

Agenda

- I. 6:00 pm - Opening - 5 min.
- II. 6:05 pm - Consent Agenda: Resolutions 6214 through 6218 - 15 min.
Vote- Public Comment Accepted
 1. Resolution 6214: Expenditure Contract
 2. Resolution 6215: Adoption of Minutes
 3. Resolution 6217: Sunstone Lease Termination
 4. Resolution 6218: Settlement Agreement
- III. 6:20 pm - Student and Public Comment - 15 min.
- IV. 6:35 pm - Student Representative's Report - 5 min.
- V. 6:40 pm - Superintendent's Report - 10 min.
- VI. 6:50 pm - Board Committee and Conference Reports - 10 min.
- VII. 7:00 pm - Regular Update: COVID-19 Metrics - 10 min.
- VIII. 7:10 pm - Resolution 6219: Acceptance of the Comprehensive Annual Financial Report (CAFR), Reports to Management, and the Report on Requirements for Federal Awards - 20 min
Vote- Public Comment Accepted
- IX. 7:30 pm - Update: School Renaming Process - 25 min
- X. 7:55 pm - Policies for First Reading - 15 min.
 1. Student Suicide Prevention Policy 4.xx.xxx-P
- XI. 8:10 pm - Report on Evidence of Implementation of Secretary of State's Audit Recommendations - 30 min
- XII. 8:40 pm - Legislative Agendas - 20 min
 1. Resolution 6220: Portland Public Schools Legislative Agenda
Vote- Public Comment Accepted
 2. Vote to Adopt the Oregon School Board Association (OSBA) Legislative Agenda/Platform
Vote- Public Comment Accepted
- XIII. 9:00 pm - Other Business / Committee Referrals - 5 min.
- XIV. 9:05 pm - Adjourn

RESOLUTION No. 6214**Expenditure Contracts that Exceed \$150,000 for Delegation of Authority****RECITAL**

Portland Public Schools (“District”) Public Contracting Rules PPS-45-0200 (“Authority to Approve District Contracts; Delegation of Authority to Superintendent”) requires the Board of Education (“Board”) enter into contracts and approve payment for products, materials, supplies, capital outlay, equipment, and services whenever the total amount exceeds \$150,000 per contract, excepting settlement or real property agreements. Contracts meeting this criterion are listed below.

RESOLUTION

The Superintendent recommends that the Board approve these contracts. The Board accepts this recommendation and by this resolution authorizes the Deputy Clerk to enter into the following agreements.

NEW CONTRACTS

Contractor	Contract Term	Contract Type	Description of Services	Contract Amount	Responsible Administrator, Funding Source
The Lion Electric Co., U.S., Inc.	12/16/20 through 12/31/21	Purchase Order PO 153531	Purchase of Type A Electric Bus. Request for Proposals 2020-2898	\$299,571	C. Hertz Fund 101 Dept. 5560
FFA Architecture and Interiors, Inc.	12/16/20 through 12/2/23 Option to renew for two additional one year terms through 12/2/25	Architecture ARCH 89541	Seismic design work for Lent School. Request for Proposals 2020-2856	\$624,833	C. Hertz Fund 445 Dept. 5597 Project K0205
Miller Nash Graham & Dunn LLP	12/16/20 through 6/30/21	Legal Services LS 89586	Legal services and support. Direct Negotiation – Legal Services PPS-46-0525(13)	\$300,000	L. Large Fund 101 Dept. 5460
Ednetics, Inc.	12/16/20 through 3/24/23 Option to renew for up to three additional one-year terms through 3/24/26	Cooperative Contract COA 89588	Purchase of network equipment and warranty/maintenance services. Administering Contracting Agency: Organization for Educational Technology and Curriculum (OETC)	\$1,000,000	C. Hertz Fund 101 Dept. 5581
CDR Labor Law	12/16/20 through 6/30/21	Legal Services LS 89592	Provide outside legal service support on an as-needed basis. Direct Negotiation – Legal Services PPS-46-0525(13)	\$300,000	L. Large Fund 101 Dept. 5460
Vickers Plass LLC	1/1/21 through 6/30/23	Legal Services LS 89593	Provide outside legal and risk management support on an as-needed basis. Direct Negotiation – Legal Services PPS-46-0525(13)	\$300,000	L. Large Fund 101 Dept. 5540
Sather, Byerly & Holloway, LLP	1/1/21 through 1/31/24	Legal Services LS 89594	Provide workers' compensation legal services. Direct Negotiation – Legal Services PPS-46-0525(13)	\$300,000	L. Large Fund 101 Dept. 5540
Northwest Information Systems, Inc.	12/16/20 through 3/31/24	Cooperative Contract COA 89555	Information Technology staff augmentation. Administering Contracting Agency: Washington County	\$5,000,000	C. Hertz Funding Source Varies

Studio Petretti Architecture, LLC	TBD	Architecture ARCH XXXXX*	Full design and engineering services for building improvements at Terwilliger for the relocation of Access Academy. Request for Proposals 2020-2900	\$350,000	C. Hertz Funding Source TBD
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NEW INTERGOVERNMENTAL AGREEMENTS (“IGAs”)

No New IGAs

AMENDMENTS TO EXISTING CONTRACTS

Contractor	Contract Term	Contract Type	Description of Services	Amendment Amount, Contract Amount	Responsible Administrator, Funding Source
Office of General Counsel Network	12/16/20 through 6/30/21	Legal Services LS 69692 Amendment 1	General Counsel services extended through the end of fiscal year. Direct Negotiation – Legal Services PPS-46-0525(13)	\$180,000 \$360,000	S. Soden Fund 101 Dept. 5460
Prospect Studio	12/16/20 through 6/30/21	Personal Services PS 70019 Amendment 1	To finalize and integrate the work in the Spring (Year One-High Level Work Plan) into the first of a series of Strategic Plans for 2021-24. Request for Proposals 2018-2487	\$80,000 \$175,000	G. Guerrero Fund 101 Dept. 5402

Portland Public Schools Board of Education

Regular Meeting Minutes

December 01, 2020

Virtual

Attendance

Present: Chair Lowery, Directors Bailey, Brim-Edwards, DePass, Kohnstamm, Moore, Scott; Student Representative Shue

Absent: None

Actions Taken

Motion to approve the Consent Agenda, which includes Resolutions 6211 and 6212. This motion, made by Director Julia Brim-Edwards and seconded by Director Andrew Scott, Passed.

Director Scott Bailey: Yes, Director Julia Brim-Edwards: Yes, Director Michelle DePass: Yes, Director Amy Kohnstamm: Yes, Director Eilidh Lowery: Yes, Director Rita Moore: Yes, Director Andrew Scott: Yes; Student Representative Shue: Yes (unofficial)

Yes: 7, No: 0

Motion to approve Resolution 6213: Resolution Accepting Certification from Multnomah, Clackamas, and Washington Counties for November 3, 2020 Voter Approval of Authorizing Portland Public Schools to Issue up to \$1.208 billion of General Obligation Bonds to Improve Health, Safety, Learning by Modernizing, Repairing Schools. This motion, made by Director Scott Bailey and seconded by Director Julia Brim-Edwards, Passed.

Director Scott Bailey: Yes, Director Julia Brim-Edwards: Yes, Director Michelle DePass: Yes, Director Amy Kohnstamm: Yes, Director Eilidh Lowery: Yes, Director Rita Moore: Yes, Director Andrew Scott: Yes; Student Representative Shue: Yes (unofficial)

Yes: 7, No: 0

RESOLUTION No. 6211**Expenditure Contracts that Exceed \$150,000 for Delegation of Authority****RECITAL**

Portland Public Schools (“District”) Public Contracting Rules PPS-45-0200 (“Authority to Approve District Contracts; Delegation of Authority to Superintendent”) requires the Board of Education (“Board”) enter into contracts and approve payment for products, materials, supplies, capital outlay, equipment, and services whenever the total amount exceeds \$150,000 per contract, excepting settlement or real property agreements. Contracts meeting this criterion are listed below.

RESOLUTION

The Superintendent recommends that the Board approve these contracts. The Board accepts this recommendation and by this resolution authorizes the Deputy Clerk to enter into the following agreements.

NEW CONTRACTS

Contractor	Contract Term	Contract Type	Description of Services	Contract Amount	Responsible Administrator, Funding Source
CBRE/Heery	12/2/20 through 6/30/25	Related Services RS 89567	Continuation of current Project Management/Construction Management staffing through completion of the 2017 Bond program modernizations: Kellogg, Madison, Lincoln, and Benson. Direct Appointment under PPS 48-0200(1)(e) (Continuation of a Project with an Estimated Fee Greater than \$250,000)	\$5,698,000	C. Hertz Fund 455 Dept. 5511 Project DF120

NEW INTERGOVERNMENTAL AGREEMENTS (“IGAs”)

Contractor	Contract Term	Contract Type	Description of Services	Contract Amount	Responsible Administrator, Funding Source
Clackamas Education Service District	9/1/20 through 6/30/21	Intergovernmental Agreement IGA 89549	CESD will provide special education services at Heron Creek Therapeutic School for three PPS students.	\$178,000	K. Cuellar Fund 101 Dept. 5414
Lake Oswego School District	7/1/20 through 6/30/21	Intergovernmental Agreement IGA 89546	Columbia Regional Program and LOSD will partner to deliver regional services to eligible individuals with Autism Spectrum Disorder.	\$159,500	K. Cuellar Fund 205 Dept. 5433 Grant G1900

AMENDMENTS TO EXISTING CONTRACTS

No New Amendments

RESOLUTION No. 6212

The Following Minutes are offered for Adoption

- November 17, 2020 – Regular Meeting
- November 19, 2020 – Special Meeting

RESOLUTION No. 6213

Resolution Accepting Certification from Multnomah, Clackamas, and Washington Counties for November 3, 2020 Voter Approval of Authorizing Portland Public Schools to Issue up to \$1.208 billion of General Obligation Bonds to Improve Health, Safety, Learning by Modernizing, Repairing Schools

RECITALS

The District has canvassed results of the Election held November 3, 2020 received from Tim Scott, Director of Elections, Multnomah County; Sherry Hall, County Clerk, Clackamas County Elections Division; and Margaret Garza, Director of Assessment and Taxation and Ex-Officio County Clerk, Washington County. Which read as follows:

26-215 Portland Public Schools Bond Measure				
County	Yes	No	Over votes	Under votes
Multnomah	234,174	78,926	14	13,903
Washington	1,399	566	0	139
Clackamas	101	84	0	10
TOTAL	235,674	79,576	14	1,539

RESOLUTION

Pursuant to ORS 255.295, the Board of Education for School District No. 1J, Multnomah County, Oregon (Portland Public Schools) accepts the certification from the abstract of votes prepared and furnished by the Elections Officers of Multnomah, Clackamas, and Washington Counties, and hereby determines that the voters of the District authorized Portland Public Schools to issue up to \$1.208 billion of general obligation bonds to improve health, safety, learning by modernizing, repairing schools.

CERTIFICATION

The meeting minutes for the December 01, 2020 Regular Meeting of the Portland Public Schools Board of Education were approved on December 15, 2020.

I certify this to be a true and accurate copy.

Date: December 16, 2020

Kara Bradshaw

Kara Bradshaw
Executive Assistant, Board of Education

RESOLUTION No. 6215

The Following Minutes are offered for Adoption

- 12/01/2020 – Regular Meeting

RESOLUTION No. 6217

Authorizing the Early Termination of Sunstone Montessori Lease in order to reunite ACCESS Academy at Terwilliger Elementary School Located at 6318 SW Corbett Street

RECITALS

- A. During a special meeting of the Portland Public Schools Board of Education on May 30, 2018, Resolution #5658 was approved to co-locate the District's ACCESS Academy Alternative Program ACCESS Academy.
- B. PPS's lease with Sunstone Montessori at Terwilliger will expire on July 31, 2022.
- C. PPS presented the Terwilliger site to the ACCESS Academy community as an opportunity for permanent co-location of its two programs in the school year 2022-23, after the Sunstone Montessori lease expires, or earlier if possible, and it was well received by the ACCESS community.
- D. Early termination of the lease will provide time to prepare the Terwilliger facility for ACCESS occupancy on or before January 2022.
- E. PPS and Sunstone Montessori have negotiated an agreement, subject to Board approval, to terminate the lease effective June 30, 2021 in exchange for rent concession, payment of \$468,888, among other terms.

RESOLUTION

- 1. The Board hereby authorizes the early termination of the Sunstone Montessori lease effective June 30, 2021 and the rent concession/payment to Sunstone Montessori of \$468,888 in a form of agreement approved by the General Counsel.



PORTLAND PUBLIC SCHOOLS

OFFICE OF PLANNING AND REAL ESTATE

501 North Dixon Street / Portland, OR 97227

Telephone: (503) 916-6544

Date: December 15, 2020

To: School Board

From: Claire Hertz, Deputy Superintendent
Dan Jung, Chief Operating Officer
Dana White, Director of Planning and Asset Management
Esther Omogbehin, Regional Superintendent
Kathleen Ellwood, Area Senior Director

Subject: **Summary of Engagement with the ACCESS Community and Approval of the Early Termination of Sunstone Montessori Master Lease at Terwilliger Elementary School**

BACKGROUND

ACCESS:

During a special meeting of the Portland Public Schools Board of Education on May 30, 2018, Resolution #5658 was approved to co-locate the District's Access Academy Alternative Program ACCESS Academy (ACCESS).

The District's Central Office staff have worked with the ACCESS principals and staff since 2018 to identify a school building that would provide ACCESS the opportunity to co-locate its two programs long-term. The programs are currently located as follows:

- 142 students grades 1-5 are co-located at Vestal Elementary School in Northeast Portland at 161 NE 82nd Ave.
- 158 students grades 6-8 are co-located at Lane Middle School in Southeast Portland, at 7200 SE 60th Ave.

Terwilliger Elementary School:

Terwilliger Elementary School (Terwilliger) is a one story brick veneer building built in 1916. The 3.31 acre campus is located in the Lair Hill neighborhood of Southwest Portland at 6318 SW Corbett Street, and includes a 26,393 square foot U-shaped building and two portable buildings (see Attachment A). Records show that the school has been leased since 2008, when it was home to the French American School. It is thought to have been an administrative site for some years prior to 2008.

In May 2012, Terwilliger was leased to Sunstone Montessori School (Sunstone). Sunstone offers a unique educational environment that is purposefully designed to meet children's unique developmental needs. The school currently serves 180 children ages 16 months to 12 years, over one half of whom are under the age of six years.

The Sunstone lease will expire on July 31, 2022. Although the lease provides a renewal option to extend the Lease for an additional 5 years, PPS has the right to terminate the renewal option if 1) it so determines that the Premises should be used as a public school and 2) notice is provided twelve months prior to the lease expiration. Early termination of the lease is only allowed as a remedy of default and must otherwise be negotiated.

In late August, in collaboration with Access Principal Ginger Taylor and Office of School Performance Leaders Esther Omogbehin and Kathleen Ellwood, Claire Hertz, Deputy Superintendent, presented Terwilliger to the ACCESS community as an opportunity for reuniting its two levels of ACCESS in the school year 2022-23, after the Sunstone lease expires (or earlier if possible). In addition to providing ACCESS the opportunity to consolidate its programs and staffing, the single location permitted the District's Enrollment & Balancing Project to remove the ACCESS program requirements from the eastside balancing process. The Terwilliger location was well received by the ACCESS community as their new program site.

Facilities staff informally notified Sunstone that the District would likely not extend the current lease beyond July 31, 2022 given the school is needed for ACCESS. At that time, staff also suggested that PPS would consider terms under which Sunstone would agree to a June 30, 2021 lease termination (13 months early) and relinquish all holdover rights.

Early termination of the lease will provide time to prepare Terwilliger for ACCESS occupancy on or before January 2022, including the construction of tenant improvements that have been identified by the architectural firm Studio Petretti. The initial scope of work for the tenant improvements includes modifying and building new interior walls, new flooring and finishes in select areas, ADA improvements to the interior and exterior, technology infrastructure upgrades to expand WiFi capability, HVAC, access control, and fire and life safety upgrades.

RELATED POLICIES/BEST PRACTICES

Board Policy 8.70.040-P Preservation, Maintenance, and Disposition of District Real Property

Board Policy 8.70.044-P Capital Asset Renewal Funds and Plans

ANALYSIS OF SITUATION

Early Termination of the Lease:

Staff have negotiated terms under which Sunstone agrees to a June 30, 2021 termination (13 months early) and to relinquish its holdover rights. They are as follows:

1. PPS agrees to abate the \$39,074 monthly rent for the for the final year of the lease July 1, 2020 through June 30, 2021, including refunding any rent already paid during this period. Total rent abatement \$468,888.

2. PPS agrees that Sunstone shall not be required to remove any major tenant improvements constructed since 2012 and shall only be required to restore those items as jointly agreed to during the December 9, 2020 site walk by PPS and Sunstone staff.

Both Sunstone and PPS acknowledged that these final terms of a lease termination need to be approved by both the Sunstone Board of Directors and the Portland Public Schools Board of Education.

FISCAL IMPACT

Cost Increase/Loss of Revenue Estimates:

- Loss of 2020/21 lease revenue \$ 468,888
- Loss of 2020/22 lease revenue due to early termination \$ 468,888
to complete construction for ACCESS occupancy
- Estimated Cost of tenant improvements for ACCESS occupancy \$ 3,250,000*
 - Hard Costs: \$2,000,000
 - Soft Costs: \$ 700,000
 - Move Costs \$ 150,000
 - FFE Costs \$ 100,000
 - Contingency: \$ 300,000
- Increase in operations and maintenance cost \$ 286,000/annually
as the building is returned to PPS real estate portfolio
 - Utilities: \$ 78,000
 - Maintenance: \$ 37,000
 - Custodial: \$153,000
 - Overhead: \$ 18,000

Savings:

- Savings of temporary staffing \$ 650,000/annually
- Transportation (reduction of 5 routes) \$ 105,000/annually
(\$350,000 before reimbursement)

*Funding Sources for Tenant Improvements:

Staff recommended source:

- 2020 Bond - Capacity Funds. The 2020 bond includes \$10 million for enrollment and capacity capital needs.

Other available source:

- Non-bond capital funds. Capital funds outside general obligation bond funds are limited. Non-bond capital funds support preventative maintenance projects, school project requests, large building improvements that do not fall within bond scope of work, emergency building system failures, etc. Below is a snapshot of the FY 20/21 capital fund allocation. Staff anticipates spending approximately half of these funds by the end of the fiscal year. The remaining funds will support capital project needs throughout the district.

FAM P&C - BUDGET ALLOCATION - FY 20-21						12/8/2020
	FCA Cost Estimate ¹	Capital	Capital	Capital	Capital	Capital
CATEGORY OF WORK		Fund 404	Fund 423	Fund 424	Fund 438	Fund 445
Delivery of Instruction	\$30,107,500	\$1,574,912	\$100,300	\$118,000	\$425,500	\$1,601,000
Delivery of Support Services	\$100,159,400	\$3,149,824	\$200,600	\$236,000	\$851,000	\$3,202,000
Energy	\$0	\$472,474	\$30,090	\$35,400	\$127,650	\$480,300
Health & Life Safety	\$63,968,100	\$3,937,281	\$250,750	\$295,000	\$1,063,750	\$4,002,500
Legal/Regulatory	\$73,739,649	\$2,362,368	\$150,450	\$177,000	\$638,250	\$2,401,500
Security	\$14,028,500	\$1,102,439	\$70,210	\$82,600	\$297,850	\$1,120,700
Warm & Dry	\$350,042,600	\$3,149,824	\$200,600	\$236,000	\$851,000	\$3,202,000
Grand Total	\$632,045,749	\$15,749,122	\$1,003,000	\$1,180,000	\$4,255,000	\$16,010,000
Notes:						
¹ The Facilities Condition Assessment (FCA), completed in 2020, identified building deficiencies and provided a cost estimate for each, that aligns with the same categories of work used by Facilities.						

COMMUNITY ENGAGEMENT (IF APPLICABLE)

There has been extensive communication with the ACCESS community in prior years. In both staff and parent meetings, Terwilliger was well received by the ACCESS community as a home for the co-location of the two programs currently at Vestal and Lane.

Date	Time	Audience	Information to share
8/31/20	8:30 am	Admin team at Lane	Inform them of the opportunity to move ACCESS to Terwilliger
8/31/20	8:30 am	Admin at Vestal	Inform them of the opportunity to move ACCESS to Terwilliger
8/31/20	9:00 am	Sunstone Montessori School @ Terwilliger (Sunstone)	Let the school know the district is interested in their building space and want to terminate lease early
8/31/20	9:00 am	ACCESS staff	Inform them of the opportunity to move ACCESS to Terwilliger
8/31/20	4:30 pm	ACCESS community	Inform them of the opportunity to move ACCESS to Terwilliger
8/31/20	6:00 pm	ACCESS community	Inform them of the opportunity to move ACCESS to Terwilliger
9/3/20	6:00 pm	ACCESS community	Opportunity to answer questions

TIMELINE FOR IMPLEMENTATION / EVALUATION

Parties must execute an early termination agreement on or before December 31, 2020, to provide Sunstone adequate time to execute a new purchase or lease agreement for the relocation of its school.

BOARD OPTIONS WITH ANALYSIS

1. Authorize staff to execute the early termination of the Sunstone lease and provide ACCESS a clear path to occupancy at a single location by school year 2022 or earlier;
2. Deny the execution of the early termination of the Sunstone lease and wait for the July 31, 2022 termination as provided in the lease, delaying ACCESS occupancy to 2023.

CONNECTION TO BOARD GOALS

RESJ Lens:

1. Sunstone does not track how many students enrolled in its program qualify for free or reduced lunch and acknowledged that it would likely be only two or three students if they did track this information.
2. By co-locating ACCESS, space is made available in the SE area to support Enrollment and Program Balancing which is focused on identifying space solutions that support the PPS goal of inclusivity and social justice for all students.

STAFF RECOMMENDATION

Staff recommends the Board of Education authorize staff to execute the early termination of the Sunstone lease.

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

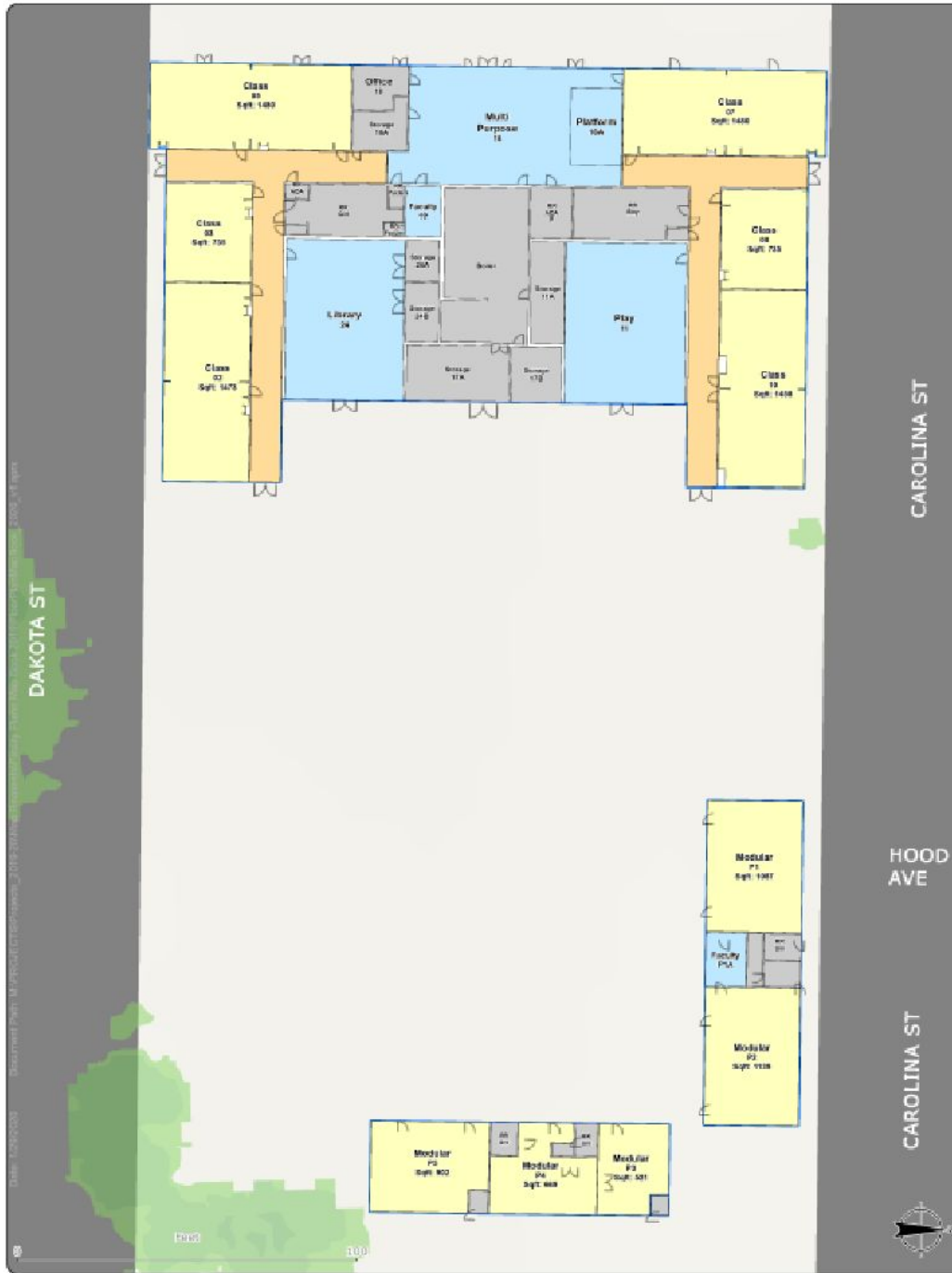
CH (Initials)

ATTACHMENTS

- A. Attachment A - Site Map

Attachment A

TERWILLIGER: First Floor



Space Use

- Classrooms
- Office, Rest Rooms, Storage, Mechanical
- Special Purpose, Flex Classrooms
- Corridor, Foyer, Vestibule
- Stairs/Elevator

School Grounds

- Campus Footprints
- Athletic Field
- Playground: Paved
- Playground: Unpaved
- Streets
- Doors

**Total Number Of Rooms
By Classification**

Classrooms:	11
Storage:	11
Office Spaces:	1
Special Purpose:	6



RESOLUTION No. 6218

Settlement Agreement

The authority to pay \$80,000 is granted to the Superintendent to enter into an agreement to resolve claims brought on behalf of a former student in a form approved by the General Counsel's Office.



PORTLAND PUBLIC SCHOOLS



December Metric Update: 12/08/20

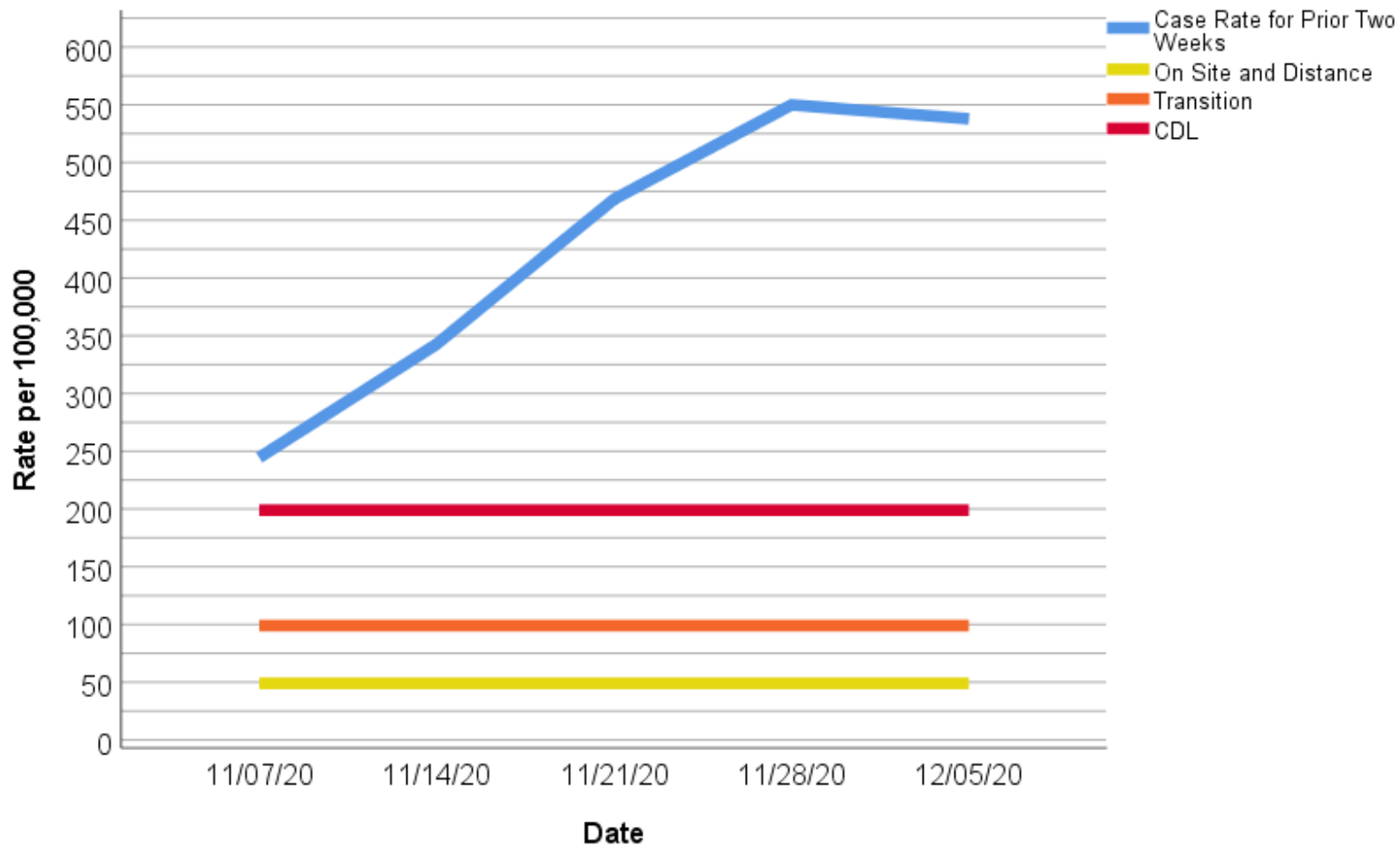


**PORTLAND
PUBLIC
SCHOOLS**

Russ Brown, Chief of System Performance



Multnomah County Case Rate for Prior 2 Weeks





METRICS & MODELS	ON-SITE	ON-SITE AND DISTANCE LEARNING	TRANSITION	DISTANCE LEARNING
County Case Rate per 100,000 People Over 14 days	<50.0	50.0 to <100.0	100.0 to \leq 200.0	>200.0

- As expected, our case rates went up From October -
 - 10/18: 140 over 2 weeks
 - 12/05: 538 Plateau over 2 cycles
- Test positivity has remained flat for 2 cycles
 - 12/05: 8.2%





For updates, please see
PPS Reentry Resources:

- [School Metrics Dashboard](#)
- [Latest Metrics from OHA](#)



RESOLUTION No. 6219

Acceptance of the Comprehensive Annual Financial Report, Reports to Management, and the Report on Requirements for Federal Awards

RECITALS

- A. The Board of Education is committed to accountability for how Portland Public Schools spends its tax dollars and other resources, and recognizes that transparency, accuracy, and timeliness in financial reporting are important components of financial accountability.
- B. The District Auditor, Talbot, Korvola & Warwick, LLP, has completed their independent audit of the financial reporting for the year ended June 30, 2020, and provides assurance that the District's accounting and reporting are in compliance with generally accepted accounting principles.
- C. The District has received awards in Excellence in Financial Reporting for 40 consecutive years from both the Government Finance Officers Association (GFOA) and the Association of School Business Officials (ASBO) and plans to submit the current financial reports for similar award consideration.

RESOLUTION

The Board of Education accepts the Comprehensive Annual Financial Report, Reports to Management, and Report on Requirements of the Single Audit Act of School District No. 1J, Multnomah County, Oregon for the fiscal year ended June 30, 2020, and authorizes the reports to be distributed to required state and federal agencies and filed for future reference.

RESOLUTION No. 6219

Acceptance of the Comprehensive Annual Financial Report, Reports to Management, and the Report on Requirements for Federal Awards

RECITALS

- A. The Board of Education is committed to accountability for how Portland Public Schools spends its tax dollars and other resources, and recognizes that transparency, accuracy, and timeliness in financial reporting are important components of financial accountability.
- B. The District Auditor, Talbot, Korvola & Warwick, LLP, has completed their independent audit of the financial reporting for the year ended June 30, 2020, and provides assurance that the District's accounting and reporting are in compliance with generally accepted accounting principles.
- C. The District has received awards in Excellence in Financial Reporting for 40 consecutive years from both the Government Finance Officers Association (GFOA) and the Association of School Business Officials (ASBO) and plans to submit the current financial reports for similar award consideration.

RESOLUTION

The Board of Education accepts and approves the Comprehensive Annual Financial Report, Reports to Management, and Report on Requirements of the Single Audit Act of School District No. 1J, Multnomah County, Oregon for the fiscal year ended June 30, 2020, and authorizes the reports to be distributed to required state and federal agencies and filed for future reference.

Claire Hertz



PORTLAND PUBLIC SCHOOLS
OFFICE OF THE DEPUTY SUPERINTENDENT-
BUSINESS AND OPERATIONS
501 North Dixon Street / Portland, OR 97227
Telephone: (503) 916-3380

Date: December 15, 2020

To: Board of Education

From: Claire Hertz, Deputy Superintendent, Business and Operations
Tracy Pinder, Senior Director, Financial Services

Subject: 2019-20 Comprehensive Annual Financial Report (CAFR) and Report on Requirements for Federal Awards

BACKGROUND

The District's financial auditor, Talbot, Korvola & Warwick, LLP, has issued an unmodified opinion on our financial reports for the year ended June 30, 2020. An unmodified opinion is the technical term used to indicate a "clean audit" and is the highest level of opinion. It is the outcome that we expected.

RELATED POLICIES/BEST PRACTICES

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

ANALYSIS OF SITUATION

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

There are six areas of particular interest. They are:

- The Independent Auditor's Report (first paragraph on page 16 of the CAFR).
- The Management's Discussion and Analysis, which provides an executive summary of the District's financial status (pages 19-30 of the CAFR).
- The Independent Auditor's Report on Compliance and Internal Control over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance with Oregon State Regulations (pages 132-133 of the CAFR).
- The Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards (next to last paragraph on page 1 of the Report on Requirements for Federal Awards).

- The Independent Auditor’s Report on Compliance for Each Major Federal Program; Report on Internal Control over Compliance; and Report on the Schedule of Expenditures of Federal Awards Required by the Uniform Guidance (last paragraph on page 3 of the Report on Requirements for Federal Awards).
- Schedule of Findings and Questioned Costs (pages 11-12) of the Report on Requirements for Federal Awards).

Beginning in 2019-20, budget appropriation was changed to the major fund level, and for consistency with the budget, the CAFR has been re-formatted to also report at the budget appropriation at major fund levels of 100 (General Fund), 200 (all Special Revenue Funds), 300 (all Debt Service Funds), 400 (all Capital Projects Funds) and 600 (Risk Management Fund).

General Fund Ending Fund Balance increased \$24.6 million to \$64.5 million, which is 9.6 percent of General Fund Revenues. This level is in keeping with Board Policy 8.10.025-P, which sets the goal of maintaining an Ending Fund Balance ranging from 5 to 10 percent of annual General Fund Revenues. The increase in Ending Fund Balance is largely attributable to increases in State School Fund revenues, as well as intentional cost saving measures implemented last spring to reduce expenditures in response to the COVID-19 pandemic.

Capital Projects Fund Ending Fund Balance increased \$332.0 million to \$663.0 million. Key revenue sources were \$509.5 million from issuance of bonds, \$10.5 million from the sale of property located at the Washington High School site, \$11.4 million in state grants, \$7.3 million in investment earnings, and \$4.3 million in Construction Excise Tax. Expenditures were \$213.0 million, primarily related to bond projects. This is as expected as the construction projects progress.

FISCAL IMPACT

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

COMMUNITY ENGAGEMENT (IF APPLICABLE)

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

TIMELINE FOR IMPLEMENTATION / EVALUATION

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

BOARD OPTIONS WITH ANALYSIS

N/A

STAFF RECOMMENDATION

Staff recommends the Board of Education receive the CAFR, Reports to Management, and Report on Requirements for Federal Awards of School District No. 1J, Multnomah County, Oregon for the fiscal year ended June 30, 2020 at the December 15, 2020 board meeting.

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

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

CH (Initials)

ATTACHMENTS

- A. Comprehensive Annual Financial Report for the year ended June 30, 2020
- B. Report on Requirements for Federal Awards for the year ended June 30, 2020

School District No. 1J, Multnomah County, Oregon

PORTLAND PUBLIC SCHOOLS



COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the year ended June 30, 2020



Portland Public Schools

Comprehensive Annual Financial Report

For the year ended June 30, 2020

School District No. 1J, Multnomah County, Oregon

Portland, Oregon

Prepared by the Finance Department

SCHOOL DISTRICT NO.1J, MULTNOMAH COUNTY, OREGON

Comprehensive Annual Financial Report

For the Year Ended June 30, 2020

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SCHOOL DISTRICT NO.1J, MULTNOMAH COUNTY, OREGON

Comprehensive Annual Financial Report

For the Year Ended June 30, 2020

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Introductory



Bridlemile Elementary



Vestal Learning Garden

Introductory



Claire Hertz
Deputy Superintendent
Business & Operations

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

December 2, 2020

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

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

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

Financial Report Presentation

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

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

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

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

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

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

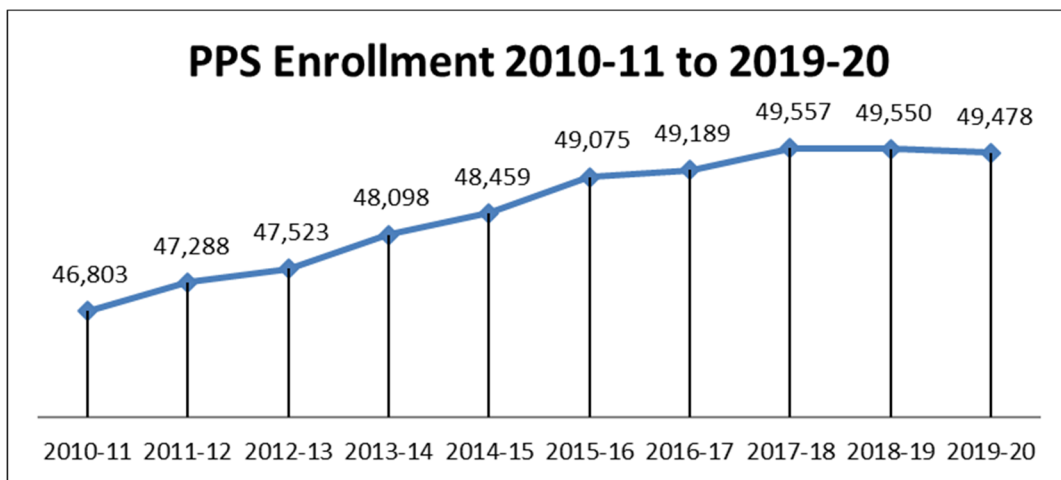
GAAP requires that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management’s Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The District’s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

Profile of the District

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

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

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



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

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

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

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

The Board of Education

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

Budgetary Controls

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

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

District Budget Principles

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

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

Service Efforts and Accomplishments

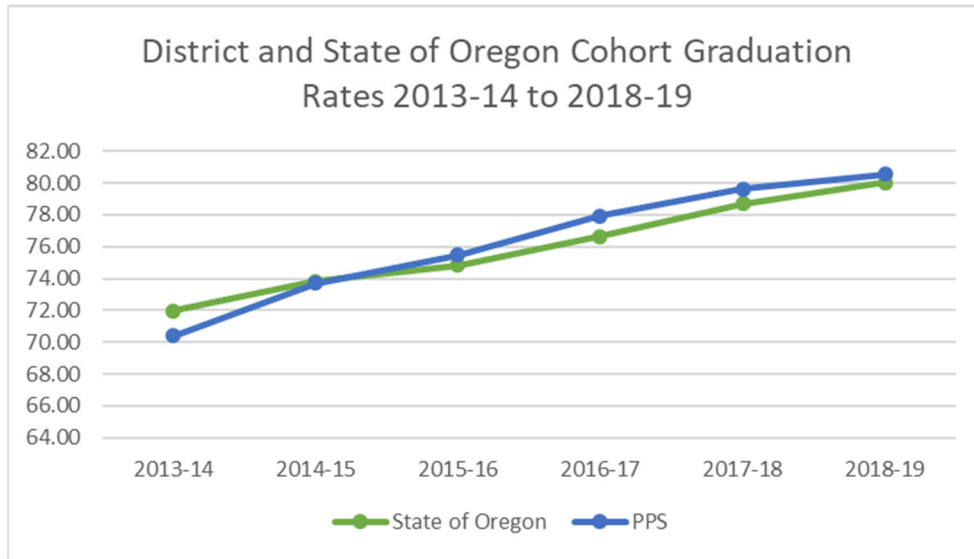
Portland Public Schools' vision is this: Every student, every teacher, and every school succeeding. The school district's mission is that every student by name is prepared for college, career and participation as an active community member, regardless of race, income or zip code.

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

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

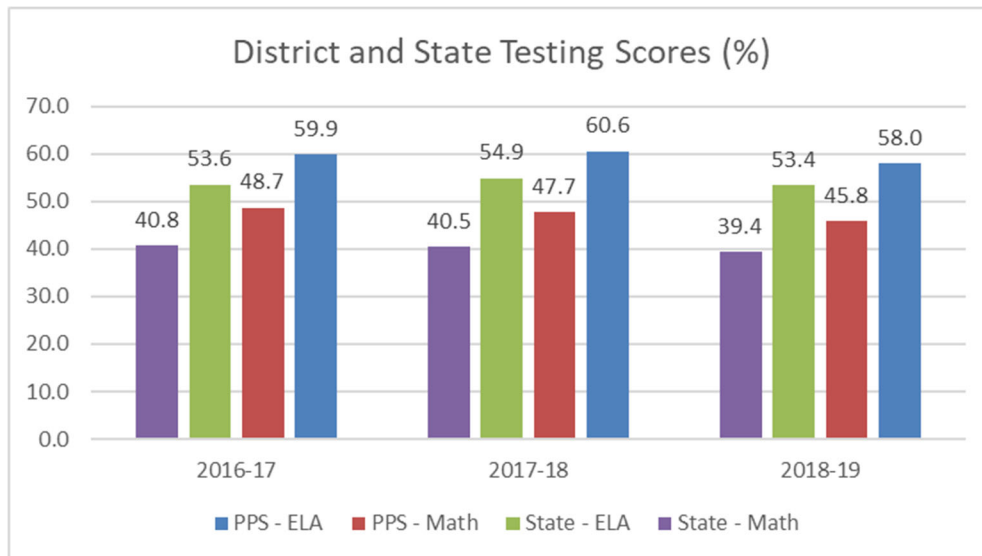
- Third Grade Reading
- Fifth Grade Mathematics
- Eighth Grade Graduate Portrait
- Post-Secondary Readiness/Ready for College & Career

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



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

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



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

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

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

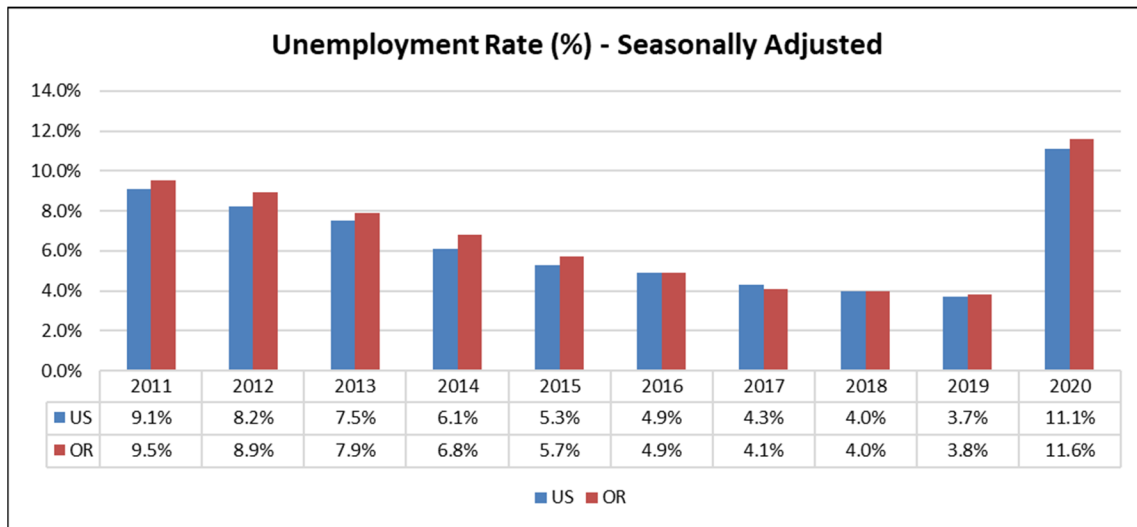
Factors Affecting Financial Condition

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

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

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

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



Source: Bureau of Labor Statistics, Unemployment Data

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

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

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

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

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

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

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

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

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

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

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

Charter Schools

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

Independent Audits

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

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

Awards and Acknowledgments

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

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

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

Respectfully submitted,



Claire Hertz, Deputy Superintendent Business & Operations



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

SCHOOL BOARD

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

ADMINISTRATIVE STAFF

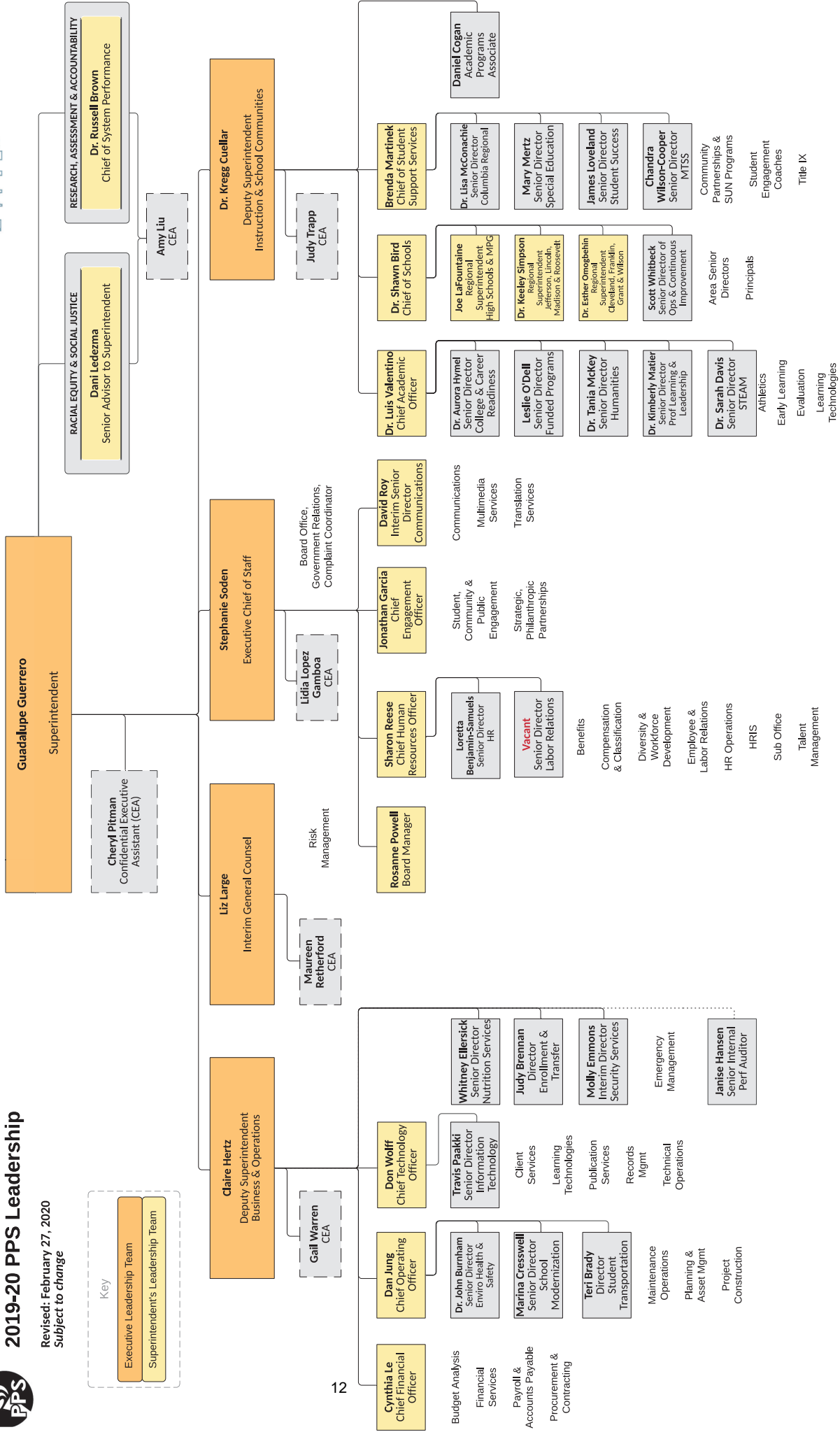
Guadalupe Guerrero	Superintendent of Schools
Kregg Cuellar	Deputy Superintendent Instruction and School Communities
Claire Hertz	Deputy Superintendent Business and Operations
Shawn Bird	Chief of Schools
Brenda Martinek	Chief of Student Support Services
Luis Valentino	Chief Academic Officer
Jonathan Garcia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



PORTLAND PUBLIC SCHOOLS

2019-20 PPS Leadership

Revised: February 27, 2020
Subject to change





ASSOCIATION OF
SCHOOL BUSINESS OFFICIALS
INTERNATIONAL

The Certificate of Excellence in Financial Reporting
is presented to

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

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

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



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

Claire Hertz, SFO
President

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

David J. Lewis
Executive Director



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

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

For its Comprehensive Annual
Financial Report
For the Fiscal Year Ended

June 30, 2019

Christopher P. Morill

Executive Director/CEO

Financial



Laurelhurst Cookbooks for Cause



Rosa Parks Elementary School

Financial



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 FINANCIAL STATEMENTS

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

MANAGEMENT’S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

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

AUDITOR’S RESPONSIBILITY

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

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

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



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

INDEPENDENT AUDITOR'S REPORT (Continued)

OPINIONS

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the District, as of June 30, 2020, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

OTHER MATTERS

Required Supplementary Information

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

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

INDEPENDENT AUDITOR'S REPORT (Continued)

Other Information

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

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

REPORTS ON OTHER LEGAL AND REGULATORY REQUIREMENTS

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 2, 2020, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Other Reporting Required by Oregon Minimum Standards

In accordance with *Minimum Standards for Audits of Oregon Municipal Corporations*, we have also issued our report dated December 2, 2020, on our consideration of the District's compliance with certain provisions of laws and regulations, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules. The purpose of that report is to describe the scope of our testing of compliance and the results of that testing and not to provide an opinion on compliance.

By 
Timothy R. Gillette, Partner

Portland, Oregon
December 2, 2020



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

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

FINANCIAL AND BUDGETARY HIGHLIGHTS

Budget

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

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

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

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

Other Highlights

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

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

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

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

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

The health and safety projects include work to:

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

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

Construction and/or design started or progressed regarding:

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

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

OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

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

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

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

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

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

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

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

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

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

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Analysis of Deferred Outflows and Inflows of Resources

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

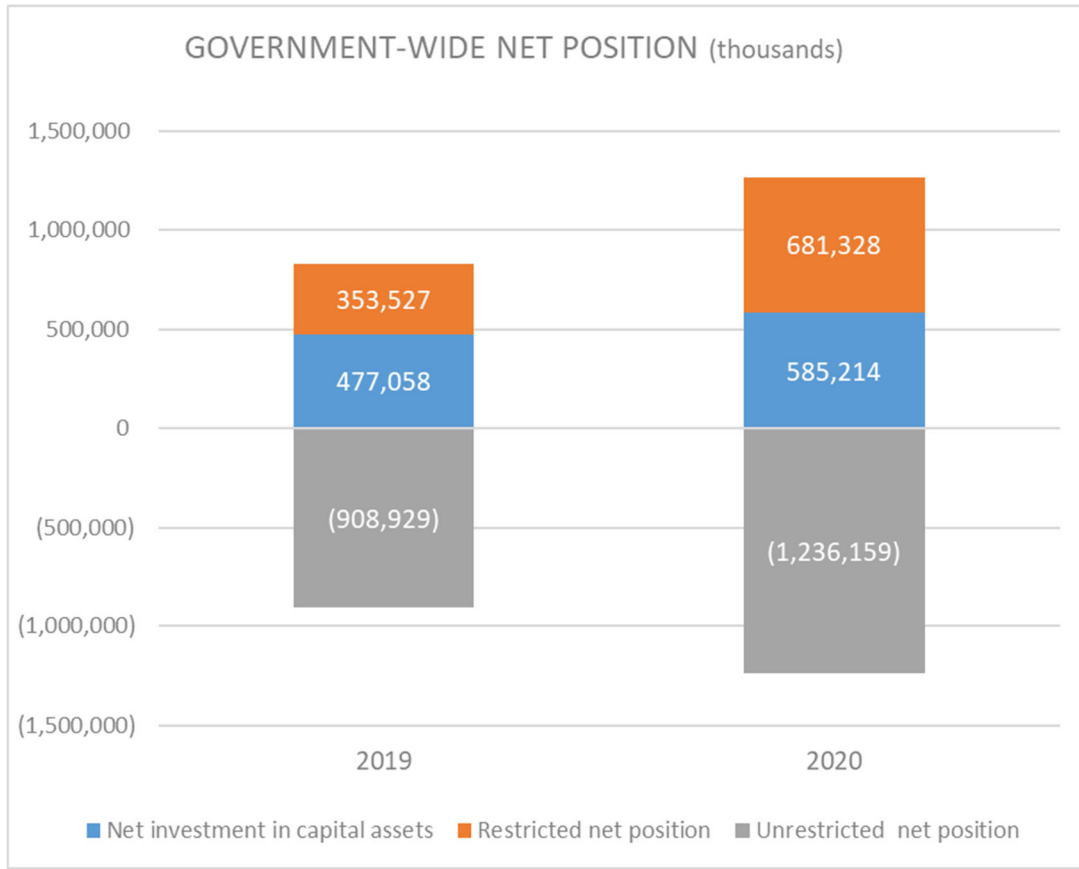
Analysis of Net Position

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

Net Position: 2019 compared to 2020

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

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



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

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

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

Analysis of Activities

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

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

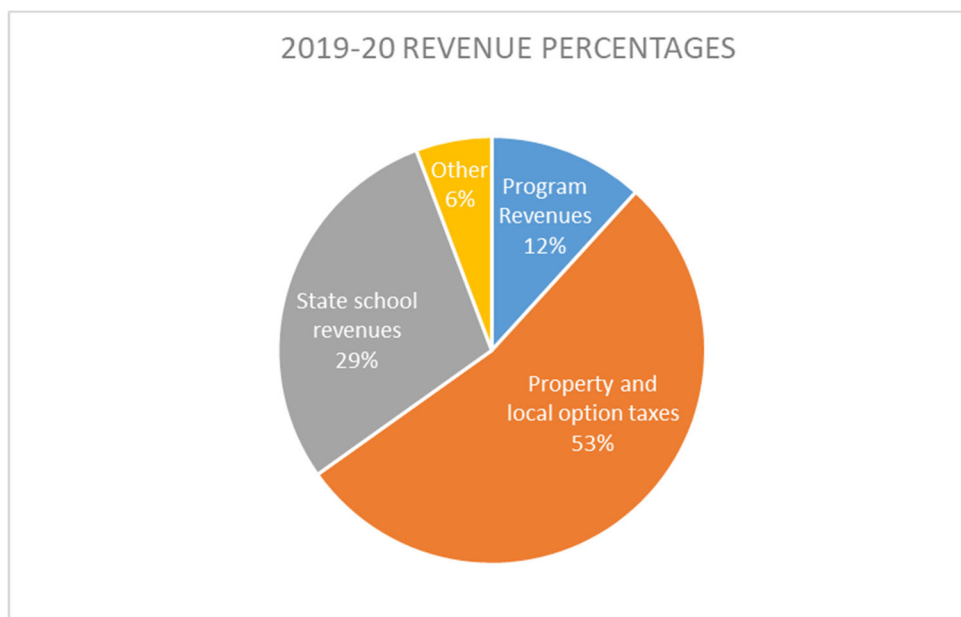
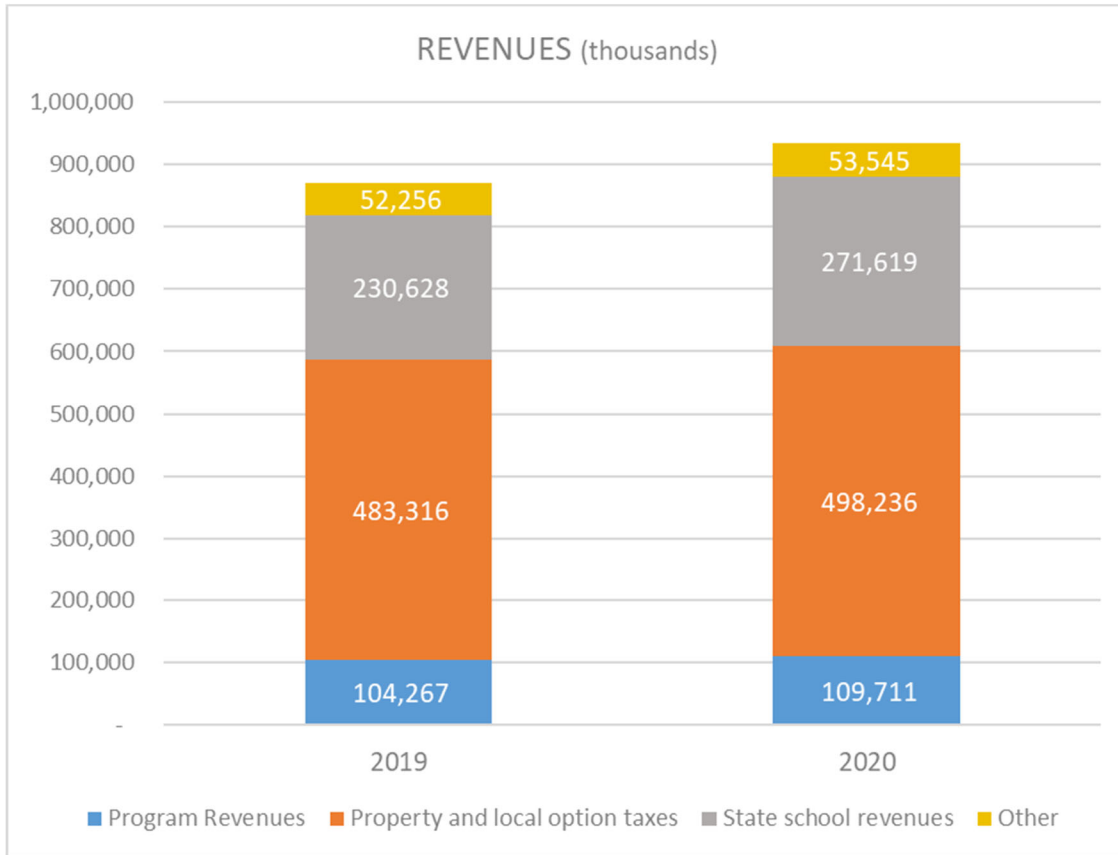
	2020-				
	2019	2020	% of Total	\$ Change	% Change
Revenues					
Program Revenues					
Charges for services	\$ 9,806	\$ 8,271	0.9%	\$ (1,535)	-15.7%
Operating grants & contributions	89,961	90,072	9.7%	111	0.1%
Capital grants & contributions	4,500	11,368	1.2%	6,868	100.0%
Total Program Revenues	104,267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

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

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

Revenue and Expenses: 2019 compared to 2020

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



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

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

FINANCIAL ANALYSIS OF THE DISTRICT’S MAJOR FUNDS

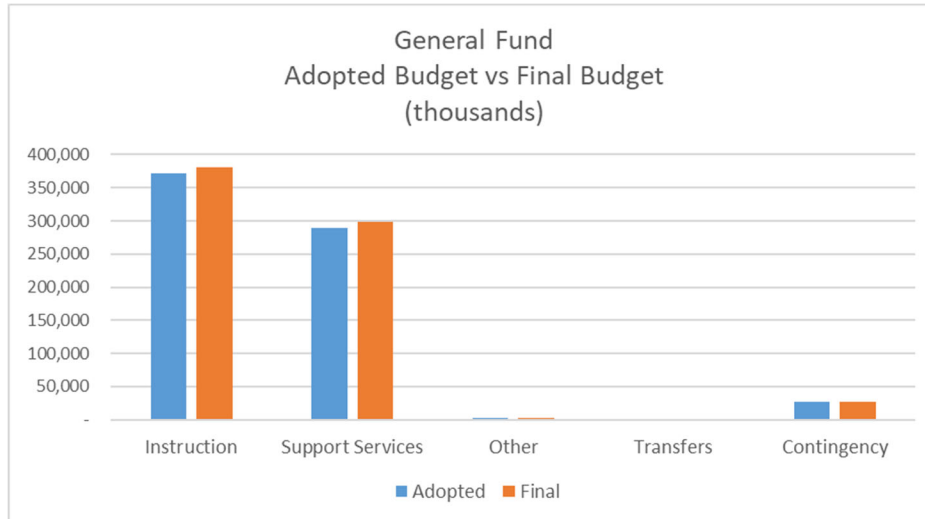
As noted earlier, the District uses fund accounting to ensure and demonstrate compliance with finance- related legal requirements. The focus of the District’s governmental funds is to provide information on near-term inflows, outflows, and balances of expendable resources. Such information is useful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

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

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

BUDGETARY HIGHLIGHTS FOR THE GENERAL FUND

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



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

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

Final Budget vs Actual Expenditures (thousands)

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

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

CAPITAL ASSETS AND DEBT ADMINISTRATION

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

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

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

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

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

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

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

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

NEXT YEAR’S BUDGET AND ECONOMIC FACTORS

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

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

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

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

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

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

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

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

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

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

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

REQUESTS FOR INFORMATION

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



BASIC FINANCIAL STATEMENTS

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

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

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

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

LIABILITIES

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

DEFERRED INFLOWS OF RESOURCES

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

NET POSITION

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

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

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

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

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



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

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

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

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

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

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

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

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



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

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

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

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

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

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

Net change in fund balances - total governmental funds (page 42)	\$ 358,019
Amounts reported for governmental activities in the Statement of Activities are different because:	
Governmental funds report all capital outlay as expenditures. However, in the Statement of Activities the cost of certain assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays in the current period of \$212,462, inclusive of proceeds not recorded in governmental funds due to timing) exceeded depreciation and disposals of \$30,092.	182,370
Property tax revenues that do not provide current financial resources are not reported as revenues in the governmental funds. This is the change in deferred inflow of resources related to property taxes.	116
The Internal Service Fund is used to account for all costs incurred for claims arising from workers' compensation losses. The primary funding sources are charges to other funds. This amount is the change in net position for the year.	(2,271)
Incurred but not reported property and liability insurance claims expenses are reported in the Statement of Activities but they are not reported as expenditures in the governmental funds.	208
The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on the change in net position. Also, governmental funds report the effect of issuance costs, premiums, and similar items when debt is first issued. Premium amounts are deferred and amortized in the Statement of Activities.	(388,174)
Pension actuarial liability activity is reported in the Statement of Activities but not in the governmental funds.	(52,701)
Other Post Employment Benefits actuarial liability activity is reported in the Statement of Activities but not in the governmental funds.	1,733
Change in compensated absences	(1,550)
Change in bond interest payable	10,977
Change in net position of governmental activities (page 35)	\$ 108,727

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



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

ASSETS

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

DEFERRED OUTFLOWS OF RESOURCES

OPEB contributions after measurement date	4
OPEB differences due to changes in assumptions	4
OPEB differences between expected and actual experience	2
Pension contributions after measurement date	14
Pension changes in employer proportion	30
Pension differences between expected and actual experience	9
Pension differences due to changes in assumptions	23
Total deferred outflows of resources	86
Total assets and deferred outflows	9,926

LIABILITIES

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

DEFERRED INFLOWS OF RESOURCES

OPEB differences due to changes in assumptions	1
Pension changes in employer proportion	27
Pension differences between employer contribution and proportionate share of contributions	27
Pension differences between actual and expected earnings	5
Total deferred inflows of resources	60
Total liabilities and deferred inflows of resources	4,295

NET POSITION

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

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

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

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

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

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

CASH FLOWS FROM OPERATING ACTIVITIES

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

CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES

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

CASH FLOWS FROM INVESTING ACTIVITIES

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

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

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

RECONCILIATION OF OPERATING INCOME TO CASH FROM OPERATING ACTIVITIES

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

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



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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

A. Government-wide and fund financial statements

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

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers who purchase or use goods, services, or privileges provided by a given function and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other items not properly included among program revenues are reported instead as general revenues. Certain functional expenses contain an element of indirect cost.

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

Measurement focus, basis of accounting, and financial statement presentation

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

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

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

A. Government-wide and fund financial statements - continued

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

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

The District reports the following major governmental funds:

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

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

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

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

Additionally, the District reports the following internal service fund:

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

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

B. Appropriations and Budgetary Controls

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

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

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

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

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

C. Encumbrances

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

D. Cash and Cash Equivalents and Investments

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

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

E. Property Taxes

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

F. Inventories and Prepaid Items

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

G. Capital Assets

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

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

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

H. Grant Accounting

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

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

I. Insurance

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

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

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

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

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

J. Compensated Absences

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

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

K. Receivables and Payables

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

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

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

L. Long-term Obligations

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

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

M. Retirement Plans

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

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

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

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

N. Other Post-Employment Benefits

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

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

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

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

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

O. Net Position

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

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

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

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

P. Deferred Inflows and Outflows of Resources

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

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

Q. Management Estimates

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

R. Fund Balance Definitions

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

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

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

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

R. Fund Balance Definitions - continued

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

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

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

S. Use of Restricted Resources

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

T. Fund Balance Policy

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

U. Stabilization Arrangements

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

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

NOTE 2 – BUDGETARY BASIS OF ACCOUNTING

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

NOTE 3 – STATE CONSTITUTIONAL PROPERTY TAX LIMITS

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

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

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

NOTE 4 – CASH, CASH EQUIVALENTS AND INVESTMENTS

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

The District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. At June 30, 2020, the District's cash, cash equivalents, and investments were comprised of the following:

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

School District No. 1J, Multnomah County, Oregon

Notes to the Basic Financial Statements

For the Year Ended June 30, 2020

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

NOTE 4 – CASH, CASH EQUIVALENTS AND INVESTMENTS – continued

A. Investments

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

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

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

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

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

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

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

NOTE 4 – CASH, CASH EQUIVALENTS AND INVESTMENTS – continued

A. Investments – continued

Interest rate risk

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

Credit risk

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

Concentration of credit risk-investments

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

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

Custodial risk-deposits

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

Custodial credit risk-investments

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

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

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

NOTE 5 – RECEIVABLES

Receivables at June 30, 2020 are summarized as follows:

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

NOTE 6 – PREPAID ITEMS

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

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

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

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

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

NOTE 7 – CAPITAL ASSETS

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

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

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

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

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

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

NOTE 8 – INTERFUND RECEIVABLES, PAYABLE AND TRANSFERS

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

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

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

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

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

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

NOTE 9 – ACCRUED COMPENSATED ABSENCES

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

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

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

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

NOTE 10 – BONDED AND OTHER DEBT

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

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

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

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

School District No. 1J, Multnomah County, Oregon
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NOTE 10 – BONDED AND OTHER DEBT – continued

A. Limited Tax Pension Bonds

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

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

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

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

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

School District No. 1J, Multnomah County, Oregon
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NOTE 10 – BONDED AND OTHER DEBT – continued

B. General Obligation Bonds

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

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

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

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

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

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

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

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

School District No. 1J, Multnomah County, Oregon
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NOTE 10 – BONDED AND OTHER DEBT – continued

C. Other Debt

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

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

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

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

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

School District No. 1J, Multnomah County, Oregon
Notes to the Basic Financial Statements
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NOTE 10 – BONDED AND OTHER DEBT - continued

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

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

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

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

A. Oregon Public Employees Retirement System (OPERS)

General Information about the Pension Plan

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

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

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

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

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

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

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NOTE 11 – PENSION PLANS – continued

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Contributions:

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

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

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

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

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

Actuarial Valuations:

The employer contribution rates effective July 1, 2019 through June 30, 2020, were set using the entry age normal actuarial cost method. For the Tier One / Tier Two component of the OPERS Defined Benefit Plan, this method produced an employer contribution rate consisting of (1) an amount for normal cost (the estimated amount necessary to finance benefits earned by the employees during the current service year), and (2) an amount for the amortization of unfunded actuarial accrued liabilities, which are being amortized over a fixed period with new unfunded actuarial accrued liabilities being amortized over 20 years.

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

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

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

Actuarial Valuations - continued

Actuarial Methods and Assumptions:

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

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

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

Discount Rate:

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

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

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

Actuarial Valuations - continued

Depletion Date Projection:

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

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

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

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

Assumed Asset Allocation:

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

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

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

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

Actuarial Valuations - continued

Long-Term Expected Rate of Return:

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

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

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

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

NOTE 11 – PENSION PLANS – continued

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

Actuarial Valuations - continued

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

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

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

Pension plan fiduciary net position:

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

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

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

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

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

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

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

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

Actuarial Valuations - continued

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

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

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

Changes in Plan Provisions Subsequent to Measurement Date

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

Defined Contribution Plan

OPSRP Individual Account Program (OPSRP IAP)

Plan Description:

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

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

NOTE 11 – PENSION PLANS – continued

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

Defined Contribution Plan- continued

Pension Benefits:

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

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

Death Benefits:

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

Contributions:

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

B. District Plan - Stipend

Plan Description

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

Total Stipend Liability

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

School District No. 1J, Multnomah County, Oregon
Notes to the Basic Financial Statements
For the Year Ended June 30, 2020
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NOTE 11 – PENSION PLANS – continued
B. District Plan - Stipend – continued

Actuarial Assumptions and Other Inputs

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

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

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

Changes in the Total Stipend Liability

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

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

School District No. 1J, Multnomah County, Oregon

Notes to the Basic Financial Statements

For the Year Ended June 30, 2020

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

NOTE 11 – PENSION PLANS – continued

B. District Plan - Stipend – continued

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

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

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

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

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

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

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

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

School District No. 1J, Multnomah County, Oregon
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NOTE 12 - OTHER POST-EMPLOYMENT BENEFITS

Other Post-Employment Benefits (OPEB) - Summary

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

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

A. Retirement Health Insurance Subsidy (RHIS)

Plan Description

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

Benefits Provided

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

Employees covered by benefit terms

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

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

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

Total RHIS Liability

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

Actuarial Methods and Assumptions

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

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

Changes in the Total RHIS Liability

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

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

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

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

School District No. 1J, Multnomah County, Oregon
Notes to the Basic Financial Statements
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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:

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

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

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

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

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

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

School District No. 1J, Multnomah County, Oregon
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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, 2020 were:

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

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

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

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

School District No. 1J, Multnomah County, Oregon
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NOTE 12 - OTHER POST-EMPLOYMENT BENEFITS – Continued
B. Retirement Health Insurance Account (RHIA) - Continued

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

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

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

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

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

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

Actuarial Methods and Assumptions

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

School District No. 1J, Multnomah County, Oregon
Notes to the Basic Financial Statements
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NOTE 12 - OTHER POST-EMPLOYMENT BENEFITS – Continued
B. Retirement Health Insurance Account (RHIA) - Continued

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

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

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

RHIA Plan Fiduciary Net Position

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

NOTE 13 - RISK MANAGEMENT

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

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

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

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

School District No. 1J, Multnomah County, Oregon
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NOTE 14 – COMMITMENTS AND CONTINGENT LIABILITIES

Operating leases

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

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

Contracts

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

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

Future District service commitments by fund are as follows:

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

Blanchard Educational Service Center (BESC)

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

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

NOTE 14 – COMMITMENTS AND CONTINGENT LIABILITIES - continued

Equipment Leases

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

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

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

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

Pending Legal Actions

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

Grantor Agencies

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

School Support Fund

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

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

NOTE 15 – FUND BALANCES

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

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

NOTE 16 – RELATED ORGANIZATIONS

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

NOTE 17 – ARTS TAX

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

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

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

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

NOTE 18 – TAX ABATEMENTS

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

Historic Property (ORS 358.475 to 545)

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

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

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

Transit Oriented Development (ORS 307.600 to 307.637)

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

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

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

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

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

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

NOTE 18 – TAX ABATEMENTS – continued

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

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

NOTE 19 – SUBSEQUENT EVENTS

The date to which events occurring after June 30, 2020, the date of the most recent statement of net position, has been evaluated for possible adjustment to the financial statements or disclosure is December 2, 2020, which is the date on which the financial statements were available to be issued.

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

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

REQUIRED SUPPLEMENTARY INFORMATION

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

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

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

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

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

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

Total OPEB Liability

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

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

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

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

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

Notes to Required Supplementary Information

Changes in Plan Provisions

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

Changes of Assumptions

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

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

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

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

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

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

Schedule of District Contributions

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

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

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

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

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

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

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

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

Requests for Information:

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

SCHOOL DISTRICT NO.1J, MULTNOMAH COUNTY, OREGON

General Fund

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

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

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

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

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

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

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

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

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

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

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

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

SUPPLEMENTARY INFORMATION

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

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

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

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

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

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

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

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

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

Statistical



Roosevelt High School Spring Theatre



Meal Distribution

Statistical



Statistical Section

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

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

Sources:

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

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

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

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

Government-wide Activities

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

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

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

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

Government-wide Activities

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

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

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

Governmental Activities

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

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

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

Governmental Activities

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

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

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

Notes

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

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

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

Sources

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

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

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

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

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

District Direct Rates

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

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

Notes

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

Sources

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

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

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

Notes

¹ 2020 information not available at time of distribution

Sources

Multnomah County, Division of Assessment and Taxation

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

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

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

Notes

¹ 2020 information not available at time of distribution

Sources

Multnomah County, Division of Assessment and Taxation

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

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

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

Notes

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

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

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

Notes

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

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

² Student enrollment data can be found in Schedule 17.

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

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

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

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

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

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

Notes

Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the District. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of the District. This process recognizes that, when considering the District's ability to issue and repay long-term debt, the entire debt burden borne by the residents and businesses should be taken into account. However, this does not imply that every taxpayer is a resident, and therefore responsible for repaying the debt of each overlapping government.

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

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

³ Direct District debt is net of unamortized premiums and discounts.

Sources

Oregon State Treasury, Debt Management Division: Overlapping Debt Report

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

Legal Debt Margin Calculation for Fiscal Year 2020

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

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

Allowable Percentage of Real Market Value:

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

Notes

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

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

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

Sources

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

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

Year	Population	Personal Income (thousands of dollars)	Per Capita Personal Income (dollars)	Unemployment Rate²
2011	748,031	\$ 31,161,157	\$ 41,658	9.5 %
2012	759,256	32,715,802	43,089	8.9
2013	766,135	33,376,029	43,564	7.9
2014	776,712	36,588,018	47,106	6.8
2015	790,294	38,906,295	49,230	5.7
2016	801,539	41,735,341	52,069	4.9
2017	807,555	43,873,915	54,329	4.1
2018	811,880	46,966,887	57,850	4.0
2019	- ¹	- ¹	- ¹	4.0
2020	- ¹	- ¹	- ¹	11.6

Notes

¹ Data for 2019 and 2020 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	2020			2011		
	Employees	Rank	Percentage of Total Employment	Employees	Rank	Percentage of Total Employment
Ten Largest Employers						
Intel Corporation	20,600	1	1.85 %	15,228	1	1.56 %
Providence Health System	18,885	2	1.70	13,831	2	1.41
Oregon Health & Science University	17,556	3	1.58	13,283	3	1.36
Nike Inc	12,000	4	1.08	6,000	8	0.61
Legacy Health	11,404	5	1.03	8,250	6	0.84
Kaiser Permanente	11,243	6	1.01	9,204	5	0.94
Fred Meyer Stores	9,777	7	0.88	9,630	4	0.98
City of Portland	7,376	8	0.66	5,000	10	0.51
Portland Public Schools	6,500	9	0.58	5,101	9	0.52
Beaverton School District	5,458	10	0.49			
Multnomah County				6,310	7	0.64
Subtotal of Ten Largest Employers	120,799		10.86	91,837		9.37
All Other Employers	991,701		89.14	887,063		90.63
Total Portland MSA¹ Employment	1,112,500²		100.00 %	978,900		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 2020, not seasonally adjusted.

Sources

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

Oregon Employment Department, Workforce and Economic Research

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

Full-time Equivalent Employees for the Fiscal Year

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

Sources

Internal: System Planning and Performance - Analytics

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

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

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

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

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

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

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

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

Notes

¹ Number of meals served includes breakfast, lunch, snack, and supper.

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

Sources

Internal: District Nutrition Services and Transportation departments



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

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

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

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

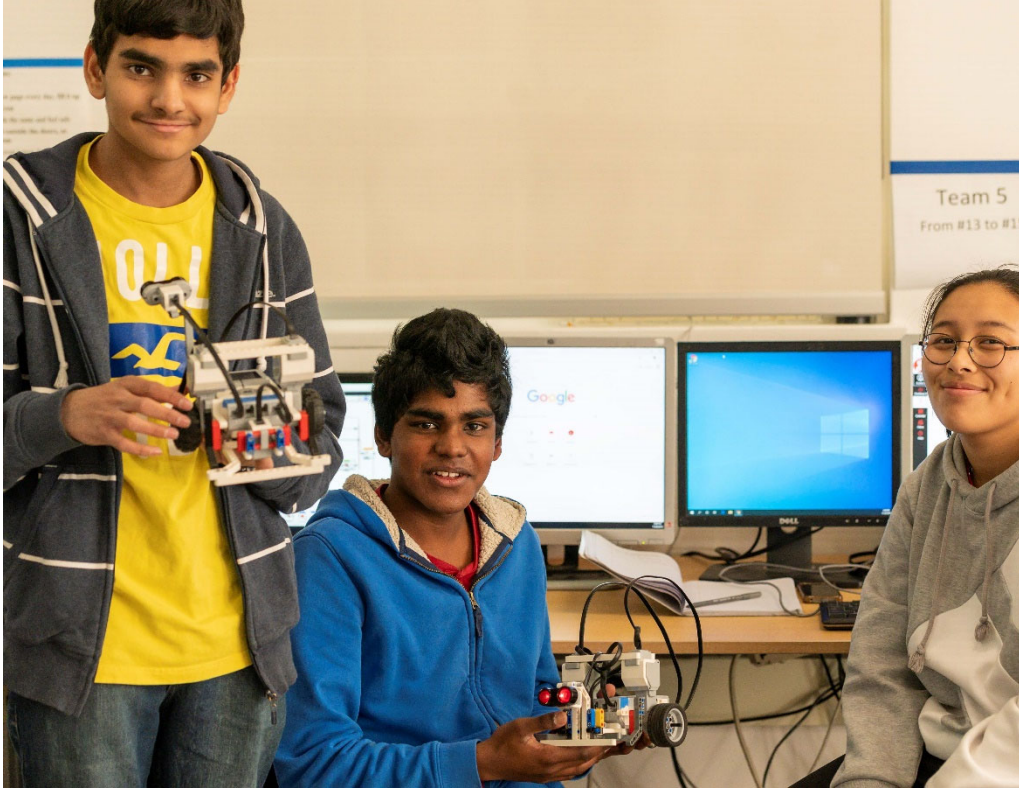
¹ Enrollment counts are compiled on or about the first school day in October. An enrolled student is defined as a student who attends one or more schools or programs within the District. Regardless of the number of schools or programs attended, each student is counted only once; the counts are unduplicated.

² Rose City Park is a new school in fiscal year 2019

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

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

Audit



Franklin High School



Roosevelt High School Hoodies Up Day

Audit

**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**

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

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of School District No. 1J, Multnomah County, Oregon (the District), as of and for the year ended June 30, 2020, which collectively comprise the District's basic financial statements, and have issued our report thereon dated December 2, 2020. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

COMPLIANCE

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

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

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

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



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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)**

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

COMPLIANCE (Continued)

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

INTERNAL CONTROL OVER FINANCIAL REPORTING

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

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

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

PURPOSE OF THIS REPORT

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

Zalbot, Kowala & Warwick LLP

Portland, Oregon
December 2, 2020

Portland Public Schools Nondiscrimination Statement

Portland Public Schools recognizes the diversity and worth of all individuals and groups and their roles in society. The District prohibits discrimination and harassment on any basis protected by law, including but not limited to, an individual's perceived or actual race, color, religion, sex, sexual orientation, gender expression or identity, national or ethnic origin, marital status, age, mental or physical disability, pregnancy, familial status, economic status, veteran's status, or because of the perceived or actual race, color, religion, sex, sexual orientation, national or ethnic origin, marital status, age, mental or physical disability, pregnancy, familial status, economic status, or veterans' status or any other persons with whom the individual associates.

Board of Education Policy 1.80.020-P

Contact Information for Civil Rights Matters

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

2019-20 CAFR Preparation

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Cynthia Le, Chief Financial Officer

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Melissa Ensminger, Grant Accounting Manager
Ashley Finch, General Ledger Manager
Cheryl Anselone, Manager
Darwin Dittmar, Sr. Bond Accountant
Premila Kumar, Sr. Accountant/Analyst
Abdullah Elmadhoun, Accountant/Analyst
Kristin Johnson, Sr. Accountant/Analyst
Michael Johnson, Sr. Accountant/Analyst
Aaron Musk, Sr. Accountant/Analyst
Zeb Petterborg, Sr. Accountant/Analyst
Georgina Jackson, Accountant/Analyst

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Kathleen Hiigel, Financial Systems Manager
Matthew Howe, Functional Lead, Financial Systems

Budgeting

Nicole Bassen, Budget Director
Junho Chang, Budget Systems Manager
Stacey Hoang, Sr. Budget Analyst
Juliya Mironova, Sr. Budget Analyst
David Stone, Fiscal Services Associate III

Payroll

Ondra Matthews, Payroll Manager
Megan Gremer, Payroll System Manager
Debbie Chan, Accountant/Analyst
Tori Hilbruner, Financial Services Associate III
Marisha Reese, Financial Services Associate III
Marina Vlasenko, FPC, Financial Services Associate III
James Young, Financial Services Associate III PERS
Deborah Finzo, Fiscal Services Clerk

Treasury / Accounts Receivable

Michael Nixon, Treasury Manager
Jill Bellone, Accountant/Analyst
Teresa Eckblad, Finance Clerk

Accounts Payable

Rebecca Dingman, Accounts Payable Manager
Joy Beach, Fiscal Services Associate II
Suzanne Rademacher, Fiscal Services Associate II
Gretta Robert, Fiscal Services Associate II
Shawna Geer, Fiscal Services Associate II

School District No. 1J, Multnomah County, Oregon

PORTLAND PUBLIC SCHOOLS



REPORT ON REQUIREMENTS FOR FEDERAL AWARDS (UNIFORM GUIDANCE)

For the year ended June 30, 2020





Portland Public Schools

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

For the year ended June 30, 2020

School District No. 1J, Multnomah County, Oregon

Portland, Oregon

Prepared by the Finance Department



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

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Bridlemile Elementary Nov 2019



Kelly Elementary Nov 2019





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

INDEPENDENT AUDITOR'S REPORT

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of School District No. 1J, Multnomah County, Oregon (the District), as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated December 2, 2020.

INTERNAL CONTROL OVER FINANCIAL REPORTING

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

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

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

COMPLIANCE AND OTHER MATTERS

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



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

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

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

COMPLIANCE AND OTHER MATTERS (Continued)

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

PURPOSE OF THIS REPORT

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

Talbot, Kouvola & Warwick LLP

Portland, Oregon
December 2, 2020



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

INDEPENDENT AUDITOR'S REPORT

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

REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM

We have audited School District No. 1J, Multnomah County, Oregon (the District's) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended June 30, 2020. The District's major federal programs are identified in the Summary of Independent Auditor's Results Section of the accompanying Schedule of Findings and Questioned Costs.

MANAGEMENT'S RESPONSIBILITY

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

AUDITOR'S RESPONSIBILITY

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

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

OPINION ON EACH MAJOR FEDERAL PROGRAM

In our opinion, the District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2020.



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

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

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

REPORT ON INTERNAL CONTROL OVER COMPLIANCE

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

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

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

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

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

We have audited the financial statements of the District as of and for the year ended June 30, 2020, and have issued our report thereon dated December 2, 2020, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements as a whole. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves,

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

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

Board of Education
School District No. 1J, Multnomah County, Oregon
Page 3

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

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

Talbot, Korvola & Warwick LLP

Portland, Oregon
December 2, 2020





Sitton Elementary Tree Planting Mar 2020



Skyline Elementary Marimbas Jan 2020



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

CFDA/ Grant	Grant Description	Pass-Through Grantor's No.	Period Covered	Direct or Pass-Thru	Award Amount	Expenditures	Agency Total
Department of Agriculture							
Food and Nutrition Service							
Child Nutrition Cluster							
10.553 School Breakfast Program							
202	Donated Foods		07/01/19-06/30/20	Pass-Thru		112,444 ¹	
202	School Breakfast Program	N/A	07/01/19-06/30/20	Pass-Thru		2,040,237	
						2,152,681	
10.555 National School Lunch Program							
202	Donated Foods		07/01/19-06/30/20	Pass-Thru		1,054,911 ¹	
202	National School Lunch Program	N/A	07/01/19-06/30/20	Pass-Thru		4,901,335	
						5,956,246	
10.559 Summer Food Service Program for Children							
202	Summer Food Service Program for Children	N/A	07/01/19-06/30/20	Pass-Thru		2,500,288	
						2,500,288	
Total Child Nutrition Cluster						10,609,215	
10.558 Child and Adult Care Food Program							
202	Donated Foods		07/01/19-06/30/20	Pass-Thru		29,374 ¹	
G0339	Childcare Food Program for Head Start	N/A	07/01/19-06/30/20	Pass-Thru		368,646	
202	Child and Adult Care Food Program	N/A	07/01/19-06/30/20	Pass-Thru		614,178	
						1,012,198	
10.582 Fresh Fruit and Vegetable Program							
202	Fresh Fruit and Vegetable Grants	Multiple	07/01/19-06/30/20	Pass-Thru	543,050	419,019	
						419,019	
						11,671,786	
						368,646	
Department of Agriculture Total							12,040,432
Department of Defense							
Office Of The Secretary of Defense							
12.550 The Language Flagship Grants to Institutions of Higher Education							
G1658	Mandarin Chinese Flagship Grant	271880A	06/01/16-05/31/20	Pass-Thru	1,591,305	431,759	
National Security Agency							
12.900 Language Grant Program							
G1891	StarTalk	H98230-19-1-0189	05/01/19-03/31/20	Direct	112,500	66,917	
						66,917	
						431,759	
Department of Defense Total							498,676
National Science Foundation							
47.076 Education and Human Resources							
G1477	Cornell Lab of Ornithology AISL Award	N/A	11/01/14-09/30/20	Pass-Thru	70,000	2,755	
G1923	Developing Leaders, Transforming Practice	1906565	09/01/19-08/31/23	Direct	1,088,014	66,465	
						69,220	
						66,465	
						2,755	
National Science Foundation Total							69,220

See accompanying Notes to Schedule of Expenditures of Federal Awards

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

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

See accompanying Notes to Schedule of Expenditures of Federal Awards

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

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

Department of Education Total

35,436,169

See accompanying Notes to Schedule of Expenditures of Federal Awards

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

CFDA/ Grant	Grant Description	Pass-Through Grantor's No.	Period Covered	Direct or Pass-Thru	Award Amount	Expenditures	Agency Total						
Department of Health and Human Services													
Administration for Children and Families													
Head Start Cluster													
93.600	Head Start												
G1822	Head Start 18/19	10CH010719-01-00	11/01/18-10/31/19	Direct	5,432,303	1,096,529							
G1884	Head Start 19/20	10CH010719-01-03	11/01/19-10/31/20	Direct	5,618,686	3,948,730							
G2021	Head Start COVID19	10CH010719-02-C3	01/01/20-10/31/20	Direct	261,006	61,306							
						5,106,565							
Total Head Start Cluster						5,106,565							
93.658	Foster Care Title IV-E												
G1986	Foster Care Transportation	57239	07/01/19-06/30/21	Pass-Through	105,042	105,042							
Centers for Disease Control and Prevention													
93.079	Cooperative Agreements to Promote Adolescent Health through School-Based HIV/STD Prevention and School-Based Surveillance												
G1770	SAY Wellness	NU87PS004369-01-00	08/01/18-07/31/23	Direct	740,315	326,440							
Substance Abuse and Mental Health Services Administration													
93.788	Opioid STR												
G1912	Health for K-5	159879	04/15/19-10/01/20	Pass-Thru	883,716	302,019							
Centers for Medicare and Medicaid Services													
Medicaid Cluster													
93.778	Medical Assistance Program												
S0027	Medicaid - Regional Durable Medical Equip.	N/A	07/01/97-06/30/20	Pass-Thru	770,201	57,753							
Total Medicaid Cluster						57,753							
<table border="1" style="margin-left: auto; margin-right: auto;"> <tr> <td style="width: 50px;">Direct Funding</td> <td style="text-align: right;">5,433,005</td> </tr> <tr> <td>Pass-Thru from Oregon Health Authority</td> <td style="text-align: right;">302,019</td> </tr> <tr> <td>Pass-Thru from Oregon Department of Human Services</td> <td style="text-align: right;">162,795</td> </tr> </table>						Direct Funding	5,433,005	Pass-Thru from Oregon Health Authority	302,019	Pass-Thru from Oregon Department of Human Services	162,795		
Direct Funding	5,433,005												
Pass-Thru from Oregon Health Authority	302,019												
Pass-Thru from Oregon Department of Human Services	162,795												
Department of Health and Human Services Total							5,897,819						
Grand Total						53,942,316	53,942,316						

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

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

See accompanying Notes to Schedule of Expenditures of Federal Awards

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

Purpose of the Schedule

The accompanying Schedule of Expenditures of Federal Awards (the "Schedule") includes the federal award activity of the District under programs of the federal government for the year ended June 30, 2020. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards ("Uniform Guidance"). Because the Schedule presents only a selected portion of the operations of the District, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the District.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

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

Indirect Cost Rate

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

Federal Financial Assistance

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

Major Programs

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

Reporting Entity

The reporting entity is fully described in notes to the financial statements. The Schedule includes all federal programs administered by the District for the year ended June 30, 2020.

Expenditure Recognition

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

Subrecipients

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





Tubman/Faubian Dance Winter 2019



FPE Food Drive Dec 2019



SCHOOL DISTRICT No. 1J, MULTNOMAH COUNTY, OREGON

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

YEAR ENDED JUNE 30, 2020

SECTION I - SUMMARY OF INDEPENDENT AUDITOR'S RESULTS

Financial Statements:

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

Federal Awards:

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

Identification of major programs:

CFDA NUMBER(S)	NAME OF PROGRAM OR CLUSTER
84.011	Migrant Education State Grant Program
84.027, 84.173	Special Education Cluster (IDEA)
84.367	Supporting Effective Instruction State Grants

SCHOOL DISTRICT No. 1J, MULTNOMAH COUNTY, OREGON

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (Continued)

YEAR ENDED JUNE 30, 2020

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

Dollar threshold used to distinguish between type A and type B programs	\$ 1,619,593
Auditee qualified as low-risk auditee?	Yes

SECTION II - FINANCIAL STATEMENT FINDINGS

No findings reported.

SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

No findings reported.

SECTION IV - SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

No prior audit findings reported.



MLK Jr. Elementary Speech Jan 2020



Grant High School Theatre Spring 2020



Portland Public Schools Nondiscrimination Statement

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

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

Board of Education Policy 1.80.020-P

Contact Information for Civil Rights Matters

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

2019-20 Report on Requirements for Federal Awards Preparation

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

Claire Hertz
Cynthia Le
Tracy Pinder, CPA

Grant Accounting

Sr. Budget & Grant Accounting Manager
Accountant/Analyst
Sr. Accountant/Analyst
Sr. Accountant/Analyst
Sr. Accountant/Analyst
Sr. Accountant/Analyst

Melissa Ensminger
Georgina Jackson
Kristin Johnson
Michael Johnson
Aaron Musk
Zeb Petterborg

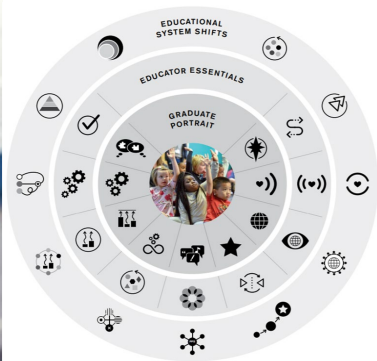
NAMING & DEFINING PLACES



Centering the Experience of Black, Native, and Students of Color Through A Racial Equity Design Process



December 15, 2020



PPS reimagined

Preparing Our Students to Lead Change and Improve the World

Core Values

Our enduring beliefs that will guide our actions toward our collective vision.

Graduate Portrait

A clear and ambitious picture of what the community wants our students to know, be, and be able to do, in order to prepare them to thrive.

Educator Essentials

The knowledge, skills, mindsets, and dispositions needed from every adult to support the Graduate Profile in every PPS student.

Educational System Shifts

Changes to our priorities and operations that will help create the conditions for adults to do their best work in realizing the Graduate Profile in every student.



Racial Equity and Social Justice at Portland Public Schools

Connecting Our Collective Framework and Plan

Student-Led Initiatives RESJ Goals

Student Voice

Student Identity Development & Affirmation

Teaching & Learning RESJ Goals

- Instruction
- Curriculum





Theory of Action

IF...

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

...THEN

We will reimagine Portland Public Schools to ensure every student, especially our Black and Native American students, realizes the vision of the Graduate Portrait.

Preparing Our Students
to Lead Change and
Improve the World.



Culturally Responsive/Sustaining Pedagogy



Culturally Responsive Pedagogy

1. The eradication of deficit-based ideologies of culturally diverse students
2. The disruption of the idea that eurocentric or middle class forms of discourse, knowledge, language, culture and historical interpretations are normative.
3. A critical consciousness and sociopolitical awareness that reflects an ongoing commitment to challenge injustice and disrupt inequities and oppression of any group of people.
4. An authentic and culturally informed notion of care for students, wherein their academic, social, emotional, psychological and cultural well-being is adhered to.
5. A recognition of the complexity of culture, in which educators allow students to use their personal culture to enhance their quest for educational excellence.

Critical Race Theory

- Counter-Storytelling
- The Permanence of Racism
- Whiteness as Property
- Interest Convergence
- Critique of Liberalism

Counter-Storytelling

Telling the stories of our BIPOC students, families and community can challenge and counteract racial inequities and catalyze the movement for racial justice.



A Roadmap centering Racial Equity & Social Justice



Individual Readiness

Organizational Culture

RESJ Systems

1) Self-Study

2) Student Empathy Interviews

1) Designing systems to conduct schoolwide learning and engagement on culture and climate (regardless of renaming)

2) Develop technical supports, including a **Naming and Defining Places Toolkit**

Braid **General Criteria for Naming and Defining Places** through naming practices and into the fabric of our dynamic system





Naming & Defining PPS Places

Background and Context

BIPOC Students attend schools and live in a city that venerate problematic, historical figures:

- Woodrow Wilson High School
- Blanchard Educational Student Center
- Jefferson Davis Park (Ridgefield, WA)
- [Racist Slurs Permeate Oregon Geography](#)

BIPOC Students attend schools and seldom get to see or learn about local or national BIPOC leaders.

Only in the past 5 years has the State of Oregon passed legislation requiring Ethnic Studies and Tribal History as part of core curriculum.

Culturally responsive instruction is not consistently practiced, and often school communities lack a counternarrative told by BIPOC students.



Policy:

[2.20.010-P Naming District Property](#)

Administrative Directive:

[2.20.011- AD](#)

General Criteria for Naming & Defining Places

1. Student Sense of Belonging
2. Racial Equity & Social Justice
3. Centering Diverse Student Voice
4. Historical and Educational Perspective
5. Action Plan to Foster Culture Change with School Name Change
6. Articulated Process Principles or School Values System

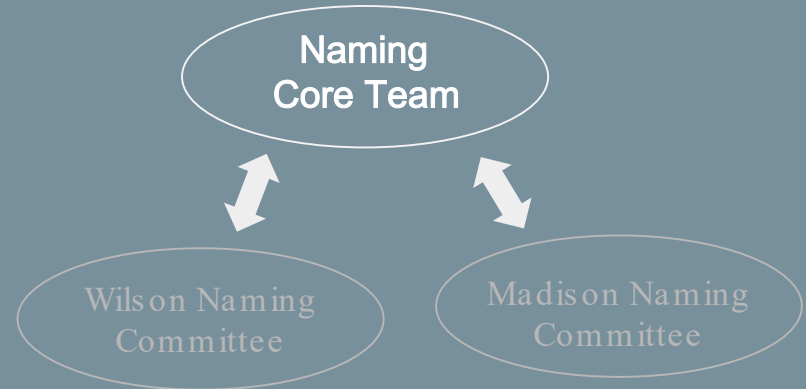


Naming Committee Core Team

The Charge

The Renaming and Redefining Committee, co-facilitated with PPS students, will design a set of recommendations to improve administrative directive and procedures for naming buildings, to be approved by the Superintendent. The committee will create racial equity -centered criteria and systems for all schools seeking a new name.

“Madison and Wilson are serving as *case studies* for the Renaming and Redefining Committee, as they utilize a Racial Equity Design Process to evaluate the current administrative directive and suggest improvements in alignment with RESJ.”



Naming and Defining: Phases

1

SCAN



Learn the charge



Review current Administrative Directive



Conduct empathy interviews

October-November 2020

2

CASE STUDY



Review case studies



Identify issues & solutions



Wilson & Madison recommendation

November- Winter 2021



3

IDEATE



Brainstorm solutions with RESJ



Begin Drafting Administrative Directive

Winter 2021

5 Phases of Naming and Defining

4

PROPOSE

5

REFLECT



Draft
Administrative
Changes

Draft Practice
Changes



Finalize
Administrative
Directive



Develop recurrent
review process

February-March 2021

April 2021

3

IDEATE

In Progress*



**Administrative
Directive
Revisions**



**Toolkit &
Resource
Guide**



**Case Studies:
Madison &
Wilson -
January 12**

How To Stay Engaged

Name recommendations will be scheduled for review for an early 2021 Board of Education Meeting. To stay engaged in the following areas, visit PPS.net/Naming.

Next Steps

- Naming and Defining Process and Phases
- Wilson Naming Process
- Madison Naming Process





Discussion



Board Policy

4.30.050-P

Student Suicide Prevention

Portland Public Schools recognizes that suicide is a leading cause of death among youth and that even more youth consider and attempt suicide. The possibility of suicide and suicidal ideation requires vigilant attention from all PPS staff. This policy is required by Oregon law, which was passed in 2019 in response to the advocacy of the family of a former PPS student, Adi Staub, who identified as transgender and died by suicide in 2017.

As a result, we must engage in best practices to provide school-wide suicide prevention and intervention strategies to minimize suicidal ideation and prevent attempts and deaths. We also must create safe and nurturing schools that increase connections and build strengths and self-worth in students. These efforts align with the PPS Racial Equity and Social Justice framework and center on BIPOC (Black, Indigenous, and People of Color) students and LGBTQIA+ (A common abbreviation for lesbian, gay, bisexual, pansexual, transgender, genderqueer, queer, intersexed, agender, questioning, and two-spirited), students living with mental and/or substance use disorders, who engage in self harm or have attempted suicide, living in out-of-home settings, experiencing houselessness, bereaved by suicide, and those with medical conditions or certain types of disabilities because these students are at higher risk for suicide. The emotional wellness of students greatly impacts school attendance and educational success. This policy is based on research and best practices in suicide prevention and has been adopted with the understanding that effective suicide prevention activities decrease suicide risk, increase help-seeking behavior, identify those at risk of suicide, and decrease suicidal behaviors.

District Plan for Suicide Prevention

The District will collaborate with local and national experts to create and maintain a comprehensive approach to address suicide prevention, intervention, and postvention (a crisis intervention strategy designed to reduce the risk of suicide and suicide contagion, provide the support needed to help survivors cope with a suicide death, address the social stigma associated with suicide, and disseminate factual information on the suicide death of a member of the school community). The District will continually review, update, and implement the plan with consultation with subject-matter experts that may include state or national suicide prevention organizations, the Oregon Department of Education (ODE),



Student Suicide Prevention

school-based mental health professionals, parents/guardians, employees, students, administrators, and school board associations.

The District plan shall include:

1. Training

- A. All PPS staff will be trained on the risk factors and warning signs of suicidal risk and on the skills to connect students, families, and staff to resources in and out of the school building. Training materials must include self-review options.
- B. All school social workers, school counselors, and school psychologists, in addition to any other school staff designated by the building administrator, shall be responsible for responding to and implementing a suicide screening after a report of suicidal risk, and they shall receive enhanced training in procedures relating to suicide prevention, intervention, mental health systems navigation, and activities that reduce risk and promote healing after a suicide.
 - a. The enhanced professional development for designated staff will include training to identify, support, and respond to groups of students at elevated risk for suicide, including those living with mental and/or substance use disorders, those who engage in self harm or have attempted suicide, those in out-of-home settings, those experiencing houselessness, American Indian/Alaska Native students, LGBTQIA+ students, students bereaved by suicide, and those with medical conditions or certain types of disabilities.
 - b. All school social workers, school counselors, and school psychologists, in addition to other school staff designated by the building administrator, will be trained on processes for re-entry into a school environment following hospitalization or behavioral health crisis¹.

The plan will require that District employees act at all times within the scope of their



Student Suicide Prevention

individual credentials and licenses and that they not deliver services or support when they do not have the credentials or license to do so.

2. Youth Suicide/Mental Health Prevention Education for Students

- A. All PPS students shall receive annually evidence-based, student-centered suicide prevention programming that is culturally and linguistically responsive and developmentally appropriate. The suicide prevention programming will include:
 - a. The importance of safe and healthy choices and coping strategies
 - b. How to recognize risk factors and warning signs of mental disorders and suicide in oneself and
 - c. Help-seeking strategies for oneself or others, including how to engage school resources and refer friends for help. In addition, schools may provide supplemental small group suicide prevention programming for students.
 - d. Opportunities for students to practice suicide prevention skills.

B. Suicide prevention materials and curriculum options must be reviewed annually by a multi-disciplinary group, consisting of administrators, parents, teachers, school-employed mental health professionals, representatives from community suicide prevention services, and other individuals with expertise in youth mental health, under the administration of a District prevention staff member.

These reviews should include data from surveys including but not limited to the National Youth Risk Behavior Survey and the PPS Successful Schools Survey.

3. Requirement that Every School Has its Own Suicide Prevention Plan



Student Suicide Prevention

- A. School-based suicide prevention plans shall include but are not limited to the following components:
- One or more suicide-prevention point(s) of contact
 - Scheduled staff training on suicide prevention
 - Scheduled student health and wellness education, suicide prevention curriculum, and social emotional learning
 - Opportunities for students to feel seen, heard, and valued through the development of racial, cultural, and/or other identity groups
 - Defined school-based resources and referral processes to support students facing documentation status, housing and food insecurity, health care, and other concerns that increase suicide risk
 - System for tracking school-specific suicide screenings and referrals and
 - Training of school-specific staff members in postvention supports including contacting the Student Success and Health Department after a suicide death in your school program.

4. Tracking and Accountability

- A. The District's Student Success and Health Department will:
- a. Be the office of record for suicide screenings and provide consultation
 - b. Organize the annual suicide prevention staff training
 - c. Identify and support the suicide prevention point of contact for each school program
 - d. Maintain an inventory of the suicide prevention curriculum/plan at each PPS school via the school-based suicide prevention point of contact
 - e. Provide crisis response and best practice postvention recovery supports for schools experiencing a suicide

5. Notification and Family Engagement/Education

All students, families, employees, and contractors and volunteers who provide services to students will be notified annually of this policy, suicide prevention best practices for families, paths to an informal discussion of concerns about actions related to suicidal



Board Policy

4.30.050-P

Student Suicide Prevention

risk, as well as the process for review of actions taken in response to suicidal risk.

¹ "Behavioral health crisis" as defined by Oregon Administrative Rule (OAR) 581-022-2510, means a disruption in an individual's mental or emotional stability or functioning resulting in an urgent need for immediate treatment to prevent a serious deterioration in the individual's mental or physical health. R5/01/20 | PH Student Suicide Prevention** – JHH ^{1,2}

END OF
POLICY

Legal
Reference(s):

ORS 332.107 ORS 339.343 OAR 581-022-2510

OSBA: JHH

DRAFT

Recommendation progress report for *ODE and PPS Must Do More to Monitor Spending and Address Systemic Obstacles to Student Performance, Particularly at Struggling Schools*, issued January 9th, 2019.

Please complete this form by selecting the status of the recommendations and providing an overview of steps you have taken to address them. There are three options for a recommendation status:

- **Implemented/Resolved:** The auditee has fully implemented the recommendation or otherwise taken the appropriate action to resolve the issue identified by the audit.
- **Partially implemented:** The auditee has begun taking action on the recommendation, but has not fully implemented it. In some cases, this simply means the auditee needs more time to fully implement the recommendation. However, it may also mean the auditee believes it has taken sufficient action to address the issue and does not plan to pursue further action on that recommendation.
- **Not implemented:** The auditee has taken no action on the recommendation. This could mean the auditee still plans to implement the recommendation and simply has not yet taken action; it could also mean the auditee has declined to take the action identified by the recommendation and may pursue other action, or the auditee disagreed with the initial recommendation.

RECOMMENDATIONS 1-2 directed to ODE

RECOMMENDATION 3

Responsible Party - Claire Hertz, Sharon Reese

Investigate and report on potential savings areas in depth, including the level of executive administration, use of substitute teachers and educational assistants due to educator absences, health benefits, bus services, legal services, and building utilization.

Status: Implemented

Explanation:

- a) **Executive Administration** - Annual budgeting processes for the years following the SOS audit include a review of organizational structure and staffing at the executive level.
- b) **Substitute teachers and use of paraeducators** - Since educator absences appear to be driven to some degree by an escalation in student behaviors (reported in school districts across the state and nation), PPS has increased its capacity for behavioral supports and expanded professional development opportunities. We prioritized funding for behavioral and social-emotional supports for students and Multi-Tiered Systems of Support (MTSS).

In 2018-19, we budgeted for additional Assistant Principals or school climate specialists for schools with a single administrator to ensure additional support for behavior needs; because of the COVID-related reduction in state funding for 2020-21, we had to cut some of those positions, but our intention is to minimize or eliminate single-administrator sites as funding permits. We continue to work on professional development opportunities for principals and educators to support their work of identifying and addressing the needs of diverse learners. (See Recommendation 18.)

In addition to work with principals and educators, we are also investing in supports for substitute educators, including targeted training on social-emotional supports. Due to the governor's orders re distance learning during the pandemic, use of substitute educators has been significantly reduced.

- c) **Transportation Services** - In an effort to improve service reliability, student safety, and cost effectiveness, PPS plans to issue a new and substantially revised RFP for transportation services before the end of December 2020. The RFP envisions a 6-year initial term, with the option of two additional two-year extensions. This ten-year timeframe will allow vendors to plan expenses based on a standard depreciation schedule for vehicles. We anticipate that this will produce a 2% cost escalation year-to-year and believe the new system will provide greater predictability of costs over time.

The new RFP calls for two contractors to service the District as opposed to one. Requiring two contractors will inject some market competition that, we believe, will lead to increased stability in the driver workforce because of more competitive wages and benefits. It will also increase the expectation for high customer service. Should a contractor be unable to provide the service as required, the work will be assigned to another provider. In addition, the new RFP specifies that there must be a bus yard located on the west side of the Willamette River. This change will reduce miles traveled by empty buses, reduce response time for incidents of breakdowns or failures, and reduce costs through these efficiencies, while producing higher customer service for families and schools.

New digital camera systems and radios on buses will also provide greater accountability and support enhanced safety for our students.

With this new RFP and the intent to award two contractors with work, the District has planned for a long lead time for implementation. This lead time is necessary in order to ensure the acquisition of property and new vehicles for those receiving the contracts. The intent of this procurement process is to have awarded and negotiated contracts prior to June of 2021. As PPS has a current contract with First Student that expires on June 30, 2022, this allows a full year for lease or purchase of land for bus yards and for the purchase of new vehicles and equipment needed to service the contracts.

With that date in mind, the projected schedule for the procurement process milestones is:

Issue the RFP: Early December 2020
Proposal due date: February 2021
Evaluation: March 2021
Award and negotiations: April-May 2021
Board Approval: May 2021

- d) **Legal Services** - The District continues to pursue cost-saving strategies in its management of broad-based legal services through internal and external counsel. District strategies include largely holding the line on hourly rates charged by its diverse portfolio of outside law firms over several years (and even negotiating reduced rates in some instances) and using smaller legal providers that have lower billing rates when appropriate; utilizing fixed-fee agreements when possible; deploying a matter-management system to track and manage claims and create trend-reporting capabilities; and pursuing resolution of claims before they ripen into litigation. We continue to provide regular updates to the Board in writing and in Executive Session on pending claims and cases, and trend reporting on filed cases and tort claim notices.
- e) **Facilities Usage** - The District awarded an RFP for contracted services in Spring 2019 to facilitate an Enrollment and Program Balancing process district-wide. The Enrollment and Program Balancing process began in Fall 2019 with the Board's review of policy and approval of the proposed scope of work in February 2020. The Board framed the work around the following core values and outcome goals: Optimize the Use of Facilities, Support Equitable Programming, and Minimize Program Co-Locations.

Comprehensive analysis and development of a phased district-wide enrollment balancing plan was completed and shared with the community in the spring of 2020. A phased implementation plan using a regional approach began with the first phase of the SE Guiding Coalition scheduled for Spring 2020. The coalition work was delayed due to the pandemic and restarted in a virtual process in September 2020. The Enrollment and Program Balancing process is an iterative process of continuous improvement, based on extensive community engagement in six languages, consistent application of a racial equity and social justice lens. .

The SE Guiding Coalition has been broken into two phases for opening a new middle school and immediate needs to respond to overcrowding to be recommended to the Board by January 2021 for implementation in Fall 2021. The Coalition will continue its work in the spring of 2021 for changes to be implemented in Fall 2022. Next, the district will address the North/Northeast region of the district with a process scheduled for 2021-22 and implementation in future years.

Outside of this work, the district has found a remedy to reunify the Access Academy program (split into two co-located locations in 2018-19) at a single central location in the winter of 2021-22.

- f) **Employee Benefits** - Annual budgeting processes for the years following the SOS audit include a review of benefit plans and costs. The Board sets parameters for a balanced compensation package when bargaining with each employee group.

RECOMMENDATION 4

Responsible Party - Claire Hertz

Conduct regular and public peer benchmarking to identify potential savings areas and spending challenges. Identify peer districts using objective criteria, such as enrollment, level of poverty, and other demographic factors.

Status: Implemented

Explanation:

The district has purchased Forecast 5 and utilizes multiple benchmarking tools to compare to the large districts in Oregon and especially focuses on the largest districts, Beaverton and Salem-Keizer. The quarterly financial reports to the Board include a [benchmarking summary](#) of student demographic, expenditure appropriation comparison, cost per student comparisons, teacher salary comparisons, per FTE spending, and staffing ratio comparisons. In addition, the report shows that Oregon’s ranking for state-level expense per student improved over time to a mid-range position.

In addition, since Superintendent Guerrero joined PPS in 2017, we have participated in the Council of Great City Schools (CGCS) Key Performance indicators. We are about to submit data for the third year, 2019-20. The CGCS annual report is published in October and distributed to leadership across the district.

As part of the annual process for preparing the Superintendent’s proposed budget, tradeoffs are identified using benchmarking at both the state and national level using the tools mentioned above. In the 2020-21 budget process, \$12 million in reductions to the general fund were made across the district and reinvested in five strategic system shifts to support the implementation of the District’s Strategic Plan. (See Recommendation17.)

RECOMMENDATION 5

Responsible Party - Claire Hertz

Make the budget more clear and transparent to the public, including staffing and spending by program over time, key performance indicators, and analysis of key initiative outcomes.

Status: Implemented

Explanation:

In Spring of 2020, the Superintendent’s [proposed budget presentation](#), shared in a public Board meeting, was aligned to best practices recommended by the Government Finance Officers Association for school budgeting processes and the Association of School Business Officials International for budget document presentation. The [budget message](#) was grounded in the District’s vision (PPS reImagined), adopted in June 2019, to which both the district’s Student Investment Account [\(SIA\) Application](#) and the goals established by the Board were aligned. Five

system shifts to support the community-based vision served as the initial strategic plan for purposes of budget development: a connected and transformative school district, racial equity-aligned systems and structures, cultivating system-wide learning and a diverse workforce, transformative curriculum and pedagogy, and a culture of physical and emotional safety.

The Student Success Act community engagement processes in the fall and winter of 2019 included dozens of community meetings in six languages. PPS targeted three major groups: (1) students, (2) teachers and staff, and (3) community-based stakeholders and families. We explicitly partnered with community-based organizations to host sessions to gather feedback from each. Our Community Engagement team also held a series of sessions in classrooms with higher percentages of students identified in the SSA. We also targeted teachers and staff. Working with our labor partners, we designed and conducted a districtwide survey and asked that principals engage their school staff in conversation. Lastly, in the spirit of deeper collaboration with valued partners, Superintendent Guerrero welcomed service providers with expertise in both academic and culturally-specific programming to help analyze and interpret community and staff feedback, review the goals and aspirations of the district's vision, and discuss how PPS should prioritize its future investments.

The [Board goals](#), adopted in the Fall of 2019 and updated in August 2020, are likewise grounded in the district [vision](#), strategic plan, and theory of action. These investments have evaluation and metrics to share over a multiyear process to track student performance and school improvement. The district hired Dr. Russell Brown as the Chief of Systems Performance, a well-respected leader whose research background includes the design and management of program assessments, accountability structures and boundary review processes. Both the general fund budget and the SIA funding were aligned with the identified strategic priorities and Board goals, and the Board is publicly briefed on a quarterly basis on performance against the metrics.

The proposed budget for 2020-21 included a [Memo to the Board and CBRC](#) highlighting the improvements made in the presentation and process, the proposed [Budget Book](#) and [Individual School Reports](#) supporting the transparency and clarity requested by the board, Community Budget Review Committee and the community. In addition, for the 2020-21 budget process, we developed a new practice of including the CBRC in Board work sessions on strategic planning and budgetary priorities to ensure that CBRC members have the necessary data and strategic understanding to inform their recommendations.

The district has been awarded the Association of School Business Officials International, Meritorious Budget Award (MBA) for the past two years. The program recognizes districts for their skills in developing an effective budget presentation, compliance with clear budget presentation guidelines, commitment to the community through a reader-friendly budget document, and adherence to nationally recognized budget presentation standards.

The budget is guided by the board adopted [budget calendar](#) for the 2021-22 budget process, and includes an additional step of creating a [Five Year Financial Forecast](#). This tool will support the board in determining long term budget financial goals based on maintaining and growing General Fund reserves to 5-10% as established in board policy.

RECOMMENDATION 6**Responsible Party - Emily Courtnage**

Improve controls over purchasing card use. Improvements include requiring management review for at least non-standard and high-dollar transactions, and improving policy guidance on appropriate businesses purposes, taxpayer-funded meals, parties, student incentives, gifts, and use of unusual merchants. Also, the district should improve aggregate analysis of card use data to identify spending trends and unusual transactions.

Status: Implemented

Explanation: To improve controls over purchasing card use, the Purchasing & Contracting department implemented the following PCard program improvements: (1) Reimplemented the budget holder approval process requiring budget holders to review and sign off on all PCard transactions made by cardholders under their supervision, and developed a system for tracking and ensuring budget holder review; (2) Rolled out new Merchant Category Code restrictions prohibiting certain types of purchases (to be declined at point of sale); (3) Implemented a District-wide Amazon Business Prime account that allows visibility into all Amazon transactions and provides substantial savings as compared to individual department and school Prime accounts; (4) Developed revised interim guidance on acceptable use of District funds for purchases of meals and refreshments; interim guidance was then used to craft new Board Policy 8.30.010-P (District Use of Funds for Meals, Refreshments, and Gifts) and Administrative Directive 8.30.011-AD (Use of Funds for Meals, Refreshments, and Student Incentives); (5) Developed new PCard design to differentiate from common credit cards and reduce accidental use; (6) Developed and distributed an updated PCard Manual, revised infraction table, PCard Quick Reference guide, and online trainings incorporating all changes noted above; (7) Convened monthly PCard infraction review meetings with representatives from Purchasing, Finance, and HR to review and address cardholder infractions and failures to conduct budget holder review.

RECOMMENDATIONS 7-15 directed to ODE

In developing a common core curriculum for schools, ensure adequate training for teachers — particularly new or inexperienced teachers.

Status: Implemented

Explanation: In 2018-19, PPS launched the initial phase of our standards-based Guaranteed and Viable Curriculum (GVC), with a focus on Language Arts, Mathematics, and Science. During the summer of 2019, we hosted a districtwide professional learning institute multiple times that focused on deepening knowledge around implementing a standards-based core curriculum, high-leverage instructional practices, and assessment for learning strategies.

Building on the initial implementation, and professional development, the 2019-2020 school year saw the Office of Teaching & Learning providing multiple opportunities for educators across the district to come together and receive professional learning on GVC implementation. These efforts have been supported by our new content management platform, Atlas, which enables all teachers to collaboratively plan from our common, standards-based unit planners. This is a districtwide resource that has streamlined curriculum management. Additional content areas such as Social

Studies, Ethnic Studies, Pre-K, Arts, and Health & PE are continuing to develop their standards-based scope and sequence and accompanying units.

In March, 2020, the pandemic caused us to adapt the implementation of our curricula in order to meet the needs of students through our Home-Based Distance Learning. This included professional development sessions to help teachers work in a virtual space. This included both the use of digital tools as well as instructional strategies for a virtual classroom. As we entered into the fall, we shifted to the implementation of Comprehensive Distance Learning. As a result, the elements within the core curriculum (ie, scope and sequence, units, lessons, instructional tools), have been enhanced to work more effectively in a virtual environment. The work is defined by a comprehensive, standards-based core curriculum, units of study, and daily lessons.

The Office of Teaching and Learning has provided training for teachers, including new and inexperienced teachers in preparation for the start of the 2020-2021 school year. The trainings have focused on the use of teaching & learning tools (e.g. Atlas, Canvas, Seesaw, digital apps) and teaching strategies for a virtual environment. Professional development sessions have been provided in both synchronous and asynchronous formats. Trainings were offered over the summer and in the weeks prior to the start of the school-year. Additional professional development sessions, coaching, and drop-in supports have been provided to continue supporting new and inexperienced teachers.

RECOMMENDATION 17

Responsible Party - Jonathan Garcia

Develop a strategic plan that sets concrete performance measures for improved student outcomes and discusses in depth the staffing, resources, interim steps, and improvements to the district's operations and organizational culture needed to reach those outcomes.

Status: Partially Implemented

Explanation:

During the 2018-2019 school year, Portland Public Schools launched and completed a community-driven collective aspiration for the future of our graduates, educators and the school system. This "north star", [PPS reImagined](#), adopted by the Board in June 2019, focuses on what we want to be true for the graduates of the Portland Public Schools: "A graduate of Portland Public Schools will be a compassionate, critical thinker, able to collaborate and solve problems, and be prepared to lead a more socially just world."

The PPS Vision has four parts, the Graduate Portrait, Educator Essentials, Systems Shifts, and Core Values. The Graduate Portrait focuses on student outcomes, what they will know, who they will be, and what they will be able to do by the time they graduate. The Educator Essentials focus on attributes -- knowledge, skills, dispositions, and mindsets -- that adults in the District need to be able to support each student's attainment of the Graduate portrait. The Systems Shifts focus on creating conditions that enable PPS students and adults to grow and thrive, while the Core Values are the ethical principles that guide the District's actions in making the Vision a reality.

In the 2019-2020 school year, the senior leadership selected five of eleven system shifts to prioritize for the first in a series of multi-year strategic plans: 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.

Leaders developed a high-level work plan articulating a coherent set of priorities for the school year. PPS also solidified its system theory of action: targeted universalism. If we braid Racial Equity and Social Justice strategies into our instructional core, work with our students, teachers, and content, and build our organizational culture and capacity to create a strong foundation to support every student, especially our Black and Native American students, then we will reImagine PPS to ensure every student realizes the vision of the Graduate Portrait. This theory of action is embedded in the Board-adopted goals and associated metrics for the district. (See Recommendation 26 below.)

The District’s Vision and evolving Strategic Plan were ratified in the fall of 2019 by the feedback we received during the robust community engagement process that guided PPS’s plan for the new Student Success Act funding, including increased staffing for CSI, TSI, and Title I schools; significant investments in counseling and social work resources to promote student well-being; and development of improved infrastructure for targeted academic interventions, especially for under-served students of color and students experiencing disabilities.

The global healthcare pandemic and the subsequent economic crisis, combined with the social uprising against racial injustice, forced a shift in priorities to meet the immediate needs of the community, slowing down the Strategic Planning implementation. In October of 2020, PPS resumed its strategic planning effort, taking the 2019-2020 high-level work plan that was developed pre-pandemic, and setting 3-year strategies, goals, and actions related to implementing our vision. In addition to picking up where we left off on the 5 identified system shifts, we are working with PPS staff (classroom teachers, principals, counselors, operations staff, etc.) and students to identify strategies and actions to further progress toward the graduate portrait and educator essentials within our vision framework. All of this work is aligned to the proposed 2020-2021 Superintendent’s Budget, and will be completed in April 2021, with drafted strategies as early as February 2021.

RECOMMENDATION 18

Responsible Party - Brenda Martinek

Maintain a consistent feedback loop with teachers, educational assistants, parents, and other stakeholders regarding student conduct issues, particularly as they affect Title I schools and other high-poverty schools. Address teacher concerns about lack of clarity in school policies and lack of consistent behavior standards.

Status: Partially Implemented

Explanation:

In order to provide a consistent feedback loop with teachers, staff, parents, and principals regarding behavior expectations and how we work with students who need support, we needed to first put in place a multi-tiered system of support, review and modify the Student Handbook, and review/change policies related to student discipline and Health and Substance Free Learning Environments. Additionally we needed to research, train on, and implement a successful data tracking tool. Lastly, we needed to provide social emotional learning (SEL) support in order to provide proactive ways to teach and support students through restorative means as opposed to disciplinary measures when behaviors occur. By building a system of support, we will reduce over-identification of students (especially students of color) for special education referrals, and disproportionate discipline based on race.

a) New MTSS Department added:

In September 2018, a new multi-tiered system of support (MTSS) department was established. MTSS is a systemic, continuous improvement framework in which evidence and data-based problem solving and decision making is practiced across all levels of the educational system for supporting students across academics, behavior, and social-emotional wellness. The District contracts with a company that specializes in helping districts with coaching and professional development through an MTSS roll out. They provide ongoing professional development for educators. Title I schools are the primary focus for year one of our four-year roll out. The roll out will reinforce the coaching and support provided through the MTSS system for building administrators, teachers, and paraeducators. MTSS teachers on special assignment (TOSAs), are deployed to sites for in-school guidance support and coaching. In the 2020-21 school year, we have moved SEL into the MTSS department for further alignment in braiding MTSS, SEL, Racial Equity and Social Justice (RESJ), and Restorative Justice (RJ) practices together as one system of support.

(See MTSS department website for more information: <https://www.pps.net/mtss>)

b) Data tracking tool and coaching:

The District attempted to purchase a data tracking tool to collect academic and behavioral data to monitor students' progress and support provided. The tool was chosen in collaboration with the Office of School Performance, the Office of Teaching and Learning, and the System Planning and Performance department. Unfortunately, the company was not able to meet our needs and therefore we did not in the end purchase this data tracking tool. Once COVID happened this was one area that we put on the back burner. We are now at a point to prioritize this need again. What a data collection tool will do is align progress monitoring for academics and behavior across all departments. Once a tool is chosen, Title I schools have been prioritized to receive coaching and professional development support in the first cohort of schools, as described in the paragraph above. The MTSS supports and coaching will assist in aligning supports for students at any tier (level of need) in academics, behavior, and social emotional support. It is designed as a four-year roll out of coaching and supports all schools in the district.

c) Supports for students with substance use disorder and mental health challenges:

Like other school districts, PPS has seen a dramatic increase in the need for mental health support in most of our schools and all of our high schools. Teachers, building administrators, and parents have asked for more mental health supports for their students. PPS has increased investments in qualified mental health providers (QMHPs) to help students return to school from a treatment setting with a transition and recovery plan aligned to their treatment plan. Additional investments in mental health contracts with our community providers are helping to serve students regardless of their ability to pay or insurance status. New partnerships with community agencies and private funders are helping to supplement the costs of curriculum and training for all staff in drug and alcohol use prevention, mental health awareness, and suicide prevention. Additionally, SIA funds have supported additional funding for culturally specific mental health partners. Due to COVID, we have had to provide teletherapy options and increased other virtual resources. We also provide face-to-face contact with social workers who now go out to students' homes (on the sidewalk) to connect and check on some of our most vulnerable students.

Additionally, we have added a new policy on “Healthy and Substance Free Learning Environments” that employs a trauma-informed, restorative justice approach to support students struggling with mental health and/or substance use, as opposed to discipline and exclusion.

To serve students struggling with substance use disorder and mental health issues, PPS launched a five-year implementation plan for the Recovery, Education and Action for Healthy Living (REAHL) continuum of care on 11/1/2018. The culmination of this five-year initiative will be to open a recovery high school for students re-entering the school system after substance use disorder and/or mental health treatment. With SIA funds, we were able to hire our first ever CADC specialist, which is someone who has credentials in drug and alcohol and mental health. For many of our students who struggle with both, this is a crucial service that can now be afforded to them, regardless of insurability.

(See REAHL PPS website: <https://www.pps.net/Page/13092>)

d) Supports for students with behavioral challenges:

Under the 2016-19 contractual agreement with the Portland Association of Teachers (PAT), the district has invested in staffing to support a “Rapid Response Team” concept to assist with urgent behavioral needs identified by teachers and administrators. This team provides immediate, short-term assistance with additional staff, coaching, classroom management guidance, and the development of behavior support plans (BSPs) for students. The team collaborates with the Area Assistant Superintendents, special education (when appropriate), MTSS, and student success departments to ensure all of the necessary wrap around supports are provided for the student and family. Communication with the teacher and building administration is crucial for the success of the student.

(Rapid Response Team website information: <https://www.pps.net/Page/10113>)

From 2017-2020, in order to respond to urgent situations while building the MTSS capacity, the PPS Office of Student Support Services (OSSS) met regularly with PAT leaders to solve behavior-related issues before they became untenable for staff. A Behavior Collaboration Team (BCT) composed of PPS and PAT staff focused on historically underserved students and families and addressed issues such as discipline support, classroom management support, and other behavior related items. The work of this team has now been folded into the MTSS system, including improved behavioral interventions and protocols districtwide and specialized teams to deal with acute situations.

e) Student Threat Assessment Team:

The district has now fully implemented the Student Threat Assessment Team (STAT) process, based on the nationally-recognized model developed by the Salem-Keizer School District. PPS has dedicated centralized staff to support each school site’s multidisciplinary team (referred to as a “level one team,”) to address low- to mid-level threats. Student threat is defined as any communication or action intended to inflict pain, injury, damage or other hostile action on someone, either physically or psychologically. In these incidences, the central office supports

school sites by helping to identify threats of harm, and, if needed, facilitating a “level two team,” which is a community staffed team (including the school counselor, school resource officer, principal, and teacher) that meets weekly to review and assist with potential threats and supports available for the classroom teacher and administration. With the addition of counselors and social workers from SIA funds, we are now able to support students earlier in their crisis or behavioral concerns.

f) Discipline referral form and process:

The district enhanced the discipline referral reporting format to include additional information, including the disposition, plan for a student’s return, and any additional details for consideration. A streamlined reporting process allows any staff member to fill out an online referral form in the District’s student information database, Synergy.

The student handbook has been disseminated out to schools in all supported languages and is available online. There will be additional revisions incorporating additional student feedback for the handbook in 2020-21 to be implemented in the 2021-2022 school year.

g) Review of Board policies and student rights and responsibilities handbook:

In an effort to align district policy and practice, the MTSS team solicited extensive stakeholder engagement to update the Student Conduct and Discipline Policy and accompanying Administrative Directives. This policy has been substantially revised to employ a trauma-informed and restorative justice approach.

RECOMMENDATION 19

Responsible Party - Shawn Bird

Prioritize development and stability of effective principals by providing incentives and additional support, particularly at high-poverty schools. Supports include reducing turnover of principal supervisors, stabilizing district leadership, improving collaboration between principals and central administrators, improving hiring practices, streamlining initiatives, increasing collaboration between central office departments, and evaluating initiative results.

Status: Implemented

Explanation:

The Office of School Performance (OSP), the Office of Teaching and Learning (OTL), and the Office of Student Support Services (OSSS) provide focused and differentiated supports for all schools, but especially for our most impacted schools, that have been identified as needing improvement. In order to provide additional support to these buildings, our three offices have created a support 'Lab' Team with senior leaders from each office, who regularly visit, problem-solve, and collaborate with Principals. This team has been focused on providing coherent support for our key initiatives (Guaranteed Viable Curriculum [GVC] and Multi-Tiered Systems of Support (MTSS) and aligning central office support staff to effectively coach for implementation of key initiatives. During the first half of the 2020-21 school year, we’ve paused Lab Teams given the virtual environment , but we look forward to continuing the support of these teams when we return to buildings. In the meantime, Area Senior Directors, the administrators responsible for the supervision of Principals,

meet regularly with all Principals and are pushing into virtual classrooms to provide additional coaching and support.

We also host a monthly Leadership meeting for all school and district administrators and all school administrators meet at least monthly with their cohorts for targeted professional learning. Administrator cohorts are defined by school clusters and grade bands. Each Area Senior Director supervises a group of schools and brings together administrators from those schools for professional learning and collaboration. One focus area for cohort meetings for the 2020-21 school year is on further developing our work with Professional Learning Communities (PLCs) and supporting administrators in completing the PLC Self-Assessment with their teams. These sessions are designed in collaboration between the Office of School Performance and Office of Student Support Services, more specifically the MTSS Department. The other focus area for cohort meetings is to provide all PPS school leaders with a supportive and productive learning opportunity in self-selected racial affinity or accountability settings aimed to meet the learning target, which is to collaborate to create a supportive and productive space for learning, sharing, and growing as we develop our skills in anti-racist leadership.

Targeted supports for schools designated for Improvement by the State include leadership development from the University of Virginia Partnership for Leadership in Education (UVA-PLÉ) to help principals of these schools to function as turnaround principals. We are in the process of bringing on additional instructional coaching and support for principals at CSI schools as well.

We had planned to continue this year with our 2nd cohort of targeted MTSS trainings with school leadership teams and select teachers, but we had to postpone until next year given our current distance learning environment. We look forward to resuming that critical work once we return to buildings.

RECOMMENDATION 20

Responsible Party - Sharon Reese

Work with union officials to address transfer and hiring issues that promote high turnover and lower teacher experience at high-poverty schools. Also address remaining contract issues raised in the recent investigation of teacher misconduct, including retention of educator records and reducing administrative obstacles to filing a complaint.

Status: Partially Implemented

PPS is committed to reducing teacher turnover and improving supports to enhance teachers' work experience. For the 2019-20 school year and again through Student Investment Account engagement for 2020-21, PPS sought the input of PAT in advance of teacher hiring and staffing with a particular emphasis on additional staffing, supports, and educator professional development at high-needs schools.

PPS completed bargaining with PAT on teacher misconduct and retention of educator records in June 2019, resolving issues raised in the independent investigation of misconduct commissioned by the School Board. The Professional Conduct Between Adults and Students Policy (5.10.064-P) was adopted by the School Board on October 15, 2019.

Enhanced centralized support and resources for investigating misconduct complaints have been implemented, including hiring a Title IX Director and staff, offering specialized training, and creating and designating a School Compliance Officer at each school. The School Compliance Officers are trained to receive reports of bullying, harassment, and discrimination, provide safety planning for impacted students, support investigations, and ensure mandatory reporting. In addition, a new tracking system for allegations of employee misconduct was implemented in July 2019.

One final remaining item which has been delayed due to the pandemic will be addressed during successor bargaining for the PAT collective bargaining agreement. The district is exploring a proposal to provide targeted staffing, professional development, and incentives to work at designated high-poverty schools for educators. Originally scheduled to begin in March 2020, successor bargaining for the PAT contract has been on hold while the parties address bargaining issues arising from comprehensive distance learning and pandemic conditions and restrictions.

RECOMMENDATION 21

Responsible Party - Shawn Bird

While working to improve instructional quality, address other obstacles that create inequities at high-poverty schools. Strategies include changes to attendance rules, boundary changes, and practices that could encourage retention of high-quality principals and teachers at high-poverty schools, such as additional pay, enhanced training, and additional classroom support.

Status: Implemented

Explanation:

- a) CSI, TSI, and Title schools are receiving additional professional development support for the 2020-21 school year focused on GVC, MTSS, and leadership development to support teachers and school leaders, through a partnership with the University of Virginia. We are implementing incentive pay for substitute teachers at 18 high-poverty schools, which will work to address challenges with unfilled sub jobs at these schools. For the 2019-20 school year, FTE was allocated for assistant principals at 20 schools that did not qualify by formula for an AP. Those 20 schools are all identified as CSI, TSI, and/or Title I. CSI, TSI, and Title schools received more professional development supports beginning in the 2019-20 school year focused on GVC, MTSS, and leadership development to support teachers and school leaders, and this work continues as highlighted above. Other updates continue to be implemented and supported centrally. For the 2021-22 school year, we are continuing to analyze the opportunity to provide additional staff and support for high-poverty schools and those needing improvement.

- b) Previously, the PPS Board allocated funds to address enrollment imbalances and facilities utilization that are contributing to inequitable access to educational opportunities. The new staffing formula that was implemented for 2018-19 guaranteed that every school has sufficient staff to provide all students with a core curriculum, regardless of the enrollment. For longer term solutions to persistent enrollment imbalances, the District contracted with an external consultant, FLO Analytics, to assess, review, and make recommendations for

potential future changes to support enrollment and program balancing for implementation in the fall of 2021 and the fall of 2022. (See Recommendation 3.)

- c) Compensation for teachers is directly tied to contract negotiations with PAT (Portland Association of Teachers), per Oregon law. Due to the COVID-19 pandemic, contract negotiations with PAT have been focused on comprehensive distance learning and re-entry. The district is exploring a proposal to provide incentives for educators to work at high-poverty schools.

RECOMMENDATION 22

Responsible Party - Sharon Reese

Ensure consistent performance evaluation depth and quality by training administrators to set high expectations and improve the depth of reviews. Periodically review evaluations for quality.

Status: Implemented

PPS central leadership has established high expectations for all teacher evaluators and created structures to support skill building in this area. Professional development is designed and implementation has begun to improve the depth and quality of all performance evaluations. These professional development opportunities are designed to increase the instructional capacity of all school site evaluators, thus accelerating and improving student achievement.

Prior to the pandemic, central teams provided feedback through instructional walks, frequent informal school and classroom visits, leadership mentoring, coaching, and customized support for principals and leadership teams across all school sites. A cross-functional OSP and HR team conducts a quality review and coaching process for evaluations.

While the beginning of the pandemic led to the delay of teacher evaluations, PPS and PAT worked together this fall to create a comprehensive distance learning evaluation tool in alignment with Oregon Department of Education guidance. Administrators received training on the new tool in October and evaluations are continuing.

RECOMMENDATION 23

Responsible Party - Shawn Bird

Regularly track teacher and principal turnover and the number of initiatives at schools and publicly report on it, with a particular focus on high-poverty schools.

Status: Implemented

Explanation:

The District's strategic plan was designed to focus on the most critical goals to improve student achievement. PPS reImagined includes a common vision for our Graduate Portrait, Educator Essentials, and System Shifts to drive our Theory of Action. Given the Comprehensive Distance Learning environment we are currently operating in, we are taking this opportunity to revisit our three-year strategic plan and continue to streamline our initiatives as much as possible to prevent initiative overload throughout the execution of our multi-year plan. This ongoing process of collaboration and engagement will lead to common vision development and greater clarity for District goals and priorities, strategies, and tactics.

As mentioned previously, we are hyper-focused on GVC, MTSS, and leadership development, which should help to alleviate the feeling of overload that principals and teachers may have experienced in the past. Clear expectations will result in the ability to focus on specific, measurable initiatives and practices that will best address the District's most important and emerging priorities.

The district has enhanced its tracking of teacher and principal turnover, with a particular emphasis on measuring our goals of racial diversity. This data is available publicly. In addition, the district is rolling out additional questions in its annual school climate survey, scheduled for January, to include administrator perspective and experience on working conditions.

RECOMMENDATION 24

Responsible Party - Emily Courtnage

Adopt policies and practices that ensure strong management of contract and grant performance, particularly for non-competitive contracts and initiatives directly serving students, including consolidating contract management responsibilities.

Status: Implemented

Explanation: To improve contract management practices across the District's schools and departments, the Purchasing & Contracting department took the following steps: (1) Developed a mandatory Scope of Work Template for Student, Instructional, and Family Engagement Services for contracts originating in central office and involving provision of direct, ongoing, intensive support services to students and families; template includes more detailed scope, goals, deliverables, and performance measures; began publicly posting the specialized scope of work for applicable contracts on the Board agenda; (2) Procured and implemented a new Contract Management System to track, house, and provide visibility into all contract documents, data, workflow, and spend; includes extensive reporting and search capabilities as well as automatic email reminders to contract managers; includes integration with PeopleSoft Financial Systems to allow visibility into contract spend; will be accessible to all staff who manage or work with contracts; (3) Expanded the annual mandatory contracts training to include additional guidance on drafting an appropriate scope of work, inclusion of contract deliverables and performance measures, contract oversight duties during the course of the contract term, and review and documentation of contract performance and outcomes; new course is effective July 1 each year and must be taken by the contract manager and department/school contact before Purchasing & Contracting will review and approve the contract.

RECOMMENDATION 25

Responsible Party - Dani Ledezma

Use the strategic planning process to evaluate the most effective and efficient use of contracts designed to increase student performance.

Status: Implemented

Explanation:

In recognition of the power and potential of partnerships with culturally specific organizations, PPS adopted a Racial Educational Equity Policy (2.10.010-P) in 2011 that included this goal:

The District shall welcome and empower students and families, including underrepresented families of color (including those whose first language may not be English) as essential partners in their student's education, school planning and District decision-making. The district shall create welcoming environments that reflect and support the racial and ethnic diversity of the student population and community. In addition, the District will include other partners who have demonstrated culturally-specific expertise -- including government agencies, non-profit organizations, businesses, and the community in general -- in meeting our educational outcomes.

In alignment with the Racial Educational Equity Policy (2.10.010-P), PPS has contracted with several culturally specific organizations to support student success for nearly a decade. These contracts with partners were centrally administered and executed at a variety of school sites across PPS.

Recognizing the promise and potential of these partnerships, PPS included a goal in the 2019 RESJ Framework and Plan in the Community Partnerships section:

Increase effectiveness and alignment of PPS investment in education partnership contracts.

The development of this goal and resulting work to achieve the goal was prompted by a belief in the potential of deepened relationships, strong partnerships and collective action to achieve greater impact in services for students of color. To understand the existing body of work and opportunities for greater impact, we embarked on a comprehensive contract review process.

RESJ Partnership Contract Review

In early 2019, the Superintendent charged the Senior Advisor on Racial Equity and Social Justice with conducting a contract review process of PPS's RESJ partnerships and contracts. The review process consisted of both programmatic and administrative considerations including, but not limited to, effectiveness of programming, relationship development and management, services and education alignment, efficient contract development processing and management, process transparency, data collection, reporting and evaluation. The following essential questions were identified and considered in the review:

- What impact are the current services and agreements making on measurable student outcomes to close identified opportunity gaps?
- How are the current services and agreements aligned with current priorities, strategies, and efforts at PPS?
- Can PPS improve its contracting systems and processes to increase impact and effectiveness of this body of work?
- Are PPS and its partners set up to collect, analyze and publish data that tells the story of the impact of this body of work?
- Is this set of services, agreements, partners, and contracting processes the highest leverage strategy to achieve identified outcomes?

A collaborative approach to the review process was used by identifying and engaging internal and external stakeholders to answer these essential questions and to gather feedback on service needs, opportunities, and challenges related to the District's RESJ partnerships. Principals, contractors, and educational funders were interviewed and an extensive literature review was

conducted to identify evidence-based best practices. The findings of the review process pointed to several areas of improvement that were accomplished in the redesign. These included the importance of aligned contracts and partnerships to articulated strategies, the importance of transparency in contracting and procurement, the direct correlation between strong school site relationships and partner success and the importance of collaborative performance management.

In September 2019, the fiscal and contractual management of these contracts was reassigned to the Senior Advisor for Racial Equity and Social Justice by Superintendent Guerrero. During this time, both convened quarterly meetings with existing partners to strengthen the relationships with partners and amongst partners. During these meetings, we identified common challenges and opportunities within the existing funding framework while also discussing possibilities for redesign and greater collaboration. Several senior staff members, including many in the Superintendent's Cabinet, attended these meetings and contributed to discussions about redesign and the opportunities for greater alignment and increased funding through the opportunity of the Student Success Act.

PPS RESJ Partnership Investment Strategy

Synthesizing information from the contract review process, contract management and the quarterly partnership meetings, we developed the PPS [RESJ Partnership Investment Strategy](#). The investment strategy outlines values, strategies, and operational guidelines to inform funding allocation for the District's RESJ partnerships. In addition, the strategy is informed by relevant research that affirms the RESJ partnership strategies as effective in improving educational and social outcomes for students of color. Relevant research (see Appendix A) also affirms the approach to partner with culturally specific and multiracial organizations to implement these strategies.

At Portland Public Schools, our Theory of Action clearly states that if we braid Racial Equity and Social Justice strategies into our instructional core, work with our students, teachers, and content, and build our organizational culture and capacity to create a strong foundation to support every student, then we will reImagine Portland Public Schools to ensure every student, especially our Black and Native American students who experience the greatest barriers, realize the Vision of the Graduate Portrait. Research supported a set of 5 RESJ strategies with age groups in which each would be most effective:

- Culturally Specific Family Engagement (Pre-K-5)
- Wrap Around Services (High School)
- Mentoring and Leadership Development (Middle School)
- Extended Learning and Enrichment (Middle School)
- Positive Cultural Identity Development and Advocacy (Middle School)

This strategy document was utilized to develop budget requests for the 2020-21 school year and to inform the district's emerging Strategic Plan.

Through an environmental scan and conversations with other funders, the PPS RESJ Partnership Investment Strategy points out that the Portland community, other jurisdictions and funders (i.e. Meyer Memorial Trust, Multnomah County, Oregon Community Foundation (OCF), and Portland Children's Levy) are engaged in measuring the impact of education funding and an analysis shows notable alignment in outcomes. Many of our partners leverage other funding sources to deliver services across PPS. Because of this alignment and leverage, we believe there is significant potential for shared reporting and tracking of the impact of the partnerships moving forward.

PPS RESJ Partnership RFP

In April 2020, the District issued a Request for Proposals (RFP) for RESJ Partnerships for the 2020-21 school year. Successful proposers are able to renew their contracts for up to three years. The RFP asked respondents to submit proposals for services aligned to the PPS RESJ Partnership Investment Strategy for each of the strategies they intended to submit a proposal.

Proposers were also asked to align their service(s) and preferred school sites to prioritized schools outlined in the PPS RESJ Partnership Investment Strategy. One desired outcome of the RFP was to fund services at prioritized school sites aligned with school improvement strategies. School sites were prioritized by state identified improvement schools and an analysis of three indicators of disparity:

1. Disparity between the racial/ethnic diversity of students compared to racial/ethnic diversity of teachers
2. Disparity between Black/African American student achievement in Math/English and the school population
3. Disparity between Black/African American student growth in Math/English and the school population

Schools within each state-identified designation (CSI, TSI, Title I) were ranked according to the indicators. Since the prioritization of school sites, along with strategy alignment to age group, was a change from prior service contracts and to avoid potential interruptions of services, proposers were allowed to propose schools outside of the prioritized schools as long as a rationale that aligned to RESJ goals was provided.

In collaboration with Dr. Russell Brown, Chief of Systems Performance, we developed a logic model required in the RFP for proposers to submit. The logic model described proposers' theory of action for student impact as a result of the resources and services provided by the proposer. The logic model provides examples of how the proposer intends to meet the scope of work, as well as how success will be measured.

Program goals and impact will align with the recommended measures and reporting for partners as described in the PPS RESJ Partnership Investment Strategy. The recommended measures and reporting for partners identified in the RFP attempt to maximize the potential for shared reporting and tracking of the impact of the District's RESJ Partnerships. A revised shared report template will be developed in collaboration with the Office of Systems Performance at the conclusion of the contract negotiation process that all contractors will use for reporting during the school year.

The Department of Purchasing & Contracting conducted the RFP process. A bidder's meeting was held (virtually) and proposers' questions were published per procurement process protocols. Proposers were given 5 weeks to respond. Proposals were scored by a large and diverse group of PPS staff across several departments that include: Office of Systems Performance, Office of Student Support Services, Office of Teaching and Learning (Early Learning, Title I/Funded Programs), Office of School Performance (including school Principals), Office of Strategic Partnerships and Community Engagement, and Legal.

As part of the comprehensive redesign of the RESJ partnerships, we developed a logic model required in the RFP for proposers to submit. This information has been integrated into the contract goals and activities for each strategy listed below. Initial contract negotiations took longer than

anticipated because we have had to develop scopes of work for both in person and virtual programming, and these negotiations have taken place while a significant amount of uncertainty is in place. However, we coordinated across departments to try to ensure that there is clarity of purpose and expectation at the school sites as well as in the central office.

As each contract was approved, we met with the contractors, all school principals, staff from the Office of School Performance and the Chief of Systems Performance to continue to gather information to be integrated into a shared report template for evaluation. We developed a shared report form, convened contractors in November and are working across our partners to develop a coordinated evaluation framework to measure and report success of all five strategies.

RECOMMENDATION 26

Julia Brim-Edwards/Board of Education

The PPS Board should ensure that district administrators prioritize key steps to improve the efficiency and effectiveness of district operations, including:

a. Building an effective common core curriculum based on state standards and ensuring adequate school support and accountability for performance.

Status: Please choose Implemented; Partially Implemented; or Not Implemented

Explanation: Please provide a brief overview of steps your agency has taken to address the recommendation and the reasons why you believe the status is implemented, partially implemented, or not implemented. Please use the space you need, but one or two paragraphs per sub-recommendation may be adequate.

(drop in relevant "letter" content from other word doc. entitled: SOS audit template for evidence)

RECOMMENDATION 26

Board of Educations

The PPS Board should ensure that district administrators prioritize key steps to improve the efficiency and effectiveness of district operations, including:

b. Developing a strategic plan that focuses on long-term investment and measurement of results. The plan should also address the district's organizational culture, including improving the district's feedback loops and trust between central administrators, principals and teachers.

Status: Please choose Implemented; Partially Implemented; or Not Implemented

Explanation: Please provide a brief overview of steps your agency has taken to address the recommendation and the reasons why you believe the status is implemented, partially implemented, or not implemented. Please use the space you need, but one or two paragraphs per sub-recommendation may be adequate.

(drop in relevant "letter" content from other word doc. entitled: SOS audit template for evidence)

RECOMMENDATION 26

Board of Educations

The PPS Board should ensure that district administrators prioritize key steps to improve the efficiency and effectiveness of district operations, including:

c. Addressing inequities at high-poverty schools, such as high turnover, low teacher experience, and initiative overload.

Status: Please choose Implemented; Partially Implemented; or Not Implemented

Explanation: Please provide a brief overview of steps your agency has taken to address the recommendation and the reasons why you believe the status is implemented, partially implemented, or not implemented. Please use the space you need, but one or two paragraphs per sub-recommendation may be adequate.

(drop in relevant "letter" content from other word doc. entitled: SOS audit template for evidence)

RECOMMENDATION 26

Board of Educations

The PPS Board should ensure that district administrators prioritize key steps to improve the efficiency and effectiveness of district operations, including:

d. Improving the transparency and impact of the district's budget, including objective peer comparisons, analysis of results, and analysis of potential savings areas.

Status: Please choose Implemented; Partially Implemented; or Not Implemented

Explanation: Please provide a brief overview of steps your agency has taken to address the recommendation and the reasons why you believe the status is implemented, partially implemented, or not implemented. Please use the space you need, but one or two paragraphs per sub-recommendation may be adequate.

(drop in relevant "letter" content from other word doc. entitled: SOS audit template for evidence)

RECOMMENDATION 26

Board of Educations

The PPS Board should ensure that district administrators prioritize key steps to improve the efficiency and effectiveness of district operations, including:

e. Tracking and addressing teacher and principal issues with student discipline practices and priorities.

Status: Please choose Implemented; Partially Implemented; or Not Implemented

Explanation: Please provide a brief overview of steps your agency has taken to address the recommendation and the reasons why you believe the status is implemented, partially implemented, or not implemented. Please use the space you need, but one or two paragraphs per sub-recommendation may be adequate.

(drop in relevant "letter" content from other word doc. entitled: SOS audit template for evidence)

RECOMMENDATION 26

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Status: Please choose Implemented; Partially Implemented; or Not Implemented

Explanation: Please provide a brief overview of steps your agency has taken to address the recommendation and the reasons why you believe the status is implemented, partially implemented, or not implemented. Please use the space you need, but one or two paragraphs per sub-recommendation may be adequate.

(drop in relevant "letter" content from other word doc. entitled: SOS audit template for evidence)

RECOMMENDATION 26

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The PPS Board should ensure that district administrators prioritize key steps to improve the efficiency and effectiveness of district operations, including:

- a. Building an effective common core curriculum based on state standards and ensuring adequate school support and accountability for performance.

Status: Please choose Implemented; Partially Implemented; or Not Implemented

Explanation:

Management evidence submitted to the Board:

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Identification, roll-out and implementation of Guaranteed and Viable Curriculum (GVC):

- *In 2017 PPS began the process of reimagining its core curriculum. Using the [Rigorous Curriculum Design](#) model, PPS set out to develop a Guaranteed and Viable Curriculum.*
- *The GVC was developed, and elements were piloted during the 2018-19 school year by central office and teacher teams. Professional development and support was provided to the teams in preparation for the curriculum initial implementation.*
 - [Professional Learning Support](#)
 - [GVC Overview](#)
- *The GVC was introduced during the 2019-2020 school year, with a 3-year implementation trajectory.*
 - [Expectations](#)
- [GVC FAQ](#)
- [GVC Presentations](#)

- [Principal Retreat, 2018](#)
- [Principals Institute, 2018](#)
- [Principal Institute, 2019](#)
- [Principals Institute, 2019](#)

+Communications and dates to principals, PAT and other stakeholder groups

- *During the course of its development, communication was ongoing to support adoption. In addition, a GV website was created to ensure transparency in our process, but also to provide ongoing support and guidance.*
 - [GVC Website](#)
 - [GVC Archived Presentations](#)
- *In addition to OTL driven communication efforts, members of the OTL team participated in sessions where the topic of the GVC was discussed. This includes the Visioning*

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sessions as well as the Strategic Planning sessions.

- *GVC was shared and discussed with the Portland Association of Teachers (PAT), the union representing PPS teachers, at the Instructional Practices Committee (IPC) on the following dates:*
 - *Sep. 23, 2019, Oct. 28, 2019, Dec. 2, 2019*
 - *meeting notes can be found [here](#).*
 - *Sep. 4, 2018, Oct. 1, 2018, Dec. 3, 2018, Feb. 25, 2019,*
 - *meeting notes can be found [here](#).*

+PD dates and courses related to GVC

- *Over the past 2 years, hundreds of GVC related courses have been developed, and reside in our Pepper (Content Management System) across all GVC content. Some are*

recordings from live sessions, while others were developed specifically for asynchronous trainings <https://www.pepperpd.com/pepreg/>

Date presented to the Board:

GVC presentation(s)

Literacy & Foundational Skills: [December 17, 2019](#)

Climate Justice: [January 21, 2020](#); [October 20, 2020](#)

Dyslexia: [October 20, 2020](#); [LETRS Reading Program](#)

Ethnic & Native American Studies: [November 17, 2020](#)

Materials and documentation of presented or transmitted to Board attached:

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Literacy: [Materials](#)

Climate Justice: [Materials](#)

=====

Climate Justice: [Material](#)

Literacy: [Materials](#)

Ethnic/Native Studies: [Materials](#)

=====

A comprehensive assessment system that measures student growth and progress over time
Evidence that there is accountability for performance
[Mid Year Progress Measures](#)

[Board Goals Document](#) (note: These have been suspended for 2020-21; and interim MAPS testing has been deferred this school year.)

[Board Goals Presentation](#)

[Mid-Year Progress Measures Memo](#)

Accountability for performance information: (Board discussion)

Target date to complete implementation activities (Generally expected within 6 months (August 2019): Updated scope sequences, unit plans for all core content areas by July 31, 2020. Updates and calibration on climate justice priorities for 2020-2021. New curricular materials for core content implemented 2021-2023 (part of bond package)

Name and phone number of specific point of contact for implementation: Luis Valentino, Chief Academic Officer 503-916-3702

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RECOMMENDATION 26

Board of Education

The PPS Board should ensure that district administrators prioritize key steps to improve the efficiency and effectiveness of district operations, including:

b. Developing a strategic plan that focuses on long-term investment and measurement of results.

The plan should also address the district's organizational culture, including improving the district's feedback loops and trust between central administrators, principals and teachers.

Status: Please choose Implemented; Partially Implemented; or Not Implemented

Explanation:

Management evidence submitted to the Board:

**Date presented to the Board:*

Strategic priorities framework May 26, 2020

Materials and documentation of presented or transmitted to Board attached:

Strategic Plan: *A strategic priorities framework was presented along with a budget aligned with the strategic priorities in May 2020. [Materials](#) The need to focus district resources on COVID response - both the immediate pivot to distance learning and the development of strategies to assess and address COVID's impact on student learning - has delayed the finalization of a strategic plan. The final strategic plan will be presented to the Board in February 2021.*

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Feedback loops and trust with Principals evidence: 2019, 2020;

A concerted effort has been underway in this Superintendent's administration to build and strengthen relationships and support structures between principals and central office staff. Monthly meetings are convened by Deputy Superintendent Dr. Kregg Cuellar and Chief of Schools Dr. Shawn Bird and members of the Portland Association of Principals and School Administrators (PAPSA), a coalition of peer-appointed school leaders representing elementary, middle and high schools, alternative programs, and special education classrooms and other central office leaders, including the Superintendent, Deputy Superintendent of Business Operations, Chief Human Resources Officer, Chief Academic Officer, Chief of Student Support Services and Executive Chief of Staff.

Additionally, the PAPSA President and Chief of Schools meet on a weekly basis in order to address any immediate issues that may be of concern among Principals. This has been critical

to address issues, particularly since the school district has been in Comprehensive Distance Learning.

The Chief of Schools has convened an advisory group with Principals from across the district so that they can provide feedback on district initiatives as well as co-construct professional development. This group meets on a monthly basis.

Feedback loops and trust with teachers and school staff evidence: *Monthly meetings with PAT leadership; XPanorama [School Climate Survey](#).

Target date to complete implementation activities (Generally expected within 6 months (August 2019): February 2021.

Survey data on feedback loops: Board discussion.

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Name and phone number of specific point of contact for implementation: Jonathan Garcia, Chief Engagement Officer 503-916-3270

RECOMMENDATION 26

Board of Educations

The PPS Board should ensure that district administrators prioritize key steps to improve the efficiency and effectiveness of district operations, including:

- c. Addressing inequities at high-poverty schools, such as high turnover, low teacher experience, and initiative overload.

Status: Please choose Implemented; Partially Implemented; or Not Implemented

Explanation:

Management evidence submitted to the Board:

Describe CSI/TSI/Title school targeted supports, investments, HR support
Because of the unique needs of our CSI schools, we have assigned an Area Senior Director to serve those schools exclusively thus allowing for more personalized and tailored service and support from the central office. In addition, these schools participate in a professional learning partnership through the University of Virginia-Partners for Leaders in Education (UVA-PLE). Through the work with UVA-PLE, school leaders and their Instructional Leadership Teams (ILT) engage in learning and development focused on school improvement.

CSI, TSI, and Title I schools also receive targeted staffing supports to meet the needs of their

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students. Targeted supports include smaller class size ratios, additional FTE for Assistant Principals, and additional FTE for instructional support staff and social emotional support staff.

**Date presented to the Board:*

May 26, 2020

December 3, 2019

Materials and documentation of presented or transmitted to Board attached:

ESSA/School Improvement: [Materials](#)

Principal turnover has been an issue in our high poverty schools and the district is taking steps to address this problem. The Office of School Performance, in collaboration with Human

Resources is in the process of reviewing the selection process for school leaders and we are evaluating our implicit bias awareness training as well as the activities candidates complete as part of the selection process to ensure that the selection process is providing candidates with a realistic picture of the position as well as offering candidates to demonstrate proficiency in skills necessary for success in a high poverty school.

In order to address the professional development needs of school administrators, the district has taken the following steps:

- Created a Principal Advisory Committee that meets with the Chief of Schools on a monthly basis to provide feedback on professional development opportunities and to co-construct the agenda for monthly Principal cohort meetings.
- In order to reduce variability in cohort meetings, a scope and sequence for cohort meetings is being developed. The planning document, which delineates the major

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topics and goals for principal cohort meetings can be found [here](#).

- Beginning in January 2021, Principals will have differentiated opportunities for learning by utilizing the professional learning community model. This model will allow administrators to self-select a topic of interest during part of their monthly cohort meeting and learn from colleagues across the district.

[Materials](#)

Target date to complete implementation activities (Generally expected within 6 months (August 2019)): CSI schools have been held harmless in staffing ratio changes to preserve smaller class sizes. For the 2020-21 school year, CSI schools will have class size reductions in K-2. CSI school leaders receive additional support through extended professional development time to focus on improving academic outcomes as well as a principal supervisor dedicated only to CSI schools so more attention is given to leadership development as well as school climate and culture.

Prioritize leadership support for CSI schools by differentiated professional development investment (participation in UVA turnaround work, real-time teacher and leadership coaching): 2020-21 school year.

Data related to high turnover, low teacher experience, and initiative overload (Board discussion.)

Name and phone number of specific point of contact for implementation: Shawn Bird, Ed.D., Chief of Schools 503-916-3161

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RECOMMENDATION 26

Board of Educations

The PPS Board should ensure that district administrators prioritize key steps to improve the efficiency and effectiveness of district operations, including:

- d. Improving the transparency and impact of the district's budget, including objective peer comparisons, analysis of results, and analysis of potential savings areas.

Status: Please choose Implemented; Partially Implemented; or Not Implemented

Explanation:

Management evidence submitted to the Board:

Date Materials and documentation of presented or transmitted to Board attached:

February 25, 2020 [SIA Application](#)
 [Budget Calendar](#)
May 6, 2020 [Memo to Board and CBRC](#)
 [Budget Book](#)
 [Individual School Reports](#)
May 26, 2020 [Budget Presentation](#)

Evidence of implementation of new budgeting software

In fall 2018, PPS issued an informal RFQ to procure budget software and support services. On November 14, 2018, Planning, Budgeting, Cloud Service budget software was implemented and was rolled out for the 2018-19 budget year and continues to serve as the district's primary budgeting software.

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Evidence of the quarterly reporting.

In 2018-19, the district began distributing written quarterly financial reports to the Board of Education. Links to reports:

2018-19 school year:

[1st Quarter Financial Report 112718](#)

[2nd Quarter Financial Report 012919](#)

[3rd Quarter Financial Report 050719](#)

4th Quarter - [Comprehensive Annual Financial Report accepted December 17, 2019](#)

2019-20 school year:

[1st Quarter Financial Report 102919](#)

[2nd Quarter Financial Report 123119](#)

[3rd Quarter Financial Report 052620](#)

4th Quarter - Comprehensive Annual Financial Report to be accepted December 15, 2020

2020-21 school year:

[1st Quarter Financial Report 111720](#)

In addition, the Audit Committee, Board, and District received annual audit report from external financial auditors:

[2017-18 Comprehensive Audited Financial Report](#)

[2018-19 Comprehensive **Annual** Financial Report](#)

2019-20 Comprehensive Annual Financial Report to be accepted December 15, 2020

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The board received an [Oregon Peer Benchmarking Report](#) on November 17, 2020.

The district has submitted data to the Council of Great City Schools Key Performance Indicators for [2017-18 published October 2019](#) and [2018-19 published October 2020](#) to benchmark both "regionally and nationally" and comparing with members of the Council of Great City Schools.

Evidence that the "strategic plan that will be drafted by Spring 2021 will include concrete steps to rebuild the district's data analysis and evaluation capacity, establish standardized processes for program evaluation and develop key performance indicators (KPIs) as well as programmatic process and outcome measures that can be used to guide budgetary decision making".

The district is in the process of developing the strategic plan with an anticipated completion in Spring of 2021. One of the primary areas of focus is the establishment of aligned metrics that will provide the framework for a performance management system with key performance indicators that will be communicated to the public as well as internal leading measures to help guide management decisions. The district has already begun to invest to support this by creating a research manager position as well as a data manager position within the Systems Planning and Performance Department. Additional foundational staff are anticipated to be added to support the data capacity of the system yet this winter. Early evidence of the impact of these investments include: (1) the establishment of a performance management framework for the [PPS RESJ investment strategies with our community based partners](#) , and the establishment of an internal dashboard to assist school leadership in the monitoring and support of student engagement in Comprehensive Distance Learning.

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Two internal performance auditors hired 3/11/19 and 9/9/19 and [OIPA established](#).

Target date to complete implementation activities (Generally expected within 6 months (August 2019): Ongoing continuous improvement process with enhancements in each fiscal year. 2020-21 will include financial planning for the next 3-4 years in response to recession and recovery. Board, CBRC and community engagement will be enhanced as the district continues to respond to the global pandemic event.

Name and phone number of specific point of contact for implementation: Claire Hertz, Deputy Superintendent of Business & Operations 503-916-3380

RECOMMENDATION 26

Board of Educations

The PPS Board should ensure that district administrators prioritize key steps to improve the efficiency and effectiveness of district operations, including:

e. Tracking and addressing teacher and principal issues with student discipline practices and priorities.

Status: Please choose Implemented; Partially Implemented; or Not Implemented

Explanation:

Management evidence presented to the Board.

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**Date presented to the Board:*

June 11, 2020

May 11, 2020

July 16, 2019

Materials and documentation of presented or transmitted to Board attached:

1. The Board's Policy Committee met 16 times (2019: 6/4; 6/27; 7/10; 8/5; 8/29; 10/14; 11/4; 11/25 2020: 1/13; 2/10; 3/9; 4/20; 5/11; 8/24; 9/14; 10/5) in which it discussed the content of the Student Conduct and Discipline Policy. The Board held a First Reading on the Policy on July 16, 2019: [Materials](#). Extensive community engagement occurred ([2019-2020 Staff, Student and Community Engagement](#)). The Portland Association of Teachers issued a demand to bargain on the District's practices related to Article 9 of the Collective Bargaining Agreement on

September 23, 2020, and PAT identified that those issues are closely related to the proposed policy changes. The policy is on hold pending those negotiations with PAT, which have been delayed because of COVID-19 and the required negotiations about current operations taking precedence. The latest draft of Student Conduct & Discipline Policy, which has been amended since the First Reading, is here: [Materials](#).

2. Evidence to demonstrate that the school district administration has prioritized key steps to track and address teacher and principal issues with student discipline practices. Evidence that the board received the staff report "on the implementation and impact of the new Behavior Collaboration Team no later than June 2019 (p. 30)

MTSS Presentation: [Materials](#)

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Target date to complete implementation activities (Generally expected within 6 months (August 2019): Work with the board in 2020-21 to finalize the revised Student Conduct & Discipline Policy.

Continue district wide MTSS implementation, all schools trained by end of 2021 – 2022

Data tracking addressing teacher and principal issues with student discipline practices and priorities: Board discussion.

Name and phone number of specific point of contact for implementation: Brenda Martinek, Chief of Student Support Services 503-916-3360 and PPS staff bargaining team.

RECOMMENDATION 26

Julia Brim-Edwards/Board of Education

The PPS Board should ensure that district administrators prioritize key steps to improve the efficiency and effectiveness of district operations, including: Improving control of purchasing card transactions, contract performance management, and the oversight of key contracts.

Status: Please choose Implemented; Partially Implemented; or Not Implemented

Explanation:

Management evidence presented to the Board.

***PCards:** 1. A revised policy governing appropriate use of district funds for meals, refreshments, and gifts was approved by the Board on April 7, 2020 after extensive vetting by the Board's*

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Policy Committee: [8.30.010-P District Funds for Purchase of Meals, Refreshments, and Gifts](#)

2. A new administrative directive [8.30.011-AD Use of Funds for Meals, Refreshments, and Student Incentives](#) was signed by the Superintendent in April 2020.

3. The COVID-19 pandemic and related school closures occurred nearly simultaneously with final adoption of the revised meals and gift policy and AD. A spending freeze was also put in place through 6/30/20. As a result, it is difficult to measure the direct effect of the revised policy, but [PCard spend](#) as a whole dropped to \$4.3 million between April 1 and September 30, 2020 (as opposed to \$10.3 million during the same time period of 2019), and only approximately \$38,000 has been spent on food (via PCard) since April 1, 2020.

4. The District reimplemented the budget holder [approval process](#) requiring budget holders to review and sign off on all PCard transactions, revised the [PCard infraction table](#) with clearer guidelines on retraining requirements and remedies for failures to reconcile or improper transactions, implemented a District-wide [Amazon Business](#) account, issued a new [PCard](#)

[Manual](#) and [Quick Reference Guide](#) with updated guidance on permitted and prohibited transactions, and updated all of its mandatory online [PCard Trainings](#).

5. The Board Audit Committee and Board approved a PCard audit by the Office of the Internal Performance Auditor, which began in Fall 2020 and is currently underway.

Contracting:

1. Before each Board contracts agenda, the Purchasing & Contracting Director emails all Board members introducing and linking to the full copies of the [contracts on the agenda](#), highlighting personal services contracts. This practice has been in place since September 2018.

2. Given that the SoS audit identified contracts under \$150,000 Board approval threshold as ones that the Board should provide more oversight, the Board Audit Committee every two weeks received all district contracts under the current \$150,000 approval threshold, including dollar amount and procurement method. This practice continued from early 2019 through

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early 2020, allowing the Audit Committee to see the full scope of the District's personal services contracts over the course of a year and provide greater oversight for student support contracts.

3. Purchasing & Contracting developed a [specialized, detailed Scope of Work template](#) for contracts involving the provision of direct, ongoing, intensive instructional and support services to students and families. In October 2020 the District began [publicly posting](#) the specialized Scope of Work for each student, instructional, or family engagement contract on the Board agenda.

4. The Board approved revised [Public Contracting Rules](#) in May 2019 after extensive vetting by Audit and Policy Committees.

5. The Purchasing & Contracting department expanded its annual mandatory contracts training to include additional guidance on drafting an appropriate scope of work, inclusion of contract deliverables and performance measures, contract oversight duties during the course of the contract term, and review and documentation of contract performance and outcomes. The new

course is effective July 1 each year and must be taken by the contract manager and department/school contact before Purchasing & Contracting will review and approve the contract. See Announcement and Updates, [here](#) and [here](#), and July 7, 2020 Admin Connection notice [here](#).

6. The Board Audit Committee recommended and the Board approved an internal contracts audit beginning in 2019 and resulting in a final [Internal Audit Report \(with Management Response\)](#) on June 25, 2020. Staff presented an [Implementation Plan](#) to the Audit Committee on October 14, 2020.

7. In 2019, fiscal and contractual management of the Racial Equity and Social Justice (RESJ) contracts was assigned to the Senior Advisor for Racial Equity and Social Justice. An [RESJ Partnership Investment Strategy](#), including five RESJ Partnership Strategies, was developed. In April 2020, the District issued a Request for Proposals (RFP) for RESJ Partnerships for the 2020-21 school year, with ability to renew for up to three years. (Previously, the partnership

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contracts were procured by direct negotiation.) The RFP asked respondents to submit proposals for services aligned to the PPS RESJ Partnership Investment Strategy. The Board reviewed and approved the [new RESJ contracts](#) with the awarded proposers in Fall 2020 (see 8/25, 9/8, 9/22, and 10/6 agendas). These contracts were presented to the Board in some cases without previous year's quarterly or annual reports and without finalized performance goals. The quarterly and annual reports, which were submitted, have subsequently been made available to Board members.

Continued oversight of the implementation plan of the OIPA Contracts audit is part of the 2020-21 Audit Committee plan.

Contracts for student support had required and received annual board review and approval; in the 2020-21 contracts the annual review and approval in multi-year contracts has been eliminated. Board discussion.

Name and phone number of specific point of contact for implementation: Emily Courtnage, Director of Purchasing & Contracting 503-916-3421.

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During the 2021 legislative session, Portland Public Schools will center the district vision and accompanying system shifts in all of its advocacy work. Additionally, PPS will work vigorously with our education coalition partners to ensure that education is prioritized in the coming legislative session.

The policies and priorities outlined in the categories below provide examples of policy which may be discussed during the 2021 Legislative Session. They are not intended to be a comprehensive or exclusionary list of bills or budgets PPS may engage in. Rather, these categories, guided by the five educational system shifts, are meant to serve as a filter through which PPS will approach legislation brought forward in the 2021 Legislative Session.

The PPS 2021 Legislative Agenda is aligned with the five educational system shifts as outlined in the PPS strategic plan for the 2020-21 school year:

- A Connected and Transformative School District
- Racial Equity Aligned Systems, Structures, and Culture
- Cultivating System-Wide Learning and a Diverse Workforce
- Transformative Curriculum and Pedagogy
- A Culture of Physical and Emotional Safety

Funding

System shift connection: all

- PPS will advocate for a \$9.5 billion investment for the State School Fund (SSF), an increase of 5.5% over the last biennium.
- PPS will advocate for revision of the method used to determine the Current Service Level (CSL) formula to more accurately reflect districts' actual costs.
- PPS will advocate to build on the progress the legislature made when they passed the Student Success Act by continuing to center racial equity in school funding decisions.
- PPS will support full funding for the fund for High School Success (Measure 98)
- PPS will advocate to reimburse school districts for all expenses incurred in response to COVID-19, such as PPE, sanitation supplies, hot spots and technology devices.
- PPS supports and will continue to advocate for direct state investment in the Oregon School Capital Improvement Matching (OSCIM) program and Seismic Retrofit Grant Program (SRGP).

Racial Equity in Education

PPS supports and will advocate for legislation and funding to promote improved academic outcomes for every student, especially our Black and Native students and students receiving special education services.

System shift connection: Racial Equity Aligned Systems, Structures and Culture

- PPS will support and advocate to change statutory language to add ability to investigate hate speech incidents as bias crimes.
- PPS will support and advocate for the [Reimagine Oregon education policy agenda](#).
- PPS will advocate for programs that support “grow your own” educator recruitment programs, licensure flexibility and increasing educator diversity.
- PPS will advocate for increased funding for specialized educational support through Regional Programs for students with hearing impairments, vision impairments, autism spectrum disorders, orthopedic impairments, deaf-blindness, and traumatic brain injury.
- PPS will advocate to eliminate the cap on special education services which will result in more robust funding for these services.
- PPS will advocate for increased funding for ODE’s Long Term Care and Treatment program, which supports students receiving services while in day and residential treatment through PPS’s DART program.

Warm, welcoming, safe learning environments

System shift connection: A Culture of Physical and Emotional Safety

- PPS will advocate for continued refinements to sexual misconduct statutes, including advocating for alignment with Title IV requirements to streamline investigations and prioritize student safety.
- PPS will advocate for resources and policies which support the mental health needs of all students, including investments in counseling, social workers, and a community schools approach to directly addressing student needs.
- PPS will advocate for revisions to ODOT’s I-5 Rose Quarter Improvement Project plans to protect student safety, including improved air quality, and respond to the Albina community’s restorative vision.
- PPS will support and advocate for policy proposals that address the climate crisis and promote climate justice, especially when directly relevant to school districts.

School Reopening/Comprehensive Distance Learning

System shift connection: A Connected and Transformative School District

- PPS supports and will advocate for legislative measures that help get students back into the classroom as soon as it is safe to do so.
- PPS supports and will advocate for COVID-19 limited liability protections for school districts.
- PPS supports and will advocate for increased broadband access to ensure that all students have the tools needed to participate in comprehensive distance learning.
- PPS supports measures that alleviate the child care burden on low-income families.

Curriculum Development

System shift connection: Transformative Curriculum and Pedagogy

- PPS will support efforts which seek to enhance civics education, develop antiracist curriculum, and update outdated curriculum.

Operational improvements

System shift connection: A Connected and Transformative School District

- PPS will advocate to eliminate the Custodial Civil Service Board (CCSB), an antiquated statute that singles out PPS and creates barriers to streamlined hiring in our maintenance ranks.

RESOLUTION No. 6220

2021 Portland Public Schools Legislative Agenda

RECITALS

- A. In January, the Oregon Legislature will convene the 2021 Regular Legislative Session during which hundreds of bills affecting education will be introduced and debated.
- B. Additionally, the Legislature will approve a budget for the 2021-2023 biennium that will contain the State School Fund, the primary funding source for K-12 education in Oregon and for Portland Public Schools.
- C. The Portland Public Schools Board recognizes that legislative advocacy is essential for the District and for our ability to affect education public policy in Oregon.
- D. The Portland Public Schools Legislative Agenda is aligned with the five educational system shifts as outlined in the PPS strategic plan for the 2020-21 school year.
- E. Portland Public Schools' first and foremost priority for the 2021 Regular Legislative Session is for the legislature to provide robust funding for advancing student achievement in every school district in Oregon.
- F. The district is also calling on the legislature to pass measures that help get students back into the classroom as soon as it is safe to do so.
- G. Portland Public Schools will advocate to build on the progress the legislature made when they passed the Student Success Act by continuing to support centering racial equity in school funding decisions.
- H. Portland Public Schools will advocate for increased investments in programs that support the social and emotional well-being of our students and their families.
- I. The district will also strongly support measures that enhance the ability of PPS to advance student achievement, close the opportunity gap for historically underserved students and enhance racial equity in the district and statewide.
- J. The legislative agenda was developed through consultation with district staff, board members, and other state-wide associations and partners.

RESOLUTION

- 1. The Board adopts the 2021 Legislative Agenda as the formal position of the Board of Education for the 2021 Regular Legislative Session focusing on priority areas of student achievement and safety, education funding, expanded learning opportunities and workforce diversity and development.



During the 2021 legislative session, Portland Public Schools will center the district vision and accompanying system shifts in all of its advocacy work. Additionally, PPS will work vigorously with our education coalition partners to ensure that education is prioritized in the coming legislative session.

The policies and priorities outlined in the categories below provide examples of policy which may be discussed during the 2021 Legislative Session. They are not intended to be a comprehensive or exclusionary list of bills or budgets PPS may engage in. Rather, these categories, guided by the five educational system shifts, are meant to serve as a filter through which PPS will approach legislation brought forward in the 2021 Legislative Session.

The PPS 2021 Legislative Agenda is aligned with the five educational system shifts as outlined in the PPS strategic plan for the 2020-21 school year:

- A Connected and Transformative School District
- Racial Equity Aligned Systems, Structures, and Culture
- Cultivating System-Wide Learning and a Diverse Workforce
- Transformative Curriculum and Pedagogy
- A Culture of Physical and Emotional Safety

Funding

System shift connection: all

- PPS will advocate for a \$9.5 billion investment for the State School Fund (SSF), an increase of 5.5% over the last biennium.
- PPS will advocate for revision of the method used to determine the Current Service Level (CSL) formula to more accurately reflect districts' actual costs.
- PPS will advocate to build on the progress the legislature made when they passed the Student Success Act by continuing to center racial equity in school funding decisions.
- PPS will support full funding for the fund for High School Success (Measure 98)
- PPS will advocate to reimburse school districts for all expenses incurred in response to COVID-19, such as PPE, sanitation supplies, hot spots and technology devices.
- PPS supports and will continue to advocate for direct state investment in the Oregon School Capital Improvement Matching (OSCIM) program and Seismic Retrofit Grant Program (SRGP).

Racial Equity in Education

PPS supports and will advocate for legislation and funding to promote improved academic outcomes for every student, especially our Black and Native students and students receiving special education services.

System shift connection: Racial Equity Aligned Systems, Structures and Culture

- PPS will support and advocate to change statutory language to add ability to investigate hate speech incidents as bias crimes.
- PPS will support and advocate for the [Reimagine Oregon education policy agenda](#).
- PPS will advocate for programs that support “grow your own” educator recruitment programs, licensure flexibility and increasing educator diversity.
- PPS will advocate for increased funding for specialized educational support through Regional Programs for students with hearing impairments, vision impairments, autism spectrum disorders, orthopedic impairments, deaf-blindness, and traumatic brain injury.
- PPS will advocate to eliminate the cap on special education services which will result in more robust funding for these services.
- PPS will advocate for increased funding for ODE’s Long Term Care and Treatment program, which supports students receiving services while in day and residential treatment through PPS’s DART program.

Warm, welcoming, safe learning environments

System shift connection: A Culture of Physical and Emotional Safety

- PPS will advocate for continued refinements to sexual misconduct statutes, including advocating for alignment with Title IV requirements to streamline investigations and prioritize student safety.
- PPS will advocate for resources and policies which support the mental health needs of all students, including investments in counseling, social workers, and a community schools approach to directly addressing student needs.
- PPS will advocate for revisions to ODOT’s I-5 Rose Quarter Improvement Project plans to protect student safety, including improved air quality, and respond to the Albina community’s restorative vision.
- PPS will support and advocate for policy proposals that address the climate crisis and promote climate justice, especially when directly relevant to school districts.

School Reopening/Comprehensive Distance Learning

System shift connection: A Connected and Transformative School District

- PPS supports and will advocate for legislative measures that help get students back into the classroom as soon as it is safe to do so.
- PPS supports and will advocate for COVID-19 limited liability protections for school districts.
- PPS supports and will advocate for increased broadband access to ensure that all students have the tools needed to participate in comprehensive distance learning.
- PPS supports measures that alleviate the child care burden on low-income families.

Operational improvements

System shift connection: A Connected and Transformative School District

- PPS will advocate to eliminate the Custodial Civil Service Board (CCSB), an antiquated statute that singles out PPS and creates barriers to streamlined hiring in our maintenance ranks.



Resolution to adopt the OSBA 2021-2022 Legislative Priorities and Principles as recommended by the Legislative Policy Committee

WHEREAS, the OSBA Legislative Policy Committee is charged under the OSBA Bylaws with developing the association's recommended Legislative Priorities and Principles, and

WHEREAS, the OSBA Legislative Policy Committee met in January, May and June to develop the Proposed OSBA Legislative Priorities and Principles for 2021-22, and

WHEREAS, the OSBA Legislative Policy Committee sent the Proposed OSBA Legislative Priorities and Principles for 2021-22 out to the membership of OSBA for comment and suggested changes, and

WHEREAS, the overwhelming majority of the comments received by the membership were in support of the Proposed OSBA Legislative Priorities and Principles for 2021-22 developed by the OSBA Legislative Policy Committee, and

WHEREAS, the OSBA Legislative Policy Committee met via Zoom video conference call in August to review the feedback received by the membership, and

WHEREAS, the OSBA Legislative Policy Committee discussed the feedback from the membership and made no modifications to the Proposed OSBA Legislative Priorities and Principles for 2021-22, and

WHEREAS, the OSBA Legislative Policy Committee approved the Proposed OSBA Legislative Priorities and Principles for 2021-22 at its August meeting and urged the OSBA Board of Directors to approve the Proposed OSBA Legislative Priorities and Principles for 2021-22 and place them before the membership for approval.

THEREFORE, BE IT RESOLVED by the OSBA Board of Directors that the Proposed OSBA Legislative Priorities and Principles for 2021-22 be placed before the membership for consideration during the 2020 OSBA election season, and

BE IT FURTHER RESOLVED that the Proposed OSBA Legislative Priorities and Principles for 2021-22 and a copy of this resolution be forwarded to all member boards of the Association in accordance with the OSBA Board of Directors adopted elections calendar.



2021-2022 Legislative Priorities and Principles

Proposed: August 25, 2020

Preamble

The Oregon School Boards Association (OSBA) remains fiercely committed to advocating on behalf of equity for Oregon’s students. Equity is the driving force behind the Student Success Act (HB 3427), and OSBA will remain dedicated to advancing legislation that makes significant impacts for equity across the education spectrum, including investments targeting increased academic achievement for students and legislation to reduce academic disparities for historically underserved students.

OSBA is committed to social justice and assuring Oregon’s education system is free of institutional bias through such means as culturally relevant teaching and professional development that promotes cultural competence, and discipline that is free of bias.

OSBA believes funding a strong public education system is the best investment Oregonians can make to strengthen our economy, create thriving communities, and improve the quality of life for every Oregonian.

To accomplish these goals, OSBA will introduce and support legislation to:

Priorities

Promote Adequate, Predictable, and Stable Funding

The State School Fund rises and falls every two years because Oregon's revenue-raising and funding systems have substantial variance. Stable and adequate funding is crucial to providing a quality education to all students across the education continuum. To ensure stable and adequate funding, OSBA will actively promote legislation that accurately calculates current service level funding for school districts.

Protect the 2019 Student Success Act

The Student Success Act provides local school districts and education service districts unprecedented opportunities to target new funding toward educational programs. OSBA will actively promote legislation to protect the funding allocated for the Student Success Act in order to deliver equitable outcomes for all K-12 students.

Close the Opportunity Gap

In every community a disparity in academic achievement exists between student groups. OSBA will support legislation aimed at closing achievement and opportunity gaps that exist across Oregon's public schools.

Contain Cost Drivers

The costs associated with health care and retirement benefits are eating into funding available for instructional opportunities for students. OSBA will promote legislation that provides relief for districts related to benefit costs controlled by the State.

Support Local Governance and Oppose Mandates

Locally elected officials, local education professionals, and the local community are in the best position to respond to the needs of all students. New mandates must have necessary funding and be researched-based with results indicating increased achievement for all students.

Support Capital Improvements

Students need schools that are safe, comfortable, and appropriate for a modern and/or digital learning environment. OSBA will actively promote the allocation of state-level resources to help pay for construction and capital improvement. OSBA will promote legislation aimed at diversifying the funding methods available to school districts.

Ensure Access to Post-Secondary Credits

All students should have access to post-secondary credit opportunities. OSBA will advocate for a seamless transfer of credits throughout Oregon's higher education system.

Address Education Workforce Shortages

OSBA will promote efforts both state and at the local level to preserve and improve initiatives that combat the workforce shortage. OSBA will advocate for programs that will help districts recruit and retain a diverse and well-prepared workforce.

Principles

Finance

OSBA supports the allocation of state resources to ensure school districts and education service districts have the necessary resources to equitably and fully support all students' instructional, behavioral, and programmatic needs. OSBA supports appropriate financial tax policy to make Oregon schools competitive, nationally, and globally, including the preservation of other funding options for local district consideration.

Student Programs

OSBA supports high-quality programs that equitably serve all students in obtaining a comprehensive and well-rounded education. OSBA supports new and continued partnerships with education stakeholders to increase educational and career opportunities for students.

Student Safety and Wellness

OSBA supports safe and secure school environments, the physical health and overall well-being of all students, and services that promote social, emotional, and behavioral health.

Personnel

OSBA supports attracting and retaining effective employees to create a healthy, diverse, culturally responsible, safe, and sustainable workforce. OSBA supports local management, local contract negotiations, and continued conversations regarding professional development, licensure, and career advancement for personnel.

Governance and Operations

OSBA believes locally elected school district, ESD, and community college boards are best equipped to make decisions in the best interest of students and communities. OSBA supports cross-system collaboration, alignment, and accountability among education stakeholders and partners.

Federal Education Issues

OSBA will advocate for the federal government to prioritize, streamline, and fully fund programs that support students.

The Oregon School Boards Association is dedicated to improving student success and education equity through advocacy, leadership, and service to Oregon public school boards.



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