental or physical disability, pregnancy, familiar status, economic status, or veterans' status or any other persons with whom the individual associates.

Board of Education Policy 1.80.020-P

Contact Information for Civil Rights Matters

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

2021-22 ACFR Preparation

Nolberto Delgadillo, Chief Financial Officer

Accounting

Tracy Pinder, Sr. Director- Financial Services
Cheryl Anselone, Sr. Manager
Melissa Ensminger, Sr. Manager- General Ledger
Jimmy DuSablón, Sr. Bond Accountant
Abdullah Elmadhoun, Accountant/Analyst
Chad Hepner, Bond Accountant
Michael Johnson, Sr. Accountant/Analyst
Premila Kumar, Sr. Accountant/Analyst
Rachel Spires, Accountant/Analyst

Budget & Grant Accounting

Junho Chang, Budget Systems Manager
Stacey Hoang, Sr. Budget Analyst
Kristin Johnson, Sr. Grant Accountant
Abigail Jorgenson, Sr. Budget Analyst
Aaron Musk, Sr. Grant Accountant
Zeb Petterborg, Sr. Grant Accountant
Patrick Rodeman, Sr. Budget Analyst
Gary Stamps, Grant Accountant
David Stone, Fiscal Services Associate III

Financial Systems

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

Payroll

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

Treasury / Accounts Receivable

Michael Nixon, Sr. Treasury Manager
Teresa Eckblad, Finance Clerk

Accounts Payable

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

Appendix C

Book Entry Only System

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**SAMPLE OFFERING DOCUMENT LANGUAGE
DESCRIBING BOOK-ENTRY-ONLY ISSUANCE**

(Prepared by DTC--bracketed material may apply only to certain issues)

1. The Depository Trust Company ("DTC"), New York, NY, will act as securities depository for the securities (the "Securities"). The Securities will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Security certificate will be issued for [each issue of] the Securities, [each] in the aggregate principal amount of such issue, and will be deposited with DTC. [If, however, the aggregate principal amount of [any] issue exceeds \$500 million, one certificate will be issued with respect to each \$500 million of principal amount, and an additional certificate will be issued with respect to any remaining principal amount of such issue.]

2. DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.6 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has a Standard & Poor's rating of: AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

3. Purchases of Securities under the DTC system must be made by or through Direct Participants, which will receive a credit for the Securities on DTC's records. The ownership interest of each actual purchaser of each Security ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Securities are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Securities, except in the event that use of the book-entry system for the Securities is discontinued.

4. To facilitate subsequent transfers, all Securities deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Securities with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Securities; DTC's records reflect only the identity of the Direct Participants to whose accounts such Securities are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

5. Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed

by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. [Beneficial Owners of Securities may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Securities, such as redemptions, tenders, defaults, and proposed amendments to the Security documents. For example, Beneficial Owners of Securities may wish to ascertain that the nominee holding the Securities for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.]

[6. Redemption notices shall be sent to DTC. If less than all of the Securities within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.]

7. Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Securities unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to Issuer as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts Securities are credited on the record date (identified in a listing attached to the Omnibus Proxy).

8. Redemption proceeds, distributions, and dividend payments on the Securities will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from Issuer or Agent, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, Agent, or Issuer, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of Issuer or Agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

[9. A Beneficial Owner shall give notice to elect to have its Securities purchased or tendered, through its Participant, to [Tender/Remarketing] Agent, and shall effect delivery of such Securities by causing the Direct Participant to transfer the Participant's interest in the Securities, on DTC's records, to [Tender/Remarketing] Agent. The requirement for physical delivery of Securities in connection with an optional tender or a mandatory purchase will be deemed satisfied when the ownership rights in the Securities are transferred by Direct Participants on DTC's records and followed by a book-entry credit of tendered Securities to [Tender/Remarketing] Agent's DTC account.]

10. DTC may discontinue providing its services as depository with respect to the Securities at any time by giving reasonable notice to Issuer or Agent. Under such circumstances, in the event that a successor depository is not obtained, Security certificates are required to be printed and delivered.

11. Issuer may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, Security certificates will be printed and delivered to DTC.

12. The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that Issuer believes to be reliable, but Issuer takes no responsibility for the accuracy thereof.

Appendix D

Form of Continuing Disclosure Certificate

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FORM OF CONTINUING DISCLOSURE CERTIFICATE

\$420,000,000

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

**Multnomah, Washington and Clackamas Counties, Oregon
General Obligation Bonds, Series 2023**

This Continuing Disclosure Certificate (the “Certificate”) is executed and delivered by School District No. 1J, Multnomah County, Oregon (Portland Public Schools) located in Multnomah, Washington and Clackamas Counties, Oregon (the “Issuer”) in connection with the issuance of the above-captioned Bonds (the “Securities”).

Section 1. Purpose of Certificate. This Certificate is being executed and delivered by the Issuer, and constitutes the Issuer’s written undertaking for the benefit of the Bondowners and to assist the underwriter of the Securities in complying with paragraph (b)(5) of the United States Securities and Exchange Commission Rule 15c2-12 (17 C.F.R. § 240.15c2-12) as amended (the “Rule”).

Section 2. Definitions. Unless the context otherwise requires, the terms defined in this Section shall, for purposes of this Certificate, have the meanings herein specified.

“Beneficial Owner” means any person who has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of any Securities, including persons holding Securities through nominees or depositories.

“Bondowners” means the registered owners of the Securities, as shown on the bond register maintained by the paying agent and registrar for the Securities, and any Beneficial Owners.

“Commission” means the United States Securities and Exchange Commission.

“EMMA” means the Electronic Municipal Market Access system for municipal securities disclosure established by the MSRB and accessible at <http://emma.msrb.org/>.

“MSRB” means the United States Municipal Securities Rulemaking Board or any successor to its functions.

“Official Statement” means the final official statement for the Securities dated April 13, 2023.

“Rule” means the Commission’s Rule 15c2-12 under the Securities Exchange Act of 1934, as it has been and may be amended.

Section 3. Financial Information. The Issuer, as the “obligated person,” agrees to provide or cause to be provided to the MSRB, the following annual financial information and operating data:

- A. Issuer's annual financial statements prepared in accordance with Oregon Local Budget Law (or any successor statute) and in accordance with generally accepted accounting principles so prescribed by the Governmental Accounting Standards Board (or its successors) and generally of the type included in the Official Statement in Appendix B entitled "Financial Statements."
- B. To the extent not included in its annual financial statements, the Issuer shall also provide information, of the type set forth in the Official Statement, containing: (1) the total real market value and total assessed value of taxable property within the Issuer (as indicated in the records of the county assessors), or other statement of property valuation that reflects then current Oregon statutes pertaining to property valuation; (2) the amount or rate of property taxes levied by the Issuer for the fiscal year for both operations and debt service, and the amount of property taxes the Issuer received during the fiscal year; (3) the total principal amount of general obligation bonds and other tax-supported obligations of the Issuer which are outstanding at the end of the fiscal year; (4) the major taxpayers for Multnomah County as presented in the Official Statement; and (5) ADMw, or a successor measurement of student enrollment that determines funding level, if any.

Section 4. Timing. The information described in Section 3 of this Certificate shall be provided by the Issuer for each of its fiscal years in which the Securities are outstanding. The Issuer shall provide that information on or before nine months after the end of each fiscal year, commencing no later than March 31, 2024, for the fiscal year ended June 30, 2023. The information described in Section 3 of this Certificate will be provided in the form of audited financial statements if they are then available, and otherwise will be provided in the form of unaudited financial statements. If the information described in Section 3 of this Certificate is initially provided in the form of unaudited financial statements, the Issuer shall provide audited financial statements promptly after they become publicly available. The Issuer's current fiscal year ends June 30. The Issuer may adjust its fiscal year by providing written notice of the change of fiscal year to the MSRB. In lieu of providing such annual financial information and operating data, the Issuer may cross-reference to other documents provided to the MSRB.

Section 5. Material Events. The Issuer agrees to provide or cause to be provided to the MSRB, in a timely manner not in excess of ten business days after the occurrence of the event, notice of any of the following events with respect to the Securities:

- 1. Principal and interest payment delinquencies;
- 2. Non-payment related defaults, if material;
- 3. Unscheduled draws on debt service reserves reflecting financial difficulties;
- 4. Unscheduled draws on credit enhancements reflecting financial difficulties;
- 5. Substitution of credit or liquidity providers or their failure to perform;

6. Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the security, or other material events affecting the tax status of the security;

7. Modifications to the rights of security holders, if material;

8. Bond calls, if material, and tender offers;

9. Defeasances;

10. Release, substitution or sale of property securing repayment of the Securities, if material;

11. Rating changes;

12. Bankruptcy, insolvency, receivership or similar event of the obligated person; (note: for the purposes of the event identified in this paragraph 12, the event is considered to occur when any of the following occur: The appointment of a receiver, fiscal agent or similar officer for an obligated person in a proceeding under the United States Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the obligated person, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the obligated person);

13. The consummation of a merger, consolidation, or acquisition involving an obligated person or the sale of all or substantially all of the assets of the obligated person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;

14. Appointment of a successor or additional trustee or the change of name of a trustee, if material;

15. Incurrence of a financial obligation of the obligated person if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the obligated person, any of which affect security holders, if material. For the purposes of this paragraph 15 and paragraph 16 below, “financial obligation” means a (i) debt obligation; (ii) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (iii) a guarantee of (i) or (ii); the term “financial obligation” shall not include municipal securities as to which a final official statement has been provided to the MSRB consistent with the Rule;

16. Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligation of the obligated person, any of which reflect financial difficulties.

The Issuer may from time to time choose to provide notice of the occurrence of certain other events, in addition to those listed above, if, in the judgment of the Issuer, such other event is material with respect to the Securities, but the Issuer does not undertake any commitment to provide such notice of any event except those events listed above.

Section 6. Failure to File Annual Financial Information. The Issuer agrees to provide or cause to be provided, in a timely manner, to the MSRB, notice of a failure by the Issuer to provide the annual financial information described in Section 3 of this Certificate on or prior to the time set forth in Section 4 of this Certificate.

Section 7. Termination. The Issuer's obligation under this Certificate shall terminate upon the legal defeasance, prior redemption or payment in full of all of the Securities. This Certificate, or any provision of this Certificate, shall be null and void if the Issuer (a) obtains an opinion of nationally recognized bond counsel to the effect that those portions of the Rule which require this Certificate, or any provision of this Certificate, are invalid, have been repealed retroactively or otherwise do not apply to the Securities; and (b) notifies the MSRB of such opinion and the termination of its obligations under this Certificate.

Section 8. Amendment. Notwithstanding any other provision of this Certificate, the Issuer may amend this Certificate under the following conditions:

A. If the amendment relates to the provisions of Sections 3 or 5 of this Certificate, it may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature or status of the Issuer, or type of business conducted; and,

B. If this Certificate, as amended, would, have complied with the requirements of the Rule at the time of the original issuance of the Securities, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

C. The amendment does not materially impair the interest of the Bondowners as determined either by parties unaffiliated with the Issuer (such as nationally recognized bond counsel) or by approving vote of the Bondowners pursuant to the terms of the governing instrument for the Securities as it is in effect at the time of the amendment.

In the event of any amendment of a provision of this Certificate, the Issuer shall describe such amendment in its next annual filing pursuant to Section 3 of this Certificate, and shall include, as applicable, a narrative explanation of the reason for the amendment and its impact on the type (or in the case of a change of accounting principles, on the presentation) of financial information or operating data being presented by the Issuer. In addition, if the amendment relates to the accounting principles to be followed in preparing financial statements, (i) notice of the amendment shall be given in the same manner as for a material event under Section 5 of this Certificate, and (ii) the annual filing pursuant to Section 3 of this Certificate for the first fiscal year that is affected by the change in accounting principles should present a comparison (in narrative form and also, if feasible, in quantitative form) between the financial statements as prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles.

Section 9. Bondowner's Remedies Under This Certificate. Bondowners may take such actions as may be necessary and appropriate, including seeking mandamus or specific performance by court order, to cause the Issuer to comply with its obligations under this Certificate. A default under this Certificate shall not be deemed a default or an event of default under the documents authorizing issuance of the Securities, and no monetary damages shall arise or be payable hereunder, and the sole remedy under this Certificate in the event of any failure of the Issuer to comply with this Certificate shall be an action to compel performance.

Section 10. Form of Information. All information required to be provided under this certificate will be provided in an electronic format as prescribed by the MSRB.

Section 11. Submitting Information Through EMMA. So long as the MSRB continues to approve the use of EMMA, any information required to be provided to the MSRB under this Certificate may be provided through EMMA. As of the date of this Certificate, the web portal for EMMA is emma.msrb.org.

Section 12. Dissemination Agent. The Issuer may, from time to time, engage or appoint an agent to assist the Issuer in disseminating information hereunder (the "Dissemination Agent"). The Issuer may discharge any Dissemination Agent with or without appointing a successor Dissemination Agent.

Section 13. Choice of Law. This Certificate shall be governed by and construed in accordance with the laws of the State of Oregon, provided that to the extent this Certificate addresses matters of federal securities laws, including the Rule, this Certificate shall be construed in accordance with such federal securities laws and official interpretations thereof.

Dated as of the 27th day of April 2023.

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

Authorized Officer

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Appendix E

State of Oregon Master Disclosure Certificate

MASTER DISCLOSURE CERTIFICATE

This Master Disclosure Certificate (the "Certificate"), dated January 27, 2023, is executed, and delivered by the State of Oregon, acting by and through its State Treasurer (the "State") in connection with implementation of the Oregon School Bond Guaranty Act (the "Act") by which the timely payment of principal and interest on certain General Obligation Bonds (the "Guaranteed Bonds") issued from time to time by Oregon school districts is guaranteed by the State pursuant to the provisions of the Act (the "Oregon School Bond Guaranty Program").

Section 1. Purpose of Certificate. This Certificate is being executed and delivered by the State for the benefit of registered and beneficial holders of Guaranteed Bonds and to assist Underwriters of such Guaranteed Bonds in complying with paragraph (b)(5) of Securities and Exchange Commission Rule 15c2-12 (17 C.F.R. § 240.15c2-12), as amended (the "Rule").

Section 2. Annual Comprehensive Financial Report. The State hereby agrees to provide or cause to be provided at least annually to the Municipal Securities Rulemaking Board (the "MSRB") through its EMMA ("Electronic Municipal Market Access") site, the Annual Comprehensive Financial Report (the "ACFR") of the State of Oregon for the prior fiscal year. The ACFR will be available no later than 9 months after the end of the State's fiscal year (presently June 30). The ACFR will include audited financial statements of the State prepared in accordance with generally accepted accounting principles as established by the Government Accounting Standards Board as in effect from time to time; provided, however, that if the ACFR is not available within 9 months after the end of the preceding fiscal year, unaudited financial statements will be provided with audited financial statements to follow when available. The ACFR may be provided by way of cross-reference to other documents previously provided to the MSRB. If the cross-referenced document is a final official statement within the meaning of the Rule, it shall be available from the MSRB EMMA site.

Section 3. Material Events. Subject to limitations of Section 8 below, the State agrees to provide or cause to be provided, in a timely manner, to the MSRB, within ten business days after the occurrence of the event, notice of the occurrence of the following events but only with respect to its guaranty of any Guaranteed Bonds:

- (1) principal and interest payment delinquencies;
- (2) non-payment related defaults, if material;
- (3) unscheduled draws on debt service reserves reflecting financial difficulties;
- (4) unscheduled draws on credit enhancements reflecting financial difficulties;
- (5) substitution of credit or liquidity providers, or their failure to perform;
- (6) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determination of taxability, Notices of Proposed Issue (IRS Form 5701-

TEB) or other material notices or determinations with respect to the tax-exempt status of the Guaranteed Bonds, or any other material events affecting the tax status of the Guaranteed Bonds;

- (7) modifications to rights of holders of the Guaranteed Bonds, if material;
- (8) bond calls, if material, and tender offers;
- (9) defeasances;
- (10) release, substitution, or sale of property securing repayment of the Guaranteed Bonds, if material;
- (11) rating changes;
- (12) bankruptcy, insolvency, receivership or other similar event of the State; (Note: For the purposes of the event identified in this paragraph 12, the event is considered to occur when any of the following occur: The appointment of a receiver, fiscal agent or similar officer for an obligated person in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the obligated person, or if such jurisdiction has been assumed by leaving the existing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the obligated person.);
- (13) the consummation of a merger, consolidation, or acquisition involving the State or the sale of all or substantially all of the assets of the State, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material and;
- (14) appointment of a successor or additional trustee or the change of name of a trustee, if material.
- (15) incurrence of a financial obligation of the State, if material, or agreement to covenants, events of defaults, remedies, priority rights, or other similar terms of financial obligation of the State, any of which affect security holders, if material; and
- (16) Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of the financial obligation of the State, any of which reflect financial difficulties.

“Financial Obligation” means a (a) debt obligation; (b) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (c) guarantee of a debt obligation or any such derivative instrument; provided that “financial obligation” shall not include municipal securities as to which a final official statement (as defined in the Rule) has been provided to the MSRB consistent with the Rule.

The State intends the words used in the immediately preceding paragraphs (15) and (16) and the definition of Financial Obligation in this Section to have the same meanings as when they are used in the Rule, as evidenced by SEC Release No. 34-83885, dated August 20, 2018.

Notice of events listed in (8) and (9) above need not be given any earlier than notice of the underlying event, if any, is required to be given to registered or beneficial owners of affected Guaranteed Bonds. The State may from time to time choose to provide notice of the occurrence of certain other events, in addition to those listed above, if, in the judgment of the State, such other event is material with respect to the Guaranteed Bonds, but the State does not undertake any commitment to provide such notice of any event except those events listed above.

Section 4. Failure to File ACFR. The State agrees to provide or cause to be provided, in a timely manner to the MSRB notice of a failure by the State to provide the ACFR on or prior to the time set forth in Section 2.

Section 5. Dissemination Agent. The State may, from time to time, engage or appoint an agent to assist the State in disseminating information hereunder (the "Dissemination Agent"). The State may discharge any Dissemination Agent with or without appointing a successor Dissemination Agent.

Section 6. Termination of Obligations. Pursuant to paragraph (b)(5)(iii) of the Rule, the State's obligation to provide annual financial information and notice of material events, as set forth above, shall terminate if and when the State no longer remains an obligated person with respect to the Guaranteed Bonds which shall occur upon either redemption in full of the Guaranteed Bonds, or legal defeasance of the Guaranteed Bonds. In addition, and notwithstanding the provisions of Section 9 below, the State may rescind its obligations under this Master Disclosure Certificate, in whole or in part, if those portions of the Rule that required the execution and delivery of this Master Disclosure Certificate are repealed or are declared invalid by a court of competent jurisdiction.

Section 7. Enforceability and Remedies. The State agrees that this Master Disclosure Certificate is intended to be for the benefit of registered and beneficial holders of the Guaranteed Bonds and shall be enforceable by or on behalf of any such holder; provided that, the right of any holder to challenge the adequacy of the information furnished hereunder shall be limited to an action by or on behalf of holders representing at least twenty-five percent (25%) of the aggregate outstanding principal amount of Guaranteed Bonds. Any failure by the State to comply with the provisions of this undertaking shall not be a default under the Act or under the documents pursuant to which any Guaranteed Bonds are issued. This Master Disclosure Certificate confers

no rights on any person or entity other than the State, holders of the Guaranteed Bonds, and any Dissemination Agent.

Section 8. Limitation on Scope of Undertaking. Notwithstanding anything expressed or implied to the contrary herein, the State makes no undertaking to provide financial information, operating data, or material events disclosure on behalf of or with respect to Oregon school districts participating in the Oregon School Bond Guaranty Program. Any such information will be provided according to the terms of separate continuing disclosure undertakings executed and delivered by such school districts. The State is not responsible for the adequacy, accuracy or timeliness of such information, and any failure by a school district to comply with its undertaking shall not constitute a breach by the State under this Master Disclosure Certificate. The State shall provide only the ACFR and material events disclosure relating to the State's guaranty of Guaranteed Bonds.

Section 9. Amendment. Notwithstanding any other provision of this Master Disclosure Certificate, the State may amend this Master Disclosure Certificate without the consent of holders of the Guaranteed Bonds under the following conditions:

- (1) The amendment may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature, or status of the obligated person or type of business conducted;
- (2) This Master Disclosure Certificate, as amended, would have complied with the requirements of the Rule at the time of the primary offering, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and
- (3) The amendment does not materially impair the interest of holders of the Guaranteed Bonds, as determined either by parties unaffiliated with the State (such as nationally recognized bond counsel), or by approving vote of holders representing at least sixty percent (60%) of the aggregate outstanding principal amount of the Guaranteed Bonds.

The State shall provide to the MSRB, notice of any amendment which changes the accounting principles followed by the State in preparation of its annual financial information. The initial annual financial information after the amendment shall explain, in narrative form, the reasons for the amendment and the effect of the change in the type of operating data or financial information being provided.

Section 10. Choice of Law. This Master Disclosure Certificate shall be governed by and construed in accordance with the laws of the State of Oregon, provided that to the extent this Master Disclosure Certificate addresses matters of federal securities laws, including the Rule, this Master Disclosure Certificate shall be construed in accordance with such federal securities laws and official interpretations thereof.

STATE OF OREGON

DocuSigned by:

By: 38A7986CA1F74CB...
Jacqueline B. Knights, Director
Debt Management Division

Dated: January 27, 2023

Appendix F

Form of Bond Declaration

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BOND DECLARATION

**School District No. 1J, Multnomah County, Oregon
(Portland Public Schools)
Multnomah, Washington and Clackamas Counties, Oregon
General Obligation Bonds, Series 2023**

**Executed on behalf of School District No. 1J, Multnomah County, Oregon
(Portland Public Schools)
Multnomah, Washington and Clackamas Counties, Oregon
as of April 27, 2023**

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This table of contents is not a part of the bond declaration but is provided for reference only.

BOND DECLARATION

THIS BOND DECLARATION is executed as of April 27, 2023, on behalf of School District No. 1J, Multnomah County, Oregon (Portland Public Schools), in Multnomah, Washington and Clackamas Counties, Oregon (the “District”) by its Chief of Staff, acting as the “District Official” pursuant to the Resolution, as defined below. The Resolution authorizes the District Official to execute a bond declaration which contains the terms of the Bonds, and the covenants of the District relating to those Bonds.

Section 1. Definitions.

Unless the context clearly requires otherwise, the following terms shall have the following meanings:

“BEO” means “book-entry-only” and refers to a system for clearance and settlement of securities transactions through electronic book-entry changes, which eliminates the need for physical movement of securities.

“Bond Declaration” means this Bond Declaration, including any amendments made in accordance with Section 7 of this Bond Declaration.

“Bonds” means the General Obligation Bonds, Series 2023 issued by the District that are described in Section 2 of this Bond Declaration and that are authorized by the Resolution.

“Business Day” means any day except a Saturday, a Sunday, a legal holiday, a day on which the Paying Agent or offices of banks in Oregon, Washington, or New York are authorized or required by law or executive order to remain closed, or a day on which the New York Stock Exchange is closed.

“Code” means the Internal Revenue Code of 1986, as amended.

“District Official” means the Deputy Superintendent of Business & Operations, Chief Financial Officer or the person designated by any of those individuals to act under this Declaration pursuant to the Resolution.

“DTC” means The Depository Trust Company, New York, New York, the securities depository for the Bonds.

“Event of Default” refers to an Event of Default listed in Section 8(1) of this Bond Declaration.

“Government Obligations” means direct noncallable and nonprepayable obligations of the United States, or noncallable and nonprepayable obligations the principal of and interest on which are fully and unconditionally guaranteed by the United States.

“Outstanding” refers to all Bonds authorized and delivered pursuant to this Bond Declaration except Bonds which have been paid, canceled, or defeased pursuant to Section 9 of this Bond Declaration, and Bonds which have matured but have not been presented for payment for the payment of which adequate money has been transferred to the Paying Agent.

“Owner” means the person shown on the Bond register maintained by the Paying Agent as the registered owner of a Bond.

“Paying Agent” means the registrar and paying agent for the Bonds, which, at the time of execution of this Bond Declaration, is U.S. Bank Trust Company, National Association.

“Record Date” means the last Business Day of the month preceding a payment date.

“Resolution” means District Resolution No. 6675 adopted by the Board of Education on March 21, 2023, which authorizes the execution of this Bond Declaration and the issuance and sale of the Bonds.

Section 2. Bonds Authorized.

- (1) Pursuant to the authority granted by the voters of the District by Measure 26-215 from the November 3, 2020 election, and the Resolution, the District hereby authorizes the issuance, sale and delivery of the Bonds in accordance with this Bond Declaration and in an aggregate principal amount of \$420,000,000. The Bonds shall be dated April 27, 2023, shall bear interest which is payable on June 15 and December 15 of each year commencing December 15, 2023. Interest is calculated based on 360 day year of twelve 30-day month. The Bonds shall mature as follows:

<u>Due June 15</u>	<u>Principal Amount (\$)</u>	<u>Interest Rate (%)</u>	<u>CUSIP No. (625517)</u>
2024	56,785,000	5.00	NM5
2025	64,870,000	5.00	NN3
2026	12,345,000	5.00	NP8
2027	13,955,000	5.00	NQ6
2028	15,090,000	5.00	NR4
2029	16,665,000	5.00	NS2
2030	11,370,000	5.00	NT0
2031	12,525,000	5.00	NU7
2032	13,845,000	5.00	NV5
2033	15,165,000	5.00	NW3
2034	9,610,000	5.00	NX1
2035	10,625,000	5.00	NY9
2036	11,710,000	5.00	NZ6
2037	12,860,000	5.00	PA9
2038	11,385,000	5.00	PB7
2039	12,480,000	5.00	PC5
2040	13,640,000	5.00	PD3
2041	14,880,000	4.00	PE1
2045	15,905,000	4.00	PF8
2049*	74,290,000	4.00	PJ0

*Term Bond, subject to mandatory redemption as provided in the Official Statement for the Bonds.

- (2) The Bond proceeds shall be used to finance capital costs described in Measure 26-215 from the November 3, 2020 election.
- (3) The District intends for the interest on the Bonds to be excluded from gross income for federal income tax purposes pursuant to Sections 103 and 141 through 150 of the Code, and the applicable Income Tax Regulations. The District covenants not to take any action, or knowingly omit to take any action within its control, that if taken or omitted would cause the interest on the Bonds to be includable in gross income for federal income tax purposes. Interest on the Bonds is also exempt from Oregon personal income taxation.

Section 3. Security for Bonds.

- (1) The District hereby pledges its full faith and credit and taxing power to pay the Bonds pursuant to ORS 287A.315. The District hereby covenants for the benefit of the Owners to levy a direct ad valorem tax upon all of the taxable property within the District which is sufficient, after taking into consideration discounts taken and delinquencies that may occur in the payment of such taxes, to pay all Bond principal and interest when due. The District covenants to levy this tax each year until all the Bonds are paid. This tax shall be in addition to all other taxes of the District, and this tax shall not be limited in rate, amount or otherwise, by Sections 11 or 11b of Article XI of the Oregon Constitution.
- (2) This Bond Declaration shall constitute a contract with the Owners and shall be enforceable by the Owners.

Section 4. Book Entry System

The Bonds shall be initially issued in BEO form, in the denomination of \$5,000 or any integral multiple thereof, and shall be governed by this Section 4. While Bonds are in BEO form no physical Bonds shall be provided to the Owners. A representative of the District has executed and delivered a Blanket Issuer Letter of Representations to DTC (the “Letter of Representations”). While the Bonds are in BEO form, registration and transfer of beneficial interests in the Bonds shall be governed by the Letter of Representations and the Operational Arrangements of DTC, as they may be amended from time to time. So long as Bonds are in BEO form:

- (1) DTC shall be treated as the Owner for all purposes, including payment and the giving of notices to Owners of Bonds. Bond payments shall be made, and notices shall be given, to DTC in accordance with the Letter of Representations. Any failure of DTC to advise any of its participants, or of any participant to notify the beneficial owner, of any such notice and its content or effect will not affect the validity of the redemption of Bonds or of any other action premised on such notice.
- (2) The District may discontinue maintaining the Bonds in the BEO form at any time. The District shall discontinue maintaining the Bonds in BEO form if DTC determines not to continue to act as securities depository for the Bonds, or fails to perform satisfactorily as depository, and a satisfactory substitute depository cannot reasonably be found.
- (3) If the District discontinues maintaining the Bonds in book-entry only form, the District shall cause the Paying Agent to authenticate and deliver replacement Bonds in fully

registered form in authorized denominations in the names of the beneficial owners or their nominees; thereafter the provisions set forth in Section 6 below, regarding registration, transfer and exchange of Bonds shall apply.

- (4) The District and the Paying Agent shall have no responsibility or obligation to any participant or correspondent of DTC or to any beneficial owner on behalf of which such participants or correspondents act as agent for the beneficial owner with respect to:
 - (A) the accuracy of the records of DTC, the nominee or any participant or correspondent with respect to any beneficial owner's interest in the Bonds;
 - (B) the delivery to any participant or correspondent or any other person of any notice with respect to the Bonds, including any notice of prepayment;
 - (C) the selection by DTC of the beneficial interest in Bonds to be redeemed prior to maturity; or
 - (D) the payment to any participant, correspondent, or any other person other than the registered owner of the Bonds as shown in the registration books maintained by the Paying Agent, of any amount with respect to principal, any premium or interest on the Bonds.
- (E) The provisions of this Section 4 may be modified without the consent of the beneficial owners in order to conform this Section to the standard practices of DTC or any successor depository for Bonds issued in book-entry only form.

Section 5. Redemption of Bonds.

- (1) Optional Redemption of the Bonds. The Bonds are subject to optional redemption as set forth in the Official Statement for the Bonds.
- (2) Mandatory Redemption of the Bonds. The Bonds are subject to mandatory redemption as set forth in the Official Statement for the Bonds.
- (3) The District reserves the right to purchase Bonds in the open market.
- (4) Any notice of optional redemption given for the Bonds pursuant to this Section 5 may state that the optional redemption is conditional upon receipt by the Paying Agent of moneys sufficient to pay the redemption price of such Bonds or upon the satisfaction of any other condition, and/or that such notice may be rescinded upon the occurrence of any other event, and any conditional notice so given may be rescinded at any time before payment of such redemption price if any such condition so specified is not satisfied or if any such other event occurs. Notice of such rescission or of the failure of any such condition shall be given by the Paying Agent to affected owners of the Bonds as promptly as practicable.
- (5) So long as Bonds are in book-entry only form, and unless DTC consents to a shorter period the Paying Agent shall notify DTC of any early redemption not less than 20 days nor more than 60 days prior to the date fixed for redemption, and shall provide such information in connection therewith as required by the Letter of Representations. Unless waived by the Paying Agent, official written notice of redemption will be given by the

District to the Paying Agent at least five calendar days prior to the date the notice is scheduled to be sent to DTC.

- (6) During any period in which the Bonds are not in book-entry only form, unless waived by any Owner of the Bonds to be redeemed, official notice of any redemption of Bonds shall be given by the Paying Agent on behalf of the District as provided in the alternative system established by the District pursuant to Section 6(4) of this Bond Declaration. Unless waived by the Paying Agent, official written notice of redemption will be given by the District to the Paying Agent at least five calendar days prior to the date the notice is scheduled to be sent to Owners of the Bonds. All such official notices of redemption shall be dated and shall state:
 - (A) the redemption date,
 - (B) the redemption price,
 - (C) if less than all outstanding Bonds are to be redeemed, the identification (and, in the case of partial redemption, the respective principal amounts) of the Bonds to be redeemed,
 - (D) that on the redemption date the redemption price will become due and payable upon each such Bond or portion thereof called for redemption, and that interest thereon shall cease to accrue from and after said date, and
 - (E) the place where such Bonds are to be surrendered for payment of the redemption price, which place of payment shall be the principal office of the Paying Agent.

Section 6. Authentication, Registration and Transfer.

- (1) No Bond shall be entitled to any right or benefit under this Bond Declaration unless it shall have been authenticated by an authorized officer of the Paying Agent. The Paying Agent shall authenticate all Bonds to be delivered at closing of the Bonds, and shall additionally authenticate all Bonds properly surrendered for exchange or transfer pursuant to this Bond Declaration.
- (2) The ownership of all Bonds shall be entered in the Bond register maintained by the Paying Agent, and the District and the Paying Agent may treat the person listed as owner in the Bond register as the owner of the Bond for all purposes.
- (3) While the Bonds are in book-entry only form, the Paying Agent shall transfer Bond principal and interest payments in the manner required by DTC.
- (4) If the Bonds cease to be in book-entry only form, the District shall amend this Bond Declaration to provide for an alternative system of registration and payment for the Bonds that is of general acceptance in the municipal bond market. If no better system is then available, the District shall amend this Bond Declaration to provide that printed, registered Bonds shall be issued to beneficial owners of the Bonds, and shall give notice of those amendments to all Owners.
- (5) Bonds may be exchanged for an equal principal amount of Bonds of the same maturity which are in different denominations, and Bonds may be transferred to other Owners if the Owner submits the following to the Paying Agent:

- (A) written instructions for exchange or transfer satisfactory to the Paying Agent, signed by the Owner or attorney in fact and guaranteed or witnessed in a manner satisfactory to the Paying Agent and
- (B) the Bonds to be exchanged or transferred.
- (6) The Paying Agent shall not be required to exchange or transfer any Bonds submitted to it during any period beginning with a Record Date and ending on the next following payment date; however, such Bonds shall be exchanged or transferred promptly following that payment date.
- (7) The Paying Agent shall note the date of authentication on each Bond. The date of authentication shall be the date on which the Owner's name is listed on the Bond register.
- (8) For purposes of this Section 6, Bonds shall be considered submitted to the Paying Agent on the date the Paying Agent actually receives the materials described in Section 6(5), above.
- (9) The District may alter these provisions regarding registration and transfer by mailing notification of the altered provisions to all Owners. The altered provisions shall take effect on the date stated in the notice, which shall not be earlier than 45 days after notice is mailed.

Section 7. Amendment of Bond Declaration.

- (1) The District may amend this Bond Declaration without the consent of any Owner for any one or more of the following purposes:
 - (A) To cure any ambiguity or formal defect or omission in this Bond Declaration;
 - (B) To add to the covenants and agreements of the District in this Bond Declaration other covenants and agreements to be observed by the District which are not contrary to or inconsistent with this Bond Declaration as theretofore in effect;
 - (C) To confirm, as further assurance, any security interest or pledge created under this Bond Declaration or any Supplemental Declaration;
 - (D) To provide for the alternative system of registration and payment for the Bonds pursuant to Section 6(4) of this Bond Declaration;
 - (E) To make any change which, in the reasonable judgment of the District, does not materially and adversely affect the rights of the Owners.
- (2) This Bond Declaration may be amended for any other purpose only upon consent of Owners representing not less than fifty-one percent (51%) in aggregate principal amount of the adversely affected Bonds then Outstanding. However, no amendment shall be valid which:
 - (A) Extends the maturity of any Bonds, reduces the rate of interest upon any Bonds, extends the time of payment of interest on any Bonds, reduces the amount of principal payable on

any Bonds, or reduces any premium payable on any Bonds, without the consent of the affected Owner; or

- (B) Reduces the percent of Owners required to approve amendments to this Bond Declaration.

Section 8. Default and Remedies.

- (1) The occurrence of one or more of the following shall constitute an Event of Default under this Bond Declaration:
 - (A) Failure by the District to pay Bond principal, interest or premium when due (whether at maturity, or upon redemption after a Bond has been properly called for redemption); or
 - (B) Failure by the District to observe and perform any covenant, condition or agreement on its part to be observed or performed for the benefit of Owners of Bonds, for a period of 60 days after written notice to the District by the Owners of fifty-one percent or more of the principal amount of Bonds then Outstanding specifying such failure and requesting that it be remedied; provided however, that if the failure stated in the notice cannot be corrected within such 60 day period, it shall not constitute an Event of Default so long as corrective action is instituted by the District within the 60 day period and diligently pursued, and the default is corrected as promptly as practicable after the written notice referred to in this Section 8(1)(B); or
 - (C) The District is adjudged insolvent by a court of competent jurisdiction, admits in writing its inability to pay its debts generally as they become due, files a petition in bankruptcy, or consents to the appointment of a receiver for the payments.
- (2) The Owners of fifty-one percent or more of the principal amount of Bonds then Outstanding may waive any Event of Default and its consequences, except an Event of Default described in Section 8(1)(A).
- (3) Upon the occurrence and continuance of any Event of Default hereunder the Owners of fifty-one percent or more of the principal amount of Bonds then Outstanding may take whatever action may appear necessary or desirable to enforce or to protect any of the rights of the Owners of Bonds, either at law or in equity or in bankruptcy or otherwise, whether for the specific enforcement of any covenant or agreement contained in this Bond Declaration or in aid of the exercise of any power granted in this Bond Declaration or for the enforcement of any other legal or equitable right vested in the Owners of Bonds by this Bond Declaration or by law. However, the Bonds shall not be subject to acceleration.
- (4) No remedy in this Bond Declaration conferred upon or reserved to Owners of Bonds is intended to be exclusive and every such remedy shall be cumulative and shall be in addition to every other remedy given under this Bond Declaration or now or hereafter existing at law or in equity. No delay or omission to exercise any right or power accruing upon any default shall be construed to be a waiver thereof, but any such right and power may be exercised from time to time and as often as may be deemed expedient. To entitle the Owners of Bonds to exercise any remedy reserved to them, it shall not be necessary to

give any notice other than such notice as may be required by this Bond Declaration or by law.

Section 9. Defeasance.

The District shall be obligated to pay Bonds which are defeased pursuant to this Section solely from the money and Government Obligations deposited with an independent trustee or escrow agent, and the District shall have no further obligation to pay the defeased Bonds from any source except the amounts deposited in the escrow. Bonds shall be deemed defeased if the District:

- (1) irrevocably deposits money or noncallable Government Obligations in escrow with an independent trustee or escrow agent, which are calculated to be sufficient without reinvestment for the payment of Bonds which are to be defeased; and
- (2) files with the escrow agent or trustee a report from an independent, certified public accountant or registered municipal advisor to the effect that the money and the principal and interest to be received from the Government Obligations are calculated to be sufficient, without further reinvestment, to pay the defeased Bonds when due; and
- (3) files with the escrow agent or trustee an opinion of nationally recognized bond counsel that the proposed defeasance will not, in and of itself, cause interest on the Bonds to become includable in gross income under the Code.

Section 10. Form of Bond.

The Bonds shall be issued in substantially the form attached to this Bond Declaration as Exhibit A, with any changes that are approved by a District Official.

Section 11. Rules of Construction.

In determining the meaning of provisions of this Bond Declaration, the following rules shall apply unless the context clearly requires application of a different meaning:

- (1) References to section numbers shall be construed as references to sections of this Bond Declaration unless otherwise indicated.
- (2) References to one gender shall include all genders.
- (3) References to the singular shall include the plural, and references to the plural shall include the singular.

[The remainder of this page is left blank intentionally.]

Dated as of the 27th day of April, 2023.

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

By: _____
District Official

Exhibit A - Form of Bond

No. R-

\$

United States of America
State of Oregon
Counties of Multnomah, Washington and Clackamas
School District No. 1J, Multnomah County, Oregon
(Portland Public Schools)
General Obligation Bonds, Series 2023

Dated Date: April 27, 2023

Interest Rate Per Annum: []%

Maturity Date: June 15,

CUSIP Number: 625517

Registered Owner: -----Cede & Co.-----

Principal Amount: ----- Dollars-----

PAYMENT OF THE PRINCIPAL OF AND INTEREST ON THIS BOND WHEN DUE IS GUARANTEED BY THE FULL FAITH AND CREDIT OF THE STATE OF OREGON UNDER THE PROVISIONS OF THE OREGON SCHOOL BOND GUARANTY ACT (ORS 328.321 TO 328.356).

School District No. 1J, Multnomah County, Oregon (Portland Public Schools), in Multnomah, Washington, and Clackamas Counties, Oregon, a municipal corporation of the State of Oregon (the "District"), for value received, acknowledges itself indebted and hereby promises to pay to the Registered Owner hereof, or registered assigns, the Principal Amount indicated above on the Maturity Date indicated above together with interest thereon from the date hereof at the Interest Rate Per Annum indicated above, computed on the basis of a 360-day year of twelve 30-day months. Interest is payable semiannually on the fifteenth days of June and December in each year until maturity or prior redemption, commencing December 15, 2023. Payment of each installment of principal or interest shall be made to the Registered Owner hereof whose name appears on the registration books of the District maintained by the District's paying agent and registrar, which is currently U.S. Bank Trust Company, National Association (the "Paying Agent") as of the last business day of the month immediately preceding the applicable interest payment date. For so long as this Bond is subject to a book-entry-only system, principal and interest payments shall be payable in same-day funds on each payment date to the nominee of the securities depository for the Bonds. On the date of issuance of this Bond, the securities depository for the Bonds is The Depository Trust Company, New York, New York ("DTC"), and Cede & Co. is the nominee of DTC. Such payments shall be made payable to the order of "Cede & Co."

This Bond is one of a duly authorized series of bonds of the District aggregating \$420,000,000 in principal amount and designated as General Obligation Bonds, Series 2023 (the "Bonds"). The Bonds are issued pursuant to the authority granted by the voters of the District at the election held on November 3, 2020 and Resolution No. 6675 adopted by the Board of Education on March 21, 2023, and a Bond Declaration dated as of April 27, 2023 (collectively, the "Resolution") and under the authority of and in full compliance with the Constitution and Statutes of the State of Oregon.

The District hereby pledges its full faith and credit and taxing power to pay this Bonds pursuant to ORS 287A.315. The District hereby covenants for the benefit of the Owners to levy a direct ad valorem tax upon all of the taxable property within the District which is sufficient, after taking into consideration discounts taken and delinquencies that may occur in the payment of such taxes, to pay all Bond principal and interest when due. The District covenants to levy this tax each year until all the Bonds are paid. This tax shall be in addition to all other taxes of the District, and this tax shall not be limited in rate, amount or otherwise, by Sections 11 or 11b of Article XI of the Oregon Constitution. The Bonds do not constitute a debt or indebtedness of the State of Oregon or any political subdivision thereof, other than the District.

The Bonds are initially issued as a book-entry-only security issue with no certificates provided to the beneficial owners. Records of ownership of beneficial interests in the Bonds will be maintained by DTC and its participants. Should the book-entry-only security system be discontinued, the District shall cause the Paying Agent to authenticate and deliver replacement Bonds in fully registered form in authorized denominations in the names of the beneficial owners or their nominees, and the District shall amend the Resolution to provide for an alternative

system of registration and payment for the Bonds that is of general acceptance in the municipal bond market, as described in the Resolution.

The Bonds shall mature and be subject to redemption as described in the Resolution and the final Official Statement for the Bonds.

The Bonds are subject to conditional notice of redemption as described in the Resolution.

Any exchange or transfer of this Bond must be registered, as provided in the Resolution, upon the Bond register kept for that purpose by the Paying Agent. The exchange or transfer of this Bond may be registered only by surrendering it, together with a written instrument of exchange or transfer which is satisfactory to the Paying Agent and which is executed by the registered owner or duly authorized attorney. Upon registration, a new registered Bond, of the same series and maturity and in the same aggregate principal amount, shall be issued to the transferee as provided in the Resolution. The District and the Paying Agent may treat the person in whose name this Bond is registered on the Bond register as its absolute owner for all purposes, as provided in the Resolution.

Unless this Bond is presented by an authorized representative of DTC to the District or the Paying Agent for registration of transfer, exchange or payment, and any Bond issued is registered in the name of Cede & Co. or such other name as is requested by an authorized representative of DTC (and any payment is made to Cede & Co. or to such other entry as is requested by an authorized representative of DTC), ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL inasmuch as the registered owner hereof, Cede & Co., has an interest herein.

This Bond shall remain in the Paying Agent's custody subject to the provisions of the FAST Balance Certificate Agreement currently in effect between the Paying Agent and DTC.

It is hereby certified, recited and declared that all acts, conditions and things required by the Constitution and Statutes of the State of Oregon to exist, to have happened and to have been performed precedent to and in the issuance of this Bond to exist, have happened and have been performed in due time, form and manner as prescribed by law, and that the amount of this Bond, together with all other obligations or indebtedness of the District, does not exceed any constitutional or statutory limitations of indebtedness.

IN WITNESS WHEREOF, School District No. 1J, Multnomah County, Oregon (Portland Public Schools), in Multnomah, Washington and Clackamas Counties, Oregon, by its Board of Education, has caused this Bond to be executed in its name with the facsimile signatures of its Chief of Staff, an authorized District Official under the Resolution, all as of the date indicated above.

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

District Official

THIS BOND SHALL NOT BE VALID UNLESS PROPERLY AUTHENTICATED BY THE PAYING AGENT IN THE SPACE INDICATED BELOW.

CERTIFICATE OF AUTHENTICATION

This Bond is one of the \$420,000,000 aggregate principal amount of School District No. 1J, Multnomah County, Oregon (Portland Public Schools), in Multnomah, Washington and Clackamas Counties, Oregon, General Obligation Bonds, Series 2023, and is authorized to be issued under the terms of the Resolution described herein.

Date of authentication: April 27, 2023.

U.S. Bank National Association, as Paying Agent

Authorized Officer

ASSIGNMENT

FOR VALUE RECEIVED, the undersigned sells, assigns and transfers unto _____

(Please insert social security or other identifying number of assignee)

this Bond and does hereby irrevocably constitute and appoint _____ as attorney to transfer this Bond on the books kept for registration thereof with the full power of substitution in the premises.

Dated: _____

NOTICE: The signature to this assignment must correspond with the name of the registered owner as it appears upon the face of this Bond in every particular, without alteration or enlargement or any change whatever.

NOTICE: Signature(s) must be guaranteed by a member of the New York Stock Exchange or a commercial bank or trust company

Signature Guaranteed

(Bank, Trust Company or Brokerage Firm)

Authorized Officer

The following abbreviations, when used in the inscription on the face of this Bond, shall be construed as though they were written out in full according to applicable laws or regulations.

TEN COM -- tenants in common

TEN ENT -- as tenants by the entireties

JT TEN -- as joint tenants with right of survivorship

and not as tenants in common

OREGON CUSTODIANS use the following

_____ CUST UL OREG _____ MIN

as custodian for

(name of minor)

OR UNIF TRANS MIN ACT

under the Oregon Uniform Transfer to Minors Act

Additional abbreviations may also be used though not in the list above.