

COMPETITIVE SALE—The Bonds will be sold pursuant to competitive sales held at 8:00 a.m., 8:30 a.m., and 9:00 a.m. (Pacific Time) on Tuesday, February 10, 2026, as further described in the Notice of Sale attached hereto.

PRELIMINARY OFFICIAL STATEMENT DATED JANUARY 30, 2026

\$660,000,000⁽¹⁾

**School District No. 1J, Multnomah County, Oregon
(Portland Public Schools)
Multnomah, Washington, and Clackamas Counties, Oregon
General Obligation Bonds, Series 2026**

DATED: February 24, 2026 (estimated “Date of Delivery”)

DUE: June 15, as shown on the inside cover

PURPOSE— The \$660,000,000⁽¹⁾ General Obligation Bonds, Series 2026 (the “Bonds”) are being issued by School District No. 1J, Multnomah County, Oregon (Portland Public Schools) (the “District”), located in Multnomah, Washington, and Clackamas Counties, Oregon. The Bonds are being issued to finance capital costs for the District. See “Purpose and Use of Proceeds” herein.

MOODY’S AND S&P GLOBAL RATINGS—“Aa3”/“AA-” underlying; “Aa1” and “AA+” enhanced. See “Oregon School Bond Guaranty Program” and “Ratings” herein.

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

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

PRINCIPAL AND INTEREST PAYMENTS—Interest on the Bonds will be paid on December 15, 2026 and semiannually thereafter on June 15 and December 15 of each year to the maturity or earlier redemption of the Bonds. Principal of and interest on the Bonds will be payable by the District’s Paying Agent, initially U.S. Bank Trust Company, National Association, to DTC which, in turn, will remit such principal and interest to the DTC participants for subsequent disbursement to the beneficial owners of the Bonds at the address appearing upon the registration books on the last business day of the month preceding a payment date (the “Record Date”).

MATURITY SCHEDULE—See inside front cover.

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

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

Payment of the principal of and interest on the Bonds when due is guaranteed by the full faith and credit of the

State of Oregon

under the provisions of the Oregon School Bond Guaranty Act. See “Oregon School Bond Guaranty Program” within.

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

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

⁽¹⁾ Preliminary, subject to change.

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

This is a Preliminary Official Statement, subject to correction and change. The District has authorized the distribution of the Preliminary Official Statement substantially in this form. Upon the sale of the Bonds, the District will complete and deliver a final Official Statement substantially in this form.

School District No. 1J, Multnomah County, Oregon (Portland Public Schools) Multnomah, Washington, and Clackamas Counties, Oregon General Obligation Bonds, Series 2026

DATED: Date of Delivery

DUE: June 15, as shown below

MATURITY SCHEDULE —

Due June 15	Amount ⁽¹⁾	Interest Rate	Yield	CUSIP® 625517	Due June 15	Amount ⁽¹⁾	Interest Rate	Yield	CUSIP® 625517
2027	\$ 41,565,000				2042	\$ 10,225,000			
2028	54,480,000				2043	11,690,000			
					2044	13,140,000			
2030	11,125,000				2045	15,345,000			
2031	12,810,000				2046	33,245,000			
2032	14,610,000				2047	38,195,000			
2033	16,540,000				2048	41,490,000			
					2049	44,985,000			
2035	1,190,000				2050	25,215,000			
2036	1,995,000				2051	27,400,000			
2037	2,870,000				2052	29,715,000			
2038	22,940,000				2053	32,170,000			
2039	25,475,000				2054	34,770,000			
2040	28,180,000				2055	37,570,000			
2041	31,065,000								

(1) Preliminary, subject to change.

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

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

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

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

This Preliminary Official Statement has been “deemed final” by the District, pursuant to Rule 15c2-12 promulgated by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as amended, except for information which is permitted to be excluded from this Official Statement under said Rule 15c2-12.

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

501 N. Dixon Street
Portland, Oregon 97227
(503) 916-2000

Board of Education

Edward (Eddie) Wang	Chair
Michelle DePass	Vice-Chair
Rashelle Chase-Miller	Director
Stephanie Engelsman	Director
Virginia La Forte	Director
Christy Splitt	Director
Patte Sullivan	Director

School Administrative Staff

Dr. Kimberlee Armstrong	Superintendent
Deborah Kafoury	Chief of Staff
Michelle Morrison	Chief Financial Officer
Dr. Jon Franco	Senior Chief of Operations

Bond Counsel

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

Municipal Advisor

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

Paying Agent

U.S. Bank Trust Company, National Association
Portland, Oregon
(503) 464-4199

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Official Notice of Sale

\$660,000,000⁽¹⁾

**School District No. 1J, Multnomah County, Oregon (Portland Public Schools)
Multnomah, Washington, and Clackamas Counties, Oregon
General Obligation Bonds, Series 2026**

\$154,315,000⁽¹⁾ General Obligation Bonds, Series 2026 (Bidding Group 1)	\$ 232,370,000⁽¹⁾ General Obligation Bonds, Series 2026 (Bidding Group 2)	\$ 273,315,000⁽¹⁾ General Obligation Bonds, Series 2026 (Bidding Group 3)
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NOTICE IS HEREBY GIVEN that separate bids will be received electronically (as described in further detail below) on behalf of the School District No. 1J, Multnomah County, Oregon (Portland Public Schools) (the “District”), located in Multnomah, Washington, and Clackamas Counties, Oregon for (i) the purchase through a single bid of the \$154,315,000⁽¹⁾ General Obligation Bonds, Series 2026 (Bidding Group 1) maturing on June 15, 2027 through and including June 15, 2036 (the “Bidding Group 1 Bonds”), (ii) the purchase through a single bid of the \$232,370,000⁽¹⁾ General Obligation Bonds, Series 2026 (Bidding Group 2) maturing on June 15, 2037 through and including June 15, 2047 and (iii) the purchase through a single bid of the \$273,315,000⁽¹⁾ General Obligation Bonds, Series 2026 (Bidding Group 3) maturing on June 15, 2048 through and including June 15, 2055 (the “Bidding Group 3 Bonds,” and collectively with the Bidding Group 1 Bonds and Bidding Group 2 Bonds, the “Bonds”) on:

Bid Date: **Tuesday, February 10, 2026**
Electronic Bids: **PARITY Bidding System (“Parity”)**

Bidding Group 1 Bid Time: **Bidding Group 2 Bid Time:** **Bidding Group 3 Bid Time:**
8:00 a.m., Prevailing Pacific Time 8:30 a.m., Prevailing Pacific Time 9:00 a.m., Prevailing Pacific Time

Bidders may submit electronic bids for any or all Bidding Groups, but each as a separate electronic bid. **THE SALE AND DELIVERY OF THE BIDDING GROUP 1 BONDS, BIDDING GROUP 2 BONDS AND THE BIDDING GROUP 3 BONDS IS CONTINGENT UPON THE SALE AND DELIVERY OF THE OTHER BIDDING GROUP OF BONDS. ALL BIDS WILL BE AWARDED AFTER RECEIPT OF THE BID FOR THE BIDDING GROUP 3 BONDS.**

Security

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

THE BONDS DO NOT CONSTITUTE A DEBT OR INDEBTEDNESS OF MULTNOMAH COUNTY, WASHINGTON COUNTY, CLACKAMAS COUNTY, THE STATE OF OREGON, OR ANY POLITICAL SUBDIVISION THEREOF OTHER THAN THE DISTRICT.

(1) Preliminary, subject to change.

Credit Enhancement

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

Ratings

The District has received a rating on the Bonds of “Aa3” from Moody’s Investors Service and “AA-” from S&P Global Ratings , and will pay the cost thereof. See “Rating” in the Preliminary Official Statement. The State Guaranty is rated “Aa1” by Moody’s Investors Service and “AA+” by S&P Global Ratings.

Interest Payments and Maturity

Interest on the Bonds is payable semiannually on June 15 and December 15 of each year until maturity, commencing December 15, 2026. The Bonds will be dated with their date of delivery, will be issued in the aggregate principal amount of \$660,000,000⁽¹⁾, and will mature on June 15 of the following dates in the following amounts, subject to adjustment as provided below:

\$154,315,000 ⁽¹⁾ Bidding Group 1 Bonds			\$232,370,000 ⁽¹⁾ Bidding Group 2 Bonds			\$273,315,000 ⁽¹⁾ Bidding Group 3 Bonds		
Due		Amount ⁽¹⁾	Due		Amount ⁽¹⁾	Due		Amount ⁽¹⁾
June 15			June 15			June 15		
2027		\$ 41,565,000	2037		\$ 2,870,000	2048		\$ 41,490,000
2028		54,480,000	2038		22,940,000	2049		44,985,000
			2039		25,475,000	2050		25,215,000
2030		11,125,000	2040		28,180,000	2051		27,400,000
2031		12,810,000	2041		31,065,000	2052		29,715,000
2032		14,610,000	2042		10,225,000	2053		32,170,000
2033		16,540,000	2043		11,690,000	2054		34,770,000
			2044		13,140,000	2055		37,570,000
2035		1,190,000	2045		15,345,000			
2036		1,995,000	2046		33,245,000			
			2047		38,195,000			

(1) Preliminary, subject to change.

Adjustment of Par Amount and Maturities

The Bidding Group 1 Bonds, Bidding Group 2 Bonds and Bidding Group 3 Bonds will be awarded based on the maturity schedules above. However, the District reserves the right to increase or decrease the total principal amount of each of the Bidding Group 1 Bonds, Bidding Group 2 Bonds and Bidding Group 3 Bonds by an amount not to exceed ten percent (10%) of the total following the opening of the bids. Within the limitations of the last sentence, the District also reserves the right to increase or decrease the par amount of any maturity by the greater of fifteen percent (15%) of the par amount of that maturity in order to properly size the issue and adjust debt service. Notice of any adjustment will be given to the winning bidder after bid opening. The underwriter’s spread for the Bidding Group 1 Bonds, Bidding Group 2 Bonds and Bidding Group 3 Bonds will each be preserved at the same percentage as bid.

Optional Redemption

The Bidding Group 1 Bonds are not subject to optional redemption prior to maturity. The Bidding Group 2 Bonds and Bidding Group 3 Bonds are subject to redemption at the option of the District prior to their stated maturity dates at any time on or after June 15, 2036, as a 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. See “Description of the Bonds-Redemption Provisions” in the Preliminary Official Statement for a summary of such terms.

Term Bonds

Bidders may designate two or more consecutive maturities of the Bidding Group 1 Bonds, Bidding Group 2 Bonds and Bidding Group 3 Bonds, with identical interest rates, as Term Bonds. Each Term Bond will mature on the final maturity date of its consecutive maturities, in an aggregate principal amount equal to the sum of the principal amounts of its consecutive maturities. Term Bonds will be subject to mandatory redemption at par and in accordance with operational procedures then in effect for The Depository Trust Company ("DTC"), New York, New York, in the amounts and on the dates which would have been consecutive maturities. See "Description of the Bonds – Redemption Provisions" in the Preliminary Official Statement for a summary of such terms. If no Term Bonds are designated in the winning bid, the Bidding Group 1 Bonds, Bidding Group 2 Bonds and Bidding Group 3 Bonds will mature serially as provided in this Official Notice of Sale (the "Notice").

Book-Entry Only

The Bonds will be issued in registered, book-entry only form through DTC. Bonds will be available in denominations of \$5,000, or integral multiples. Unless the book-entry-only system is discontinued, Bond principal and interest payments will be made by the District to DTC through the District's Paying Agent. DTC will be responsible for making payments to beneficial owners of Bonds.

Authorization and Purpose

Article XI, Section 11 of the Oregon Constitution ("Article XI, Section 11"), requires majority voter approval for new or additional *ad valorem* property taxes for all May and November elections. The ballot measures for the Bonds were approved by a majority of the District's voters at the November 3, 2020 and May 20, 2025 elections. See "Authorization for Issuance" in the Preliminary Official Statement.

Under and in accordance with State laws and provisions, specifically ORS Chapter 287A and ORS Section 328.205, the Bonds are being issued pursuant to the authorizing votes described in the paragraph above, Resolution No. 7223 (the "Resolution") adopted by the District's Board of Education (the "Board") on December 2, 2025 and a Bond Declaration dated as of the Date of Delivery, to finance capital projects.

Bidding Constraints

Bidding Group 1 Bonds. All bids will be subject to the terms and conditions of this Notice. All bids for the Bidding Group 1 Bonds must comply with the following conditions: (1) the interest rate must be a multiple of 1/8 or 1/20th of one percent; (2) the Bidding Group 1 Bonds must bear interest from their date to their stated maturity date at the interest rate specified in the bid; (3) all Bidding Group 1 Bonds maturing on the same date must bear the same rate of interest; (4) bids must be for an amount of not less than one hundred percent (100.00%) and not more than one hundred and twenty percent (120.00%) of the principal amount of the Bidding Group 1 Bonds; and (5) no bid will be considered that does not offer to purchase all of the Bidding Group 1 Bonds; and (6) each individual maturity of the Bidding Group 1 Bonds must be reoffered at a yield that will produce a price of not less than one hundred percent (100.00%) of the principal amount for that maturity.

Bidding Group 2 Bonds. All bids will be subject to the terms and conditions of this Notice. All bids for the Bidding Group 2 Bonds must comply with the following conditions: (1) the interest rate must be a multiple of 1/8 or 1/20th of one percent; (2) the Bidding Group 2 Bonds must bear interest from their date to their stated maturity date at the interest rate specified in the bid; (3) all Bidding Group 2 Bonds maturing on the same date must bear the same rate of interest; (4) bids must be for an amount of not less than one hundred percent (100.00%) and not more than one hundred and twenty percent (120.00%) of the principal amount of the Bidding Group 2 Bonds; and (5) no bid will be considered that does not offer to purchase all of the, Bidding Group 2 Bonds; and (6) each individual maturity of the Bidding Group 2 Bonds must be reoffered at a yield that will produce a price of not less than one hundred percent (100.00%) of the principal amount for that maturity.

Bidding Group 3 Bonds. All bids will be subject to the terms and conditions of this Notice. All bids for the Bidding Group 3 Bonds must comply with the following conditions: (1) the interest rate must be a multiple of 1/8 or 1/20th of one percent; (2) the Bidding Group 3 Bonds must bear interest from their date to their stated maturity date at the interest rate specified in the bid; (3) all Bidding Group 3 Bonds maturing on the same date must bear the same rate of interest; (4) bids must be for an amount of not less than one hundred percent (100.00%) and not more than one hundred and twenty percent (120.00%) of the principal amount of the Bidding Group 3 Bonds; and (5) no bid will be considered that does not offer to purchase all of the, Bidding Group 3 Bonds; and (6) each

individual maturity of the Bidding Group 3 Bonds must be reoffered at a yield that will produce a price of not less than one hundred percent (100.00%) of the principal amount for that maturity.

Bids

Bids must be submitted via *PARITY*. Bids must be received by the *PARITY* system not later than the date and time indicated in the first paragraph of this Notice. To the extent any instructions or directions set forth in *PARITY* conflict with this Notice, the terms of this Notice shall control. Bidders electing to submit bids through *PARITY* must obtain access to the *PARITY* system and bear all risks associated with using that system, including errors and delays in receipt of bids.

For further information about submitting a bid using *PARITY*, potential bidders may contact *PARITY* at Telephone: (212) 849-5021.

Selection of Best Bid and Award of Sale

Unless all bids are rejected, the Bidding Group 1 Bonds, Bidding Group 2 Bonds, and Bidding Group 3 Bonds will each be sold to the responsible bidder submitting the bid which results in the lowest true interest cost based on the submitted bid to the District. True interest cost will be determined by doubling the semiannual interest rate necessary to discount the debt service on the respective Bidding Group 1 Bonds, Bidding Group 2 Bonds and Bidding Group 3 Bonds to February 24, 2026 (the estimated closing date of the Bonds), and the price bid for the Bidding Group 1 Bonds, Bidding Group 2 Bonds and Bidding Group 3 Bonds. Each bidder is requested to supply the total interest cost and the true interest cost that the District will pay on the respective Bidding Group 1 Bonds, Bidding Group 2 Bonds and Bidding Group 3 Bonds if the bid is accepted.

Good Faith Deposit

The winning bidder will be required to provide a good faith deposit (each a "Deposit") in immediately available funds wired to the District not later than 2:00 p.m. (Prevailing Pacific Time) on February 10, 2026. The Deposit for the Bidding Group 1 Bonds is \$1,545,000, Bidding Group 2 Bonds is \$2,325,000 and the Deposit for the Bidding Group 3 Bonds is \$2,735,000. The District or the District's Municipal Advisor will provide the wire information immediately upon the award of bids. If each Deposit is not provided in the manner and by the time indicated in this Notice, the District may award the sale to the next most favorable bidder or may cancel either or both sales.

The Deposits will be held by the District to secure the District from any loss resulting from the failure of the bidder to comply with the terms of its bid, and will be forfeited to the District as liquidated damages if the bidder to whom the Bidding Group 1 Bonds, Bidding Group 2 Bonds and Bidding Group 3 Bonds are awarded withdraws its bid or fails to complete its purchase of the respective Bidding Group 1 Bonds, Bidding Group 2 Bonds and Bidding Group 3 Bonds in accordance with this Notice and its bid.

Interest earnings on each Deposit will be the property of the District, and will not be credited against the purchase price of the Bidding Group 1 Bonds, Bidding Group 2 Bonds and Bidding Group 3 Bonds. Each winning bidder shall pay the balance of the purchase price of the Bidding Group 1 Bonds, Bidding Group 2 Bonds and Bidding Group 3 Bonds at closing, in funds immediately available to the District on the date and at the time of closing.

Right of Rejection

The District reserves the right to reject any or all bids for any reason, and to waive any irregularities.

Right to Cancel, Change Timing and Terms of Sale

The District reserves the right to change the date, timing or terms under which the Bonds are offered for sale, or to cancel the sale based on market conditions, as communicated through TM3, the Bond Buyer Wire, or the Bloomberg News Network.

Establishment of Issue Price

By submitting a bid, each bidder is certifying that it is an underwriter of municipal bonds who has an established industry reputation for underwriting new issuances of municipal bonds, and that its bid is a firm offer to

purchase the Bidding Group 1 Bonds, Bidding Group 2 Bonds or Bidding Group 3 Bonds and is not a “courtesy bid” being submitted for the purpose of assisting in meeting the competitive sale requirements relating to the establishment of the “issue price” of the Bidding Group 1 Bonds, Bidding Group 2 Bonds or Bidding Group 3 Bonds pursuant to Section 148 of the Internal Revenue Code of 1986, as amended (the “Code”), including the requirement that bids be received from at least three (3) underwriters of municipal bonds who have established industry reputations for underwriting new issuances of municipal bonds (the “Competitive Sale Requirements”). Prior to the formal award of the sale, and promptly after bids for the each of Bidding Group 1 Bonds, Bidding Group 2 Bonds and Bidding Group 3 Bonds are due, the winning bidder shall provide the Municipal Advisor with the reoffering prices and yields (the “Initial Reoffering Prices”). The Municipal Advisor will advise the winning bidder at that time if the Competitive Sale Requirements were met. Bids are not subject to cancellation in the event that the competitive sale requirements are not satisfied.

Hold-the-Offering-Price. If the Municipal Advisor has informed the winning bidder that the Competitive Sale Requirements are not met, the winning bidder:

- (a) will offer the Bidding Group 1 Bonds, Bidding Group 2 Bonds or Bidding Group 3 Bonds to the public at the Initial Reoffering Prices and provide Bond Counsel with reasonable supporting documentation prior to the delivery of the Bidding Group 1 Bonds, Bidding Group 2 Bonds or Bidding Group 3 Bonds, such as a copy of the pricing wire or equivalent communication, the form of which is acceptable to Bond Counsel,
- (b) will neither offer nor sell to any person any Bidding Group 1 Bonds, Bidding Group 2 Bonds or Bidding Group 3 Bonds within any maturity for which less than ten percent (10%) of such maturity has been sold to the public at the Initial Reoffering Prices as of the date of award (the “Unsold Bonds”) at a price that is higher, or a yield that is lower, than the Initial Reoffering Price of such maturity until the earlier of (i) the date on which the winning bidder has sold to the public at least 10 percent of the Bidding Group 1 Bonds, Bidding Group 2 Bonds or Bidding Group 3 Bonds of such maturity at a price that is no higher, or a yield that is no lower, than the Initial Reoffering Price of such maturity or (ii) the close of business on the 5th business day after the date of the award of the Bonds, and
- (c) has or will include within any agreement among underwriters, any selling group agreement and each retail distribution agreement or any similar document (to which the winning bidder is a party) relating to the initial sale of the Bidding Group 1 Bonds, Bidding Group 2 Bonds or Bidding Group 3 Bonds to the public, together with the related pricing wires, language obligating each underwriter to comply with the limitations on the sale of the Bidding Group 1 Bonds, Bidding Group 2 Bonds or Bidding Group 3 Bonds as set forth in (a) and (b) above.

For purposes of this Notice, a “maturity” refers to Bidding Group 1 Bonds, Bidding Group 2 Bonds or Bidding Group 3 Bonds that have the same interest rate, credit and payment terms.

For purposes of this Notice, the “public” does not include (i) the winning bidder or any person that agrees pursuant to a written contract with the winning bidder to participate in the initial sale of the Bidding Group 1 Bonds, Bidding Group 2 Bonds or Bidding Group 3 Bonds to the public (such as a retail distribution agreement between a national lead underwriter and a regional firm under which the regional firm participates in the initial sale of the Bidding Group 1 Bonds, Bidding Group 2 Bonds or Bidding Group 3 Bonds to the public), or (ii) any entity that is a “related party” to an entity identified in (i).

Two entities are “related parties” if the entities are subject, directly or indirectly, to more than 50 percent common ownership of (i) the voting power or the total value of their stock, if both entities are corporations (including direct ownership by one corporation of another), (ii) their capital interests or profit interests, if both entities are partnerships (including direct ownership by one partnership of another), or (iii) the value of the outstanding stock of the corporation or the capital interests or profit interests of the partnership, as applicable, if one entity is

a corporation and the other entity is a partnership (including direct ownership of the applicable stock or interests by one entity of the other).

Regardless of whether or not the Competitive Sale Requirements were met, each winning bidder shall submit to the District a certificate (the "Issue Price Certificate"), satisfactory to Bond Counsel and such winning bidder, prior to the delivery of the Bonds substantially in the form attached hereto as Appendix A to the Notice.

The District acknowledges that, in making any representations as set forth above regarding the Hold-the-Offering-Price rule, the winning bidder will rely on (i) the agreement of each underwriter to comply with the Hold-the-Offering-Price rule, as set forth in an agreement among underwriters and the related pricing wires, (ii) in the event a selling group has been created in connection with the initial sale of the Bonds to the public, the agreement of each dealer who is a member of the selling group to comply with the Hold-the-Offering-Price rule, as set forth in a selling group agreement and the related pricing wires, and (iii) in the event that an underwriter is a party to a retail distribution agreement that was employed in connection with the initial sale of the Bidding Group 1 Bonds, Bidding Group 2 Bonds or Bidding Group 3 Bonds to the public, the agreement of each broker-dealer that is a party to such agreement to comply with the Hold-the-Offering-Price rule, as set forth in the retail distribution agreement and the related pricing wires. The District further acknowledges that each underwriter shall be solely liable for its failure to comply with its agreement regarding the Hold-the-Offering-Price rule and that no underwriter shall be liable for the failure of any other underwriter, or of any dealer who is a member of a selling group, or of any broker-dealer that is a party to a retail distribution agreement to comply with its corresponding agreement regarding the Hold-the-Offering-Price rule as applicable to the Bidding Group 1 Bonds, Bidding Group 2 Bonds or Bidding Group 3 Bonds.

Legal Opinion

The approving opinion of Hawkins Delafield & Wood LLP, Bond Counsel, of Portland, Oregon, substantially in the form attached to the Preliminary Official Statement as Appendix A, will be delivered to the District at closing. A reliance letter will be provided at no cost to the winning bidder.

Tax-Exempt Status

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

Not Bank Qualified

The District has not designated the Bonds as "qualified tax-exempt obligation" under Section 265(b)(3) of the Code.

Delivery

It is expected that delivery of the Bonds will be made to the Paying Agent under DTC's Fast Automated Securities Transfer (FAST) program, without cost to the bidder. Delivery of the Bonds will be made on or about February 24, 2026.

CUSIP

The Municipal Advisor will apply for CUSIP numbers prior to the sale date. The charge of the CUSIP Service Bureau will be paid by the District.

CUSIP identification numbers will appear on the Bonds, but neither the failure to insert such numbers on the Bonds nor any error with respect thereto shall constitute cause for a failure or refusal by the winning bidder of the respective Bidding Group 1 Bonds, Bidding Group 2 Bonds and Bidding Group 3 Bonds thereof to accept delivery of and pay for the Bidding Group 1 Bonds, Bidding Group 2 Bonds and Bidding Group 3 Bonds in accordance with the terms of this Notice.

Continuing Disclosure

The District will undertake to provide continuing disclosure for the benefit of the Bond Owners in compliance with Section 240.15c2-12 in Chapter II of Title 17 of the Code of Federal Regulations. The form of the undertaking is attached as Appendix D to the Preliminary Official Statement.

Compliance with SEC Rules

The District agrees to provide the winning bidder with one copy of the Final Official Statement in Adobe Portable Document Format (PDF), not later than the seventh business day following the date on which bids are due, to enable the winning bidder to satisfy its responsibilities under the SEC rules, at the expense of the District. The District will also provide paper copies of the Final Official Statement at the request and expense of the bidder. Bidders should expect that the Final Official Statements will not be available prior to the seventh business day following the date on which bids are due, and should not issue confirmations which request payment prior to that date. This provision will constitute a contract with the winning bidder upon acceptance of its bid by the District, in compliance with Section 240.15c2-12(b)(3) in Chapter II of Title 17 of the Code of Federal Regulations.

Bidder's Option Insurance

Bids for the Bidding Group 1 Bonds, Bidding Group 2 Bonds and Bidding Group 3 Bonds may not be conditioned upon obtaining insurance or any other credit enhancement, aside from OSBG. The District does not intend to qualify the Bidding Group 1 Bonds, Bidding Group 2 Bonds and Bidding Group 3 Bonds for municipal bond insurance. If the successful bidder wishes to obtain municipal bond insurance for any of the Bonds, the District will cooperate with the bidder and the insurer to allow the insurance to be issued, but only if doing so does not increase the District's risks or expense. All costs related to municipal bond insurance for the Bidding Group 1 Bonds, Bidding Group 2 Bonds or Bidding Group 3 Bonds must be paid by the successful bidder, and no difficulty with, or failure to obtain, any municipal bond insurance will excuse the successful bidder from its obligation to purchase the Bidding Group 1 Bonds, Bidding Group 2 Bonds or Bidding Group 3 Bonds pursuant to its bid.

Closing Certificates

At the time of closing, the District will furnish the winning bidder a certificate regarding the material accuracy of the Official Statement, as described in "Certificate with Respect to the Official Statement" in the Preliminary Official Statement.

Municipal Advisor

Requests for additional information about this sale should also be directed to Lauren MacMillan, Piper Sandler & Co. (the "Municipal Advisor") at (503) 275-8302.

Preliminary Official Statement and Additional Information

The Preliminary Official Statement for the Bonds (with this Notice) is available in electronic form from i-Deal Prospectus. For information on electronic delivery, please call the i-Deal Prospectus at (212) 849-5024 or contact the Municipal Advisor.

- End of Official Notice of Sale -

FORM OF ISSUE PRICE CERTIFICATE FOR THE BONDS

\$_____,_____,_____

**School District No. 1J, Multnomah County, Oregon (Portland Public Schools)
Multnomah, Washington, and Clackamas Counties, Oregon
General Obligation Bonds, Series 2026**

_____, as the [lead] underwriter and winning bidder (the "Winning Bidder") in connection with the competitive sale by School District No. 1J, Multnomah County, Oregon, (Portland Public Schools) (the "District") of the _____ maturities of its \$_____ aggregate principal amount General Obligation Bonds, Series 2026 (the "Bonds") pursuant to the Notice of Sale published on [PUBLICATION DATE], hereby certifies as follows:

[the following (1)-(4) to be used if competitive sale requirements are met]

1. The Winning Bidder reasonably expected to reoffer the Bonds on [SALE DATE] to the Public at the prices or yields set forth in the District's final Official Statement relating to the Bonds (the "Official Statement").
2. ATTACHMENT I is a true and correct copy of the bid provided by the Winning Bidder to purchase the Bonds.
3. The Winning Bidder was not given the opportunity to review other bids prior to submitting its bid.
4. The bid submitted by the Winning Bidder constituted a firm offer to purchase the Bonds.

[the following (1)-(4) to be used if competitive sale requirements are not met]

1. As of [SALE DATE] (the "Sale Date"), all of the Bonds have been the subject of an offering to the Public at the prices or yields set forth in the District's Official Statement relating to the Bonds (the "Official Statement").
2. Attached hereto as ATTACHMENT I is a copy of the pricing wire for the Bonds or an equivalent communication showing that each Maturity of the Bonds was offered to the Public on the Sale Date at the price or yield set forth in the Official Statement (the "Initial Offering Price").
3. As of the Sale Date, except for the [PLEASE IDENTIFY UN/UNDERSOLD MATURITIES] (the "Unsold Maturities"), the first price or yield at which at least 10 percent of each Maturity of the Bonds was sold by the Underwriters to the Public was the price or yield set forth in the Official Statement (the "Initial Offering Price").
4. Following the Sale Date, with respect to each Unsold Maturity, the Underwriters, as defined below, in compliance with the applicable provisions of the Notice of Sale, have each agreed in writing not to, and have not, offered or sold the Bonds comprising any such Unsold Maturity to the Public at a price that is higher or yield that is lower than the Initial Offering Price during the period starting on the Sale Date and ending on the earlier of the following: (a) the close of the fifth business day after the Sale Date, or (b) the date on which at least 10 percent of the bonds of the Unsold Maturity has been sold to the Public.
5. For purposes of this certificate, the following definitions will apply:

"Public" means any person (including an individual, trust, estate, partnership, association, company or corporation) other than an Underwriter or a Related Party, as defined below, to an Underwriter.

“Underwriter” means (i) the Winning Bidder, (ii) any person that agrees pursuant to a written contract with the Winning Bidder to form an underwriting syndicate to participate in the initial sale of the Bonds to the Public, and (iii) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (i) or (ii) of this paragraph to participate in the initial sale of the Bonds to the Public (including a member of a selling group or a party to a retail distribution agreement participating in the initial sale of the Bonds to the Public).

“Related Party” means any entity if an Underwriter and such entity are subject, directly or indirectly, to more than 50 percent common ownership of (i) the voting power or the total value of their stock, if both entities are corporations (including direct ownership by one corporation of another), (ii) their capital interests or profit interests, if both entities are partnerships (including direct ownership by one partnership of another), or (iii) the value of the outstanding stock of the corporation or the capital interests or profit interests of the partnership, as applicable, if one entity is a corporation and the other entity is a partnership (including direct ownership of the applicable stock or interests by one entity of the other).

We understand that the representations contained herein may be relied upon by the District in making certain of the representations contained in the Tax Certificate, and we further understand that Hawkins Delafield & Wood LLP, as bond counsel to the District, may rely upon this certificate, among other things, in providing an opinion with respect to the exclusion from gross income of interest on the Bonds pursuant to Section 103 of the Internal Revenue Code of 1986, as amended (the “Code”). The undersigned is certifying only as to facts in existence on the date hereof. Nothing herein represents the undersigned’s interpretation of any laws; in particular the regulations under the Code, or the application of any laws to these facts. The certifications contained herein are not necessarily based on personal knowledge, but may instead be based on either inquiry deemed adequate by the undersigned or institutional knowledge (or both) regarding the matters set forth herein. Although certain information furnished in this Certificate has been derived from other purchasers who may be considered Related Parties to the Winning Bidder and cannot be independently verified by us, we have no reason to believe it to be untrue in any material respect.

Dated as of the ____ day of _____, 2026.

[Name of Winning Bidder]

By: _____
Authorized Officer

Name: _____

Title: _____

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

\$660,000,000⁽¹⁾
General Obligation Bonds, Series 2026

School District No. 1J, Multnomah County, Oregon (Portland Public Schools) (the “District”), located in Multnomah, Washington, and Clackamas Counties, Oregon, a school district duly organized and existing under and by virtue of the laws of the State of Oregon (the “State”) furnishes this Official Statement in connection with the offering of \$660,000,000⁽¹⁾ aggregate principal amount of General Obligation Bonds, Series 2026 (the “Bonds”), dated the Date of Delivery. This Official Statement, which includes the cover page, inside cover page, Notice of Sale, and appendices, provides information concerning the District and the Bonds.

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

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

Description of the Bonds

Authorization for Issuance

Measure. Article XI, Section 11 of the Oregon Constitution (“Article XI, Section 11”), requires majority voter approval for new or additional *ad valorem* property taxes for all May and November elections.

2020 Authorization. A portion of the Bonds will be used to finance capital costs described in the general obligation bond measure that was approved by a majority of District voters at the November 3, 2020, election (the “2020 Authorization”). Final election results were as follows:

Official Voter Tally

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

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

(1) Preliminary, subject to change.

The 2020 Authorization approved the issuance of \$1.208 billion aggregate principal amount of general obligation bonds in one or more series and with each series to mature within 30 years of issuance. The District previously issued \$365,465,000 of the authorized amount in December 2020; \$420,000,000 of the authorized amount in April 2023; and \$79,480,000 of the authorized amount in May 2025. The District expects to use \$90 million of the 2020 Authorization for this bond issuance. The District plans to issue the balance of \$253,055,000⁽¹⁾ over the course of the next five years.

2025 Authorization. A portion of the Bonds will be used to finance capital costs described in the general obligation bond measure that was approved by a majority of District voters at the May 20, 2025, election (the “2025 Authorization”). Final election results were as follows:

Official Voter Tally

	Number of Votes	Percentage of Total Votes
Yes	68,382	59.50%
No	46,546	40.50%

Source: Multnomah, Clackamas and Washington County Elections Division, June 12, 2025.

The 2025 Authorization approved the issuance of \$1.83 billion aggregate principal amount of general obligation bonds in one or more series and with each series to mature within 30 years of issuance. This issue is for \$570,000,000⁽¹⁾ of the 2025 Authorization. The District plans to issue the balance of \$1,260,000,000⁽¹⁾ over the course of the next five years.

Statutes and Board Action. Under and in accordance with State laws and provisions, specifically Oregon Revised Statutes (“ORS”) Chapters 287A and Section 328.205, the Bonds are being issued pursuant to Resolution No. 7223 (the “Resolution”) adopted by the District’s Board of Education (the “Board”) on December 2, 2025, and a Bond Declaration dated as of the Date of Delivery.

Principal Amount, Date, Interest Rates and Maturities

The Bonds will be issued in the aggregate principal amount posted on the cover of this Official Statement and will be dated and bear interest from the Date of Delivery. The Bonds will mature on the dates and in the principal amounts set forth on the inside cover of this Official Statement. Interest on the Bonds is payable semiannually on June 15 and December 15 of each year, commencing December 15, 2026, until the maturity or earlier redemption of the Bonds and will be computed on the basis of a 360-day year comprised of twelve 30-day months.

Paying Agent and Registration Features

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

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

Procedure in the Event of Revisions of Book-Entry Transfer System. If the District discontinues maintaining the Bonds in book-entry only form, the District shall cause the Paying Agent to authenticate and deliver replacement Bonds in fully registered form in authorized denominations in the names of the beneficial owners or their

(1) Preliminary, subject to change.

nominees; thereafter the provisions set forth in the Declaration, regarding registration, transfer and exchange of Bonds shall apply.

Redemption Provisions

Optional Redemption. The Bonds maturing in years 2027 through 2036, inclusive, are not subject to optional redemption prior to maturity. The District reserves the right to redeem all or any portion of the Bonds maturing on or after June 15, 2037 at the option of the District on June 15, 2036 and on any date thereafter in whole or in part, in any order of maturity with maturities selected by the District, at a price of par, plus accrued interest to the date of redemption. [A Term Bond subject to optional redemption and redeemed in part will have the principal amount redeemed within the respective mandatory redemption dates selected by the District.]

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

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

[TO BE PROVIDED IN FINAL OFFICIAL STATEMENT]

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

Notice of Redemption (No Book-Entry). During any period in which the Bonds are not in book-entry only form, unless waived by any Owner of the Bonds to be redeemed, official notice of any redemption of Bonds shall be given by the Paying Agent on behalf of the District by mailing a copy of an official redemption notice in a form generally accepted in the municipal markets by first class mail, postage prepaid, at least 30 days and not more than 60 days prior to the date fixed for redemption, to the Owners of the Bonds to be redeemed at the address shown on the Bond Register or at such other address as is furnished in writing by such Owner to the Paying Agent. Unless waived by the Paying Agent, the District shall give written notice of the intended redemption of the Bond to the Paying Agent not later than five business days before the date notice of redemption of the Bonds is required to be made. The District reserves the right to rescind any redemption notice.

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

Defeasance

Bonds shall be deemed defeased if the District: (1) irrevocably deposits money or noncallable Government Obligations in escrow with an independent trustee or escrow agent, which are calculated to be sufficient without reinvestment for the payment of Bonds which are to be defeased; (2) files with the escrow agent or trustee a report from an independent, certified public accountant or registered municipal advisor to the effect that the money and the principal and interest to be received from the Government Obligations are calculated to be

sufficient, without further reinvestment, to pay the defeased Bonds when due; and files with the escrow agent or trustee an opinion of nationally recognized bond counsel that the proposed defeasance will not, in and of itself, cause interest on the Bonds to become includable in gross income under the Code. The District shall be obligated to pay Bonds which are defeased solely from the money and Government Obligations deposited with an independent trustee or escrow agent, and the District shall have no further obligation to pay the defeased Bonds from any source except the amounts deposited in the escrow.

Default and Remedies

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

- a. Failure by the District to pay Bond principal, interest or premium when due (whether at maturity or upon redemption after a Bond has been properly called for redemption);
- b. Failure by the District to observe and perform any covenant, condition or agreement on its part to be observed or performed for the benefit of Owners of Bonds, for a period of sixty (60) days after written notice to the District by the Owners of fifty-one (51%) percent or more of the principal amount of Bonds then Outstanding specifying such failure and requesting that it be remedied; provided however, that if the failure stated in the notice cannot be corrected within such sixty (60) day period, it shall not constitute an Event of Default so long as corrective action is instituted by the District within the sixty (60) day period and diligently pursued, and the default is corrected as promptly as practicable after the written notice referred to in this paragraph; or,
- c. The District is adjudged insolvent by a court of competent jurisdiction, admits in writing its inability to pay its debts generally as they become due, files a petition in bankruptcy, or consents to the appointment of a receiver for the payments.

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

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

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

Purpose and Use of Proceeds

Purpose

The proceeds from the sale of the Bonds will be used to finance capital costs under the 2020 and 2025 ballot titles (the "2020 Projects" and the "2025 Projects", respectively, and collectively, the "Projects").

Specifics on the 2020 Projects described in the 2020 ballot title include:

- Provide curriculum materials, technology, accessibility improvements;

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

Specifics on the 2025 Projects described in the 2025 ballot title include:

- Update and repair aging elementary and middle schools including updating/replacing major building systems, including roofs, siding, heating/cooling
- Update safety, security systems; seismic upgrades
- Renovate/replace schools, including Cleveland, Ida B. Wells High Schools
- Upgrade curriculum materials, technology, including student devices
- Upgrade/expand high school athletic facilities; create district-wide athletic hubs at Jackson Middle School, Marshall High School
- Update high school performing arts/theater facilities

Sources and Uses of Funds

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

Estimated Sources and Uses of Funds

Sources of Funds⁽¹⁾	
Par Amount of Bonds	\$ 660,000,000 ⁽²⁾
Original Issue Premium/ (Discount)	
Total Sources of Funds	<u>\$</u>
Uses of Funds⁽¹⁾	
Available for Projects	\$
Underwriting, Credit Enhancement and Issuance Costs	
Total Uses of Funds	<u>\$</u>

(1) Amounts will be provided in the final Official Statement.

(2) Preliminary, subject to change.

Security for the Bonds

General

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

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

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

Oregon School Bond Guaranty Program

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

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

The Act further provides that (i) the guaranty of the State does not extend to the payment of any redemption premium due on any bonds guaranteed under the Guaranty Act and (ii) any bond guaranteed by the State under the Act that is refunded no longer has the benefit of the guaranty from and after the date on which that bond is considered to be paid.

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

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

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

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

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

State Repayment. If one or more payments are made by the State Treasurer as provided for in the Act, the State Treasurer shall pursue recovery from the school district of all moneys necessary to reimburse the State. In seeking recovery, the State Treasurer may (i) intercept any payments from the General Fund, the State School Fund, the income of the Common School Fund and any other source of operating moneys provided by or through the State to the school district that issued the bonds that would otherwise be paid to the school district by the State, and (ii) exercise the rights of a secured creditor in any money or assets pledged by the school district to secure its reimbursement obligation to the State. The Treasurer may apply any intercepted payments or secured assets to reimburse the State for payments made pursuant to the State's guaranty until all obligations of the school district to the State arising from those payments, including any interest and penalties, are paid in full. The State has no obligation to the school district or to any person or entity to replace any moneys intercepted under the Act. The authority of the Treasurer to intercept payments under the Act has priority over all claims against money provided by the State to a school district, including a claim based on a fund's diversion agreement under ORS 238.698.

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

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

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

As of November 18, 2025, the State had guaranteed the following (not including this bond issue or those issues guaranteed between the date identified above and the date of this issue) under the Guaranty Act:

Number of bond issues guaranteed under the Guaranty Program:	277
Aggregate principal amount outstanding of bonds guaranteed at:	\$ 10,674,055,921
Aggregate debt service amount outstanding of bonds guaranteed at:	\$ 16,514,741,349

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

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

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

As of the date of this Official Statement, the outstanding general obligation bonds of the State are rated “AA+” by Fitch Ratings, “Aa1” by Moody’s Ratings, and “AA+” by S&P Global Ratings.

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

State Intercepts

Pursuant to ORS 328.346(1)(c), the authority of the State Treasurer to intercept payments and the lien in any pledged moneys under the Oregon School Bond Guaranty (“OSBG”) program, have priority over all claims against money provided by the State to a school district, including a claim that is based on a funds diversion agreement under ORS 238.698. Such funds diversion agreements include intercept agreements for pension bonds, qualified school construction and qualified zone academy bonds. The same statute provides that such funds diversion agreements have priority over all other claims against money provided by the State to a school district other than claims under the OSBG. The District’s General Obligation Bonds, Series 2015B, General Obligation Bonds, Series 2017B, General Obligation Bonds, Series 2020, General Obligation Bonds, Series 2020B, General Obligation Bonds, Series 2020C, and General Obligation Bonds, Series 2023 are also secured by the OSBG. The District’s Limited Tax Pension Obligations, Series 2002, Limited Tax Pension Obligations, Series 2003 and Limited Tax Pension Obligations, Series 2021 have intercept agreements.

Bonded Indebtedness

Debt Limitation

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

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

Measure 5 Real Market Value (Fiscal Year 2026) ⁽¹⁾	\$ 150,646,233,274
Debt Capacity	
General Obligation Debt Capacity (7.95% of Real Market Value)	\$ 11,976,375,545
Less: Outstanding Debt Subject to Limit	(1,827,405,000) ⁽²⁾
Remaining General Obligation Debt Capacity	\$ 10,148,970,545
Percent of Capacity Issued	15.26%

- (1) Value represents the Real Market Value of taxable properties, including the reduction in Real Market Value of specially assessed properties such as farm and forestland. This value is also commonly referred to as the Measure 5 Real Market Value by county assessors. The District's fiscal year commences July 1 and ends on June 30 of the following year (the "Fiscal Year"). *Source: Multnomah, Washington, and Clackamas Counties Department of Assessment and Taxation.*
- (2) Represents voter-approved, unlimited-tax general obligations of the District, including the Bonds. Preliminary, subject to change. *Source: School District No. 1J, Multnomah County, Oregon (Portland Public Schools) Audited Financial Reports for the Fiscal Year Ended June 30, 2024, and this issue.*

Full Faith and Credit Obligations/Limited Tax Obligations. School districts may pledge their full faith and credit for "limited tax bonded indebtedness" or "full faith and credit obligations" in addition to pledging the full faith and credit for voter approved general obligation bonds. The Oregon Constitution and statutes do not limit the amount of limited tax bonded indebtedness that a school district may issue. Full faith and credit obligations can take the form of certificates of participation, notes or capital leases. Collection of property taxes to pay principal and interest on such limited-tax debt is subject to the limitations of Article XI, Sections 11 and 11b. **The full faith and credit of the District is pledged to pay the Bonds in addition to the unlimited property tax authorized by voters. The Bonds are not limited tax obligations.**

Pension Bonds. ORS 238.694 authorizes school districts to issue full faith and credit obligations to pay pension liabilities without limitation as to principal amount. Pension bonds are not general obligations as defined under State law and a school district is not authorized to levy additional taxes to make pension bond payments. **The Bonds are not pension bonds.**

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

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

Outstanding Long-Term Debt

Issue Description	Date of Issue	Date of Maturity	Amount Issued	Amount Outstanding ⁽¹⁾
<i>General Obligation Bonds</i> ⁽²⁾ :				
Series 2015B	04/30/15	06/15/33	\$ 244,700,000	\$ 89,425,000
Series 2017B	08/10/17	06/15/44	241,890,000	166,400,000
Series 2020	04/14/20	06/15/37	441,320,000	223,250,000
Series 2020B	12/30/20	06/15/46	365,465,000	267,255,000
Series 2020C	12/30/20	06/15/33	53,965,000	43,250,000
Series 2023	04/27/23	06/15/49	420,000,000	298,345,000
Series 2025	05/21/25	06/15/26	79,480,000	79,480,000
Series 2026 ⁽³⁾	02/24/26	06/15/55	660,000,000	660,000,000
Total General Obligation Bonds				<u>1,827,405,000</u>
<i>Full Faith and Credit Obligations:</i>				
QZAB 2016	08/04/16	06/01/37	4,000,000	2,400,000
Series 2016	11/09/16	12/01/31	5,048,000	2,638,000
Total Full Faith and Credit Obligations				<u>5,038,000</u>
<i>Pension Obligations</i> ⁽²⁾ :				
Series 2002	10/31/02	06/30/28	210,103,857	66,030,000
Series 2003	04/21/03	06/30/28	281,170,040	96,155,000
Series 2021	07/15/21	06/30/40	399,390,000	348,145,000
Total Pension Obligations				<u>510,330,000</u>
Total Long-Term Debt				<u>\$ 2,342,773,000</u>

(1) As of Date of Delivery.

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

(3) This issue. Preliminary, subject to change.

Source: School District No. 1J, Multnomah County, Oregon (Portland Public Schools) Audited Financial Reports for the Fiscal Year Ended June 30, 2025.

**General Obligation Bonds
Projected Debt Service Requirements**

Fiscal Year	Outstanding Bonds		The Bonds⁽¹⁾		Total Debt Service⁽¹⁾
	Principal	Interest	Principal	Interest	
2026	\$ 134,685,000	\$ 43,736,318			\$ 178,421,318
2027	60,690,000	37,509,025	\$ 41,565,000	\$ 41,429,984	181,194,009
2028	66,345,000	34,801,225	54,480,000	29,189,663	184,815,888
2029	72,460,000	31,720,725	-	26,465,663	130,646,388
2030	51,055,000	28,432,425	11,125,000	26,465,663	117,078,088
2031	55,605,000	26,266,388	12,810,000	25,909,413	120,590,800
2032	60,320,000	24,005,800	14,610,000	25,268,913	124,204,713
2033	65,220,000	21,636,930	16,540,000	24,538,413	127,935,343
2034	42,965,000	19,474,525	-	23,711,413	86,150,938
2035	46,320,000	17,993,375	1,190,000	23,711,413	89,214,788
2036	49,850,000	16,391,275	1,995,000	23,651,913	91,888,188
2037	53,565,000	14,661,575	2,870,000	23,552,163	94,648,738
2038	37,365,000	12,797,425	22,940,000	23,408,663	96,511,088
2039	40,080,000	11,590,563	25,475,000	22,261,663	99,407,225
2040	42,945,000	10,274,250	28,180,000	20,987,913	102,387,163
2041	45,960,000	8,856,088	31,065,000	19,578,913	105,460,000
2042	33,120,000	7,296,425	10,225,000	18,025,663	68,667,088
2043	35,055,000	6,462,963	11,690,000	17,514,413	70,722,375
2044	37,110,000	5,543,088	13,140,000	17,046,813	72,839,900
2045	38,570,000	4,567,488	15,345,000	16,504,788	74,987,275
2046	23,830,000	3,477,988	33,245,000	15,852,625	76,405,613
2047	23,030,000	2,971,600	38,195,000	14,398,156	78,594,756
2048	24,735,000	2,050,400	41,490,000	12,679,381	80,954,781
2049	26,525,000	1,061,000	44,985,000	10,812,331	83,383,331
2050	-	-	25,215,000	8,731,775	33,946,775
2051	-	-	27,400,000	7,565,581	34,965,581
2052	-	-	29,715,000	6,298,331	36,013,331
2053	-	-	32,170,000	4,924,013	37,094,013
2054	-	-	34,770,000	3,436,150	38,206,150
2055	-	-	37,570,000	1,784,575	39,354,575
	<u>\$ 1,167,405,000</u>	<u>\$ 393,578,861</u>	<u>\$ 660,000,000</u>	<u>\$ 535,706,353</u>	<u>\$ 2,756,690,214</u>

(1) Principal and interest are provided for illustrative purposes only; amounts and structure are preliminary, subject to change.

**Summary of Overlapping Debt
(As of November 18, 2025)**

Overlapping Issuer Name	Percent Overlapping	Gross Direct Debt⁽¹⁾	Net Direct Debt⁽²⁾
Burlington Water District	100.00%	\$ 913,296	\$ 913,296
Valley View Water District	100.00%	704,129	704,129
City of Portland	85.18%	634,625,383	394,484,408
Urban Flood Safety & Water Quality District	73.38%	11,107,503	11,107,503
Multnomah County	72.81%	320,638,590	320,638,590
Multnomah ESD	72.22%	48,451,227	41,330,453
Portland Community College	43.88%	260,609,720	249,707,834
Metro	34.64%	315,451,408	313,201,338
Port of Portland	31.56%	7,627,810	0
City of Lake Oswego	4.13%	8,118,787	3,232,663
City of Beaverton	1.66%	456,805	456,805
Tualatin Valley Fire & Rescue District	1.66%	765,642	699,632
Tualatin Hills Park & Rec District	1.16%	372,792	372,792
City of Milwaukie	0.73%	389,475	380,627
Washington County	0.55%	1,380,700	623,233
Multnomah Cty RFPD 10	0.18%	162	162
Clackamas Cty RFPD 1	0.13%	31,921	24,700
Clackamas County	0.10%	85,851	85,851
Clackamas Soil & Water Conservation	0.10%	4,494	4,494
Mt Hood Community College	0.06%	134,816	124,705
		<u>\$ 1,611,870,511</u>	<u>\$ 1,338,093,215</u>

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

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

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

Debt Ratios

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

Debt Ratios

Total Real Market Value ⁽¹⁾ (Fiscal Year 2026)	\$	176,832,426,214	
Estimated Population		502,773	
Per Capita Real Market Value	\$	351,714	
Debt Information		Gross Direct Debt ⁽²⁾	Net Direct Debt ⁽³⁾
District Direct Debt ⁽⁴⁾	\$	2,342,773,000	\$ 2,342,773,000
Overlapping Direct Debt		1,611,870,511	1,338,093,215
Total Direct Debt ⁽⁴⁾	\$	<u>3,954,643,511</u>	<u>\$ 3,680,866,215</u>
Bonded Debt Ratios ⁽⁴⁾			
District Direct Debt to Real Market Value		1.32%	1.32%
Total Direct Debt to Real Market Value		2.24%	2.08%
Per Capita District Direct Debt	\$	4,660	\$ 4,660
Per Capita Total Direct Debt	\$	7,866	\$ 7,321

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

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

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

(4) Includes the Bonds. Preliminary, subject to change.

Sources: Multnomah, Washington, and Clackamas Counties Department of Assessment and Taxation, U.S. Census Bureau, Small Area Income and Poverty Program Estimate (SAIPE) data as of 2023, released December 2024; Debt Management Division, The Office of the State Treasurer as of November 18, 2025 and School District No. 1J, Multnomah County, Oregon (Portland Public Schools) Audited Financial Reports for the Fiscal Year Ended June 30, 2025.

Debt Payment Record

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

Future Financings

Long-term Borrowings. Other than the remaining authority for the Projects, the District has no authorized but unissued borrowings, nor does it anticipate issuing additional long-term borrowings within the next twelve months.

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

The District

Public School Districts

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

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

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

School districts that do not meet the rules and regulations of the State Board of Education (e.g., there must be at least 265 consecutive calendar days between the first and last instructional day of each school year) are classified as “non-standard.” Under ORS 327.103, the Superintendent of Public Instruction may withhold portions of SSF monies otherwise allocated to any district that is found to be non-standard if deficiencies are not corrected before the beginning of the school year immediately following the date such district was found to be non-standard unless withholding of SSF monies would create an undue hardship or an extension has been granted by the Superintendent of Public Instruction. Such extension may not exceed 12 months. **The District has never been classified as “non-standard.”**

Charter Schools

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

The District currently sponsors five public charter schools, KairosPDX Learning Academy, Le Monde French Immersion Charter School, Portland Arthur Academy, Portland Village School and The Emerson School (the “Charter Schools”). The current charter agreements have rotating renewal cycles of five to ten years. If the charter agreements were to be terminated with the District, the District may receive disbursement of assets from the dissolved Charter School from the State Board of Education, if assets were purchased with public funds.

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

General Description

The District was established in 1851. It is located within the boundaries of Multnomah, Washington and Clackamas Counties, and includes portions of the cities of Portland, Lake Oswego, Beaverton and Milwaukie and unincorporated areas within its boundaries. The District encompasses approximately 152 square miles and has an estimated population of 502,273.

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

Historical and Projected Enrollment

Fiscal Year	Average Daily Membership(w) ⁽¹⁾ Charters and Portland Public Schools	Charter Enrollment ⁽²⁾	Portland Public Schools		
			Enrollment ⁽²⁾	Teaching Staff ⁽³⁾	Student to Teacher Ratio
2027 ⁽⁴⁾	50,422	1,303	42,810	--	--
2026	51,182	1,389	43,479	2,595.0	16.8
2025	52,324	1,306	44,086	2,685.0	16.4
2024	52,869	1,331	44,771	2,712.0	16.5
2023	53,581	1,294	45,456	2,960.0	15.4
2022 ⁽⁵⁾	53,500	1,295	45,497	2,720.9	16.7
2021 ⁽⁵⁾	55,685	1,443	45,871	2,749.2	16.7

(1) Weighted Average Daily Membership is the enrollment figure, adjusted for part-time students and students with special needs, that is used to allocate revenues appropriated by the State to school districts.

(2) Enrollment is the number of students attending classes as of October each year.

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

(4) Projected. A demographic study has indicated that the District may experience additional enrollment decline in future years, approximately 500 students per year, due to declining birth rates and fewer families moving to the District. See "Projected Enrollment Decline" below. Teaching staff and ratio projections not available.

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

Source: Oregon Department of Education and the District.

Projected Enrollment Decline. The District commissioned Portland State Population Research Center to prepare an updated enrollment forecast dated as of December 30, 2025. The study indicates the District may experience additional enrollment declines through Fiscal Year 2041 of approximately 200-700 students per year, primarily due to declining birth rates and fewer families moving to the District. Declining enrollment could affect future distributions of State funding as the formula is driven by ADMw. Enrollment changes across the State will also impact the distribution of funds; see "Revenue Sources – State Revenue Sources" herein. The District has been preparing for potential declines by instituting cost savings measures to allow for a smoother reduction plan; see "Financial Factors" herein.

Staff

As of December 15, 2025, the District had 4,810 full-time employees and 3,396 part-time employees.

Bargaining Units

Bargaining Unit	No. of Employees	Contract Expires
Portland Association of Teachers ("PAT") ⁽¹⁾	3,517 (certified)	June 30, 2026
Portland Federation of School Professionals	1,330 (classified)	June 30, 2026
Service Employees International Union	549 (cafeteria &	June 30, 2026
District Council of Unions	96 (classified)	Dec. 31, 2025 ⁽²⁾
Amalgamated Transit Union	107 (bus drivers)	June 30, 2025 ⁽²⁾
PAT Substitutes ⁽¹⁾	845 (certified)	June 30, 2026

- (1) In November 2023, the District experienced a strike by PAT, which was settled in the form of a new three-year collective bargaining agreement. The District has focused on improving the relationship under Dr. Armstrong's administration.
- (2) Negotiations began with both bargaining units in the fall of 2025 and are expected to remain ongoing through closing.
- Source: *The District*.

The Board of Education

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

Board of Education

Name	Position	Occupation	Service Began	Term Expires
Edward (Eddie) Wang	Chair	Educator/Business Owner	July 1, 2023	June 30, 2027
Michelle DePass	Vice Chair	Climate Change Analyst, City of	July 1, 2023	June 30, 2027
Rashelle Chase-Miller	Director	Non-Profit Program Director	July 1, 2025	June 30, 2029
Stephanie Engelsman	Director	Attorney	July 1, 2025	June 30, 2029
Virginia La Forte	Director	Brand Strategist	July 1, 2025	June 30, 2029
Christy Splitt	Director	Public Policy	January 1, 2025	June 30, 2027
Patte Sullivan	Director	Retired Educator	July 1, 2023	June 30, 2027

Source: *The District*.

Key Administrative Officials

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

Dr. Kimberlee Armstrong, Superintendent. Dr. Kimberlee Armstrong joined the District in 2024. She has over two decades of K-12 experience, most recently serving as Deputy Superintendent of Evergreen School District in Washington, following her tenure as the District's Chief Academic Officer. She has also been a teacher, coach, academic interventionist, principal, and cabinet-level executive director at school districts in both Oregon and Washington. A first-generation college graduate, she earned a B.A. in Communication from California State University, East Bay, and a Doctor of Education in Educational Leadership and Policy Studies from the University of Washington.

Deborah Kafoury, Chief of Staff. Deborah began working for the District on July 16, 2024, and brings more than two decades of public service, most recently serving 14 years on the Multnomah County Board of Commissioners including eight years as Chair. Her first elected office was in the Oregon House of Representatives where she served North and Northeast Portland from 1999-2005. She also served as House Democratic Leader for two years. She received a BA from Whitman College in Walla Walla, WA.

Michelle Morrison, Chief Financial Officer. Michelle joined the District as CFO in 2025. She has served in the Oregon public school system for 25 years. Prior to joining the District, she served as CFO at Hillsboro School District and worked as the Business Manager for the Yamhill-Carlton School District. She is an active member and past

president of the Oregon Association of School Business Officials. She received a BS in Business Administration from Eastern Oregon University.

Dr. Jon Franco, Senior Chief of Operations. Dr. Jon Franco serves as the Senior Chief of Operations after previously serving three years as the Chief of Schools for the District. Dr. Franco came to the District from the Beaverton School District, where he served as the Executive Administrator of High Schools, Option Schools, and Athletics & Activities. Prior to that, he was the principal of Westview High School. Jon has served students in several capacities, in a variety of school districts. He began as a math and science teacher in Patterson, California, followed by an assistant principal position in Gustine, California. His transition to Oregon began at St. Helens High School, where he was also an assistant principal, followed by his time spent at Century High School in Hillsboro. He also worked as a middle school principal in Newberg for several years. Jon received both his Bachelor of Science and Master's in Teaching from Willamette University. He also holds an Educational Specialist degree from Lewis and Clark College in addition to a Doctoral degree from George Fox University.

Revenue Sources

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

Oregon School District Funding

Oregon school districts and education service districts receive revenue from local, State and Federal sources. The following section summarizes these primary revenue sources.

Local Revenue Sources - Property Taxes

Most local governments, school districts, education service districts and community college districts ("local governments") have permanent authority to levy property taxes for operations ("Permanent Rates") up to a maximum rate (the "Operating Tax Rate Limit"). Local governments that have never levied property taxes may request that the voters approve a new Operating Tax Rate Limit. Most local governments also have the authority to levy property taxes for debt service associated with general obligation bonds outside of the Operating Tax Rate Limit upon receiving voter approval.

Local governments may not increase their Operating Tax Rate Limits; rather they may only request that voters approve limited term levies for operations or capital expenditures ("Local Option Levies").

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

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

The District currently has a Local Option Levy of \$1.99 per \$1,000 of assessed value. The levy was initially approved at the 2011 election and most recently renewed by voters at the 2024 election. The District received \$108.4 million in Fiscal Year 2024, \$105.6 million in Fiscal Year 2025, and anticipates receiving approximately \$106 million in Fiscal Year 2026 from the levy. The levy currently expires on June 30, 2030.

ORS 327.333 through 327.339 provides local option equalization grants to school districts with Local Option Levies which have a total assessed property value per student less than the total assessed property value per student of a designated target district. For the 2025-27 biennium \$4 million is currently expected to be transferred from the State School Fund for the Local Option Equalization Grants Account and all districts eligible are expected to receive their full grant. If the amount of money available is insufficient to make grant payments, the grant payments are to be proportionally reduced. Equalization grants are only available to school districts, no other local governments are eligible. The District has not received a local option equalization grant in the last three fiscal years.

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

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

Property subject to taxation includes all privately owned real property (land, buildings and improvements) and personal property (machinery, office furniture and equipment) for non-residential taxpayers. There is no property tax on household furnishings (exempt since 1913), personal belongings, automobiles (exempt since 1920), crops, orchards, business inventories or intangible property such as stocks, bonds or bank accounts, except for centrally assessed utilities, for which intangible personal property is subject to taxation.

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

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

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

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

Tax Rate Limitation – Measure 5. A tax rate limitation was established in 1990 as the result of a constitutional amendment. That amendment (now Article XI, Section 11b, often called “Measure 5”) separates property taxes into two categories: one to fund the public school system (kindergarten through grade twelve school districts, education service districts and community college districts, collectively, “Education Taxes”) and one to fund government operations other than the public school system (“General Government Taxes”). Education Taxes are limited to \$5 per \$1,000 and General Government taxes are limited to \$10 per \$1,000 of the Taxable Real Market Value of property (the “Measure 5 Limits”). Taxes levied by general purpose governments (such as cities and counties) may be subject to the \$5 per \$1,000 limit if those taxes are used for educational services provided by public schools. If the taxes on a property exceed the Measure 5 Limit for Education or General Government, then tax rates are compressed to the Measure 5 Limit. Local Option Levy rates compress to zero before there is any compression of Permanent Rates. In Fiscal Year 2026, there was \$9,344,592 of compression of the District’s Permanent Rate due to the tax rate limitation. The loss of revenue due to compression is functionally redistributed across all school districts in the State through the mechanics of the State School Fund Distribution

Formula described herein (see “State Revenue Sources – State School Fund Formula”). In addition, there was \$37,805,217 of compression of the District’s Local Option Levy.

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

Property Tax Collections. Each county assessor is required to deliver the tax roll to the county tax collector in sufficient time to mail tax statements on or before October 25 each year. All tax levy revenues collected by a county for all taxing districts within the county are required to be placed in an unsegregated pool, and each taxing district shares in the pool in the same proportion as its levy bears to the total of all taxes levied by all taxing districts within the county. As a result, the tax collection record of each taxing district is a *pro-rata* share of the total tax collection record of all taxing districts within the county combined.

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

The following tables represent historical tax information for the District.

Taxable Property Values

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

Fiscal Year	Total Real Market Value	% Change	M5 Real Market Value ⁽¹⁾	% Change	Total Assessed Valuation	% Change	Urban Renewal Excess ⁽²⁾	AV Used to Calculate Rates ⁽³⁾
2026	\$ 176,832,426,214	-0.3%	\$ 150,646,233,274	-0.5%	\$ 74,149,345,891	4.3%	\$ 1,896,553,293	\$ 72,252,792,598
2025	177,375,749,171	-3.9%	151,420,135,851	-3.3%	71,077,038,244	0.7%	1,359,909,718	69,717,128,526
2024 ⁽⁴⁾	184,516,559,831	-0.8%	156,668,329,055	-0.3%	70,561,283,949	3.2%	2,270,129,776	68,291,154,173
2023	186,084,223,414	5.4%	157,078,160,634	6.7%	68,404,375,600	4.2%	5,910,772,392	62,493,603,208
2022 ⁽⁵⁾	176,497,221,183	3.7%	147,263,772,983	5.0%	65,670,944,150	3.2%	6,056,381,721	59,614,562,429
2021	170,181,586,684	---	140,249,375,294	---	63,612,718,068	---	7,567,171,920	56,045,546,148

District Portion Located in Multnomah County

Fiscal Year	Total Real Market Value	% Change	M5 Real Market Value ⁽¹⁾	% Change	Total Assessed Valuation	% Change	Urban Renewal Excess ⁽²⁾	AV Used to Calculate Rates ⁽³⁾
2026	\$ 175,788,648,664	-0.3%	\$ 149,625,005,434	-0.6%	\$ 73,628,944,630	4.3%	\$ 1,896,553,293	\$ 71,732,391,337
2025	176,385,828,561	-3.9%	150,453,108,831	-3.4%	70,578,462,462	0.7%	1,359,909,718	69,218,552,744
2024 ⁽⁴⁾	183,507,797,333	-0.9%	155,682,220,513	-0.3%	70,078,990,170	3.2%	2,270,129,776	67,808,860,394
2023	185,111,467,723	5.4%	156,127,502,883	6.6%	67,937,836,100	4.2%	5,910,772,392	62,027,063,708
2022 ⁽⁵⁾	175,660,138,286	3.7%	146,447,044,316	5.0%	65,221,243,790	3.2%	6,056,381,721	59,164,862,069
2021	169,405,764,147	---	139,492,582,767	---	63,180,725,200	---	7,567,171,920	55,613,553,280

District Portion Located in Washington County

Fiscal Year	Total Real Market Value	% Change	M5 Real Market Value ⁽¹⁾	% Change	Total Assessed Valuation	% Change	Urban Renewal Excess	AV Used to Calculate Rates ⁽³⁾
2026	\$ 925,192,219	5.8%	\$ 902,642,509	6.0%	\$ 463,894,673	4.5%	\$ -	\$ 463,894,673
2025	874,748,766	-2.8%	851,855,176	-2.9%	443,954,109	3.4%	-	443,954,109
2024	899,596,308	3.1%	876,942,352	3.1%	429,453,912	3.3%	-	429,453,912
2023	872,586,828	16.9%	850,488,888	17.1%	415,656,115	3.7%	-	415,656,115
2022	746,603,758	8.2%	726,249,528	8.2%	400,764,704	4.2%	-	400,764,704
2021	690,005,602	---	670,975,592	---	384,468,126	---	-	384,468,126

District Portion Located in Clackamas County

Fiscal Year	Total Real Market Value	% Change	M5 Real Market Value ⁽¹⁾	% Change	Total Assessed Valuation	% Change	Urban Renewal Excess	AV Used to Calculate Rates ⁽³⁾
2026	\$ 118,585,331	3.0%	\$ 118,585,331	3.0%	\$ 56,506,588	3.5%	\$ -	\$ 56,506,588
2025	115,171,844	5.5%	115,171,844	5.5%	54,621,673	3.4%	-	54,621,673
2024	109,166,190	9.0%	109,166,190	9.0%	52,839,867	3.8%	-	52,839,867
2023	100,168,863	10.7%	100,168,863	10.7%	50,883,385	4.0%	-	50,883,385
2022	90,479,139	5.4%	90,479,139	5.4%	48,935,656	3.0%	-	48,935,656
2021	85,816,935	---	85,816,935	---	47,524,742	---	-	47,524,742

- (1) Value represents the Real Market Value of taxable properties, including the reduction in Real Market Value of specially assessed properties such as farm and forestland. This value is also commonly referred to as the Measure 5 Real Market Value by county assessors.
- (2) As of Fiscal Year 2026, includes three active urban renewal areas administered by Prosper Portland.
- (3) Assessed value of property in the District on which the Permanent Rate is applied to derive *ad valorem* property taxes, excluding urban renewal, exempt property within enterprise zones and any other offsets.
- (4) On October 19, 2023, the Multnomah County Assessor contacted the District and indicated the Fiscal Year 2024 assessed value printed on the Summary sheet is overstated by \$715 million. The Total Assessed Value in the table has been adjusted accordingly.
- (5) The decline in Urban Renewal Excess for Multnomah County in Fiscal Year 2022 is due to the reduction in Urban Renewal Excess collected by the Convention Center, Downtown, River District, South Park Blocks, and 82nd & Division Plan Areas while 42nd Avenue and Cully Blvd. Plan Areas did not collect any Urban Renewal Excess.

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

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

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

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

The Low-Income Housing program allows land acquired and held by a nonprofit corporation for the purpose of building residences to be sold to certain individuals is exempt from property tax. This exemption only applies to the land on which the residences are to be built.

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

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

ORS 307.250 allows a portion of the assessed value of a disabled veteran's or a veteran's surviving spouse's/partner's residential property to be exempt from property tax. The amount of the initial exemption is \$15,000 or \$18,000 of the assessed value of the property, dependent on meeting certain qualifications. Once the initial exemption is granted, the exemption amount increases by three percent each year.

GASB Statement No. 77 requires local governments to disclose information related to tax abatement programs and amounts abated. Tax abatements result from agreements entered into by the reporting government, as well as those that are initiated by other governments, which reduce the reporting government's tax revenues. The District does not administer any tax abatement programs, however, overlapping jurisdictions (cities, counties) may offer tax abatement programs which affect the District's assessed value and property tax collections. In Fiscal Year 2025, the District reported a loss of \$14.6 million in tax revenues due to tax abatement programs.

Tax Rates and Collections. While the District lies in multiple counties, 99.3 percent of the District's assessed value lies within Multnomah County. The following table presents the Fiscal Year 2026 tax rates for the District and other taxing jurisdictions within Multnomah County which overlap the District. The District's Operating Tax Rate Limit is \$5.2781 per \$1,000 of assessed property value including the gap bond as describe above. The Operating Tax Rate Limit was calculated in conjunction with the implementation of Measure 50 in 1997. The Permanent Rates shown in the following table are the rates that are actually applied to the assessed value of the taxing district. The Permanent Rates may be different from the Operating Tax Rate Limit of the taxing district due to the decision by the taxing district to levy less than its Operating Tax Rate Limit.

Fiscal Year 2026 Representative Levy Rate
(Rates per \$1,000 of Assessed Value)

	Permanent Rate	Bond Levy Rate	Portland Fire Police Disability Rate ⁽¹⁾	Local Option Rate ⁽²⁾	Consolidated Rate
General Government					
Port of Portland	\$ 0.0701	\$ 0.0000	\$ 0.0000	\$ 0.0000	\$ 0.0701
City of Portland	4.5770	0.3954	2.9874	1.2026	6.1750
Metro	0.0966	0.0000	0.0000	0.0000	0.0966
East Multnomah Solid and Water	0.1000	0.3829	0.0000	0.0960	0.5789
Urban Flood and Water Quality District	0.0000	0.0135	0.0000	0.0000	0.0135
Multnomah County	4.3434	0.5661	0.0000	0.0500	4.9595
Multnomah County Library District	1.2200	0.0000	0.0000	0.0000	1.2200
Total General Government	<u>10.4071</u>	<u>1.3579</u>	<u>2.9874</u>	<u>1.3486</u>	<u>16.1010</u>
Education					
Multnomah County Education Service District	0.4576	0.0000	0.0000	0.0000	0.4576
Portland Community College	0.2828	0.3519	0.0000	0.0000	0.6347
Portland School District ⁽³⁾	<u>5.2781</u>	<u>2.4835</u>	<u>0.0000</u>	<u>1.9900</u>	<u>9.7516</u>
Total Education	<u>6.0185</u>	<u>2.8354</u>	<u>0.0000</u>	<u>1.9900</u>	<u>10.8439</u>
Total Tax Rate	<u>\$ 16.4256</u>	<u>\$ 4.1933</u>	<u>\$ 2.9874</u>	<u>\$ 3.3386</u>	<u>\$ 26.9449</u>

NOTE: 99.3 percent of the District's assessed value is located within Multnomah County. County assessors report levy rates by tax code. Levy rates apply to the assessed property value. Measure 5 Limits are based on the Taxable Real Market Value and are only reported in total dollar amount of compression, if any, for each taxing jurisdiction (see "Local Revenue Sources - Property Taxes - Tax Rate Limitation - Measure 5" herein).

- (1) The City of Portland levies a special tax rate to pay pensions and disability for police and fire personnel - the annual Fire Police Disability Rate ("FPDR"). The FPDR is a voter-approved and dedicated property tax levy, which can be levied each year up to an amount no greater than \$2.80 per \$1,000 of taxable real market value. For Fiscal Year 2026, the City of Portland they certified \$250,533,729 as the amount needed to fund the FPDR, which ended up being \$2.9874 per \$1,000 of assessed value as displayed in the table above. Source: Multnomah County Department of Assessment and Taxation.
- (2) Local Option Levies are voter-approved serial levies. They are limited by ORS 280.060 to five years for operations or ten years for capital construction. Local Option Levy rates compress to zero before there is any compression of overlapping jurisdictions' Permanent Rates.
- (3) Includes the District's Operating Tax Rate Limit of \$4.7743 per thousand of assessed value and gap bond property tax levy of \$0.5038 per thousand of assessed value.

Source: Multnomah County Department of Assessment and Taxation. Note that there are 40 tax codes in Multnomah County that overlap the District and Tax Code 201 has the highest property value of these tax codes. Total tax levies in the District range from \$17.1820 to \$27.3319 per \$1,000 of assessed property value.

**Multnomah County ⁽¹⁾
Tax Collection Record**

Fiscal Year	Percent Collected as of	
	Levy Year⁽²⁾	6/30/2025⁽³⁾
2025	98.37%	98.37%
2024	98.40%	99.36%
2023	98.60%	99.64%
2022	98.85%	99.83%
2021	98.66%	99.95%
2020	98.47%	99.97%

- (1) Percentage of total tax levy collection in Multnomah County. Pre-payment discounts are considered to be collected when outstanding taxes are calculated. The tax rates are before offsets.
- (2) The percentage of taxes collected in the “year of the levy” represents taxes collected in a single levy year, beginning July 1 and ending June 30.
- (3) The percentage of taxes shown in the column represents taxes collected cumulatively from July 1 of a given levy year through June 30, 2025.

Source: Multnomah County Department of Assessment and Taxation.

Major Taxpayers
(As of Fiscal Year 2026)
School District No. 1J, Multnomah County, Oregon (Portland Public Schools)

Taxpayer	Business/Service	Assessed Value ⁽¹⁾	Percent of Value	Tax ⁽²⁾
Portland General Electric Co.	Electrical Utility	\$ 767,314,950	1.03%	\$ 14,787,269
Pacificorp	Electrical Utility	746,414,890	1.01%	14,268,165
Port of Portland ⁽³⁾	Airport, Marine, Property Mgmt.	333,722,580	0.45%	9,557,540
Weston Investment Co LLC	Real Estate	313,960,350	0.42%	7,767,833
Comcast Corporation	Telecommunications	251,433,470	0.34%	6,076,121
Fred Meyer Stores Inc	Grocery Stores	191,641,340	0.26%	4,406,246
Daimler Trucks North America	Manufacturing	181,817,270	0.25%	4,294,441
AAT Lloyd District LLC	Multi-Family Housing	162,921,260	0.22%	3,894,982
Adidas America Inc.	Shoes and Apparel	144,687,010	0.20%	3,622,919
Kaiser Foundation Health Plan Inc	Health Insurance	157,537,260	0.21%	3,576,995
Subtotal - District's ten largest taxpayers		3,251,450,380	4.39%	
All other District's taxpayers		70,897,895,511	95.61%	
Total District		<u>\$ 74,149,345,891</u>	<u>100.00%</u>	

Multnomah County

Taxpayer	Business/Service	Assessed Value ⁽¹⁾	Percent of Value	Tax ⁽²⁾
Port of Portland ⁽³⁾	Airport, Marine, Property Mgmt.	\$ 967,135,890	0.91%	\$ 24,524,016
Portland General Electric Co.	Electrical Utility	1,135,944,230	1.07%	21,489,778
Pacificorp (PP&L)	Electrical Utility	845,262,710	0.80%	16,027,187
Boeing Company	Manufacturing	553,638,400	0.52%	9,628,677
Comcast Corporation	Telecommunications	399,952,650	0.38%	8,942,667
Weston Investment Co LLC	Real Estate	363,683,230	0.34%	8,811,304
Alaska Airlines Inc.	Airline	506,741,500	0.48%	8,747,270
Fred Meyer Stores Inc	Grocery Stores	240,767,420	0.23%	5,447,262
Kaiser Foundation Health Plan Inc	Health Insurance	222,761,560	0.21%	4,840,568
Northwest Natural Gas	Utility	242,430,740	0.23%	4,561,725
Subtotal - County's ten largest taxpayers		5,478,318,330	5.18%	
All other County's taxpayers		100,247,792,750	94.82%	
Total County		<u>\$ 105,726,111,080</u>	<u>100.00%</u>	

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

- (1) Assessed value does not exclude offsets such as urban renewal and farm tax credits.
- (2) Tax amount is the total tax paid by the taxpayer within the boundaries of the District and County, respectively. This amount is distributed to individual local governments by the County. A breakdown of amounts paid to each individual local government is not available.
- (3) Established in 1891 by the Oregon Legislature, the Port of Portland is a quasi-public entity which provides a public service and is overseen by a commission. Due to the nature of their operations, including leasing property to private companies, certain property is not exempt from taxation. The Port of Portland owns three airports (Portland International, Hillsboro, and Troutdale) four three operating marine terminals, and five business parks. Source: Port of Portland and State of Oregon.

Source: Multnomah County Department of Assessment and Taxation.

Construction Excise Tax

School districts may levy a tax for capital improvements on new residential, commercial and industrial development ("Construction Excise Tax"). Affordable housing, public improvements, agricultural buildings, hospitals, private schools, and religious facilities are exempted from the Construction Excise Tax. The Construction Excise Tax for Fiscal Year 2026 is limited to: (i) \$1.67 per square foot on residential construction and

(ii) 84¢ per square foot on non-residential construction up to the lesser of \$41,800 per building permit or per structure. The tax rate limits are adjusted annually by the Oregon Department of Revenue for changes in construction costs. The Construction Excise Tax is not subject to voter approval.

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

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

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

Fiscal Year	Amount Collected
2026 ⁽¹⁾	\$ 1,500,000
2025	1,728,000
2024	1,786,000
2023	4,190,000
2022	5,437,000
2021	3,446,000

(1) Budgeted.

Source: District Audited Financial Statements.

State Revenue Sources

One of the largest sources of revenue for school districts and education service districts is State aid appropriated by the Oregon Legislature (the “Legislature” or the “Legislative Assembly”) and distributed through the Oregon Department of Education (“ODE”).

Legislatively Approved Budget

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

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

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

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

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

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

Education Funding

The Legislatively Approved Budget provides funding to support pre-kindergarten through 12th grade education, including funding for operation for the State's 197 school districts and 19 education service districts, through the State School Fund ("SSF"). The SSF is funded primarily by State General Fund revenues. General Fund dollars consist primarily of funds from income taxes. Educational districts also receive funds from the Corporate Activity Tax in a targeted grant format (see "Corporate Activity Tax" herein), and from Lottery Funds for other programs.

State School Fund Formula. State aid is provided to school districts pursuant to a formula set by the Legislative Assembly. The objective of the formula is to provide equitable funding for all school districts. Available State and local resources determine the actual amount of the allocation. Under the current formula, each student is given a factor as an enrolled student that is then adjusted to include additional factors such as English as a Second Language, students with disabilities with an Individualized Education Plan, attendance at a remote small school, and poverty statistics. The formula allocates revenues to districts based on the total of all weighted student factors by measuring the "Weighted Average Daily Membership" or "ADMw" for each district. If a district's ADMw calculation has declined, the greater of the current year or prior year will be used to calculate the district's share of formula revenue (referred to as the "extended" ADMw). Each district's share of the formula is broken into a general purpose grant, transportation grant, small school district supplement and a high cost disability grant.

The SSF grant (the "SSF Grant") to each school district is the district's share of the formula minus local revenues. Local revenues include tax offsets, local property taxes for school operations (specifically excluding taxes for voter approved general obligation bonds and, subject to certain limitations, amounts raised from local option levies), the Common School Fund, county school fund, State timber revenues, and money received in lieu of property taxes. Collections from local option levies are not included in the calculation as local revenue if they are less than the lesser of (i) \$2,459.74 per student, or (ii) 25 percent of a district's total state resources.

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

The SSF distribution formula uses the Small Area Income Poverty Estimates published every year by the US Census Bureau, which provides a count of children living in families in poverty in each school district, for additional weighting for poverty.

School districts currently receive 95.5 percent of the total SSF distribution and education service districts ("ESDs") receive the remaining 4.5 percent. ESDs provide a variety of services to school districts based on the regionally determined Local Service Plan that is required to be approved by the component school districts. Individual school districts are permitted to withdraw from their ESD and receive 90 percent of their district's prorated share of State funds allocated to the ESD.

Charter Schools. Per ORS 338.155, students attending a public charter school shall be considered as residents of the school district in which the public charter school is located for purposes of distribution of State School Fund ("SSF") revenue. A school district shall contractually establish, with any public charter school that is sponsored by the board of the school district, payment for provision of educational services to the public charter school's

students. The payment shall be an amount per weighted average daily membership (ADMw) of the public charter school that is at least equal to:

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

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

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

District Charter School Impact. In Fiscal Year 2025, under the charter agreements, the District collected the General Purpose Grant per ADMw attributable to Charter School students and distributed 90 percent for District-sponsored K-8 at schools serving less than 50 percent historically underserved by race and ethnicity; 95 percent for District-sponsored K-8 at schools serving greater than 50 percent historically underserved by race and ethnicity; 90 percent for State-sponsored K-8; and 95 percent for High School. The District retained 10 percent for K-8 at schools serving less than 50 percent historically underserved by race and ethnicity, 5 percent for K-8 at schools serving greater than 50 percent historically underserved by race and ethnicity, 5 percent for State-sponsored K-8 where 5 percent of total paid is sent to Oregon Department of Education per statute, and 5 percent for High School. Should the charter agreements be terminated or Charter School enrollment reduced, the District could experience a loss in revenue. As of June 30, 2025, District-sponsored Charter School enrollment totaled 1,306 students. The District does not anticipate that any changes to the District's revenue from Charter Schools will affect its ability to repay the Bonds.

Corporate Activity Tax. The Legislature approved the Student Success Act (the "SSA") in 2019. The SSA imposes a tax on certain taxable commercial activity (the "Corporate Activity Tax") and designates the revenues be deposited in the Fund for Student Success. SSA funds are designed to be used to reduce class sizes, increase instructional time and provide a well-rounded education to all students.

A prescribed amount of Corporate Activity Tax revenues are allocated to the SSF with the balance allocated between three separate accounts. Of the balance, at least 20 percent is allocated to an Early Learning Account, up to 30 percent will be allocated to the Statewide Education Initiatives Account and at least 50 percent is to be allocated to a Student Investment Account (the "SIA"), for which districts are required to apply through a non-competitive grant process. Each program has rules on how funds will be distributed to districts; some are based on a per student formula and others are subject to the submission of an application by each district. Following the submission of a grant application, the SIA provides funds directly to school districts on a per student formula.

The Legislature appropriated \$1.109 billion for the SIA in the 2025-27 state budget. SIA revenues for the District totaled \$37,621,223 in Fiscal Year 2023, rose to \$40,407,550 in Fiscal Year 2024, \$48,605,634 in Fiscal Year 2025 and are projected to be \$45,163,269 in Fiscal Year 2026.

School Finance Grants. The State also provides other grants that are available to districts for various purposes. Several of these are highlighted below:

The Transportation Grant provides reimbursement for the costs of transporting students to and from school. The reimbursement for each school district is between 70 percent and 90 percent of approved transportation costs, depending upon the ranking of the school district. School districts are ranked based on the approved transportation costs per ADMw. Funds are subject to approval of school district grant requests by ODE and are deducted from the SSF.

Measure 98 ("M98") the "High School Graduation and Career and College Readiness Act," was approved by voters at the November 2016 election. M98 requires the State to direct funding to each district for purposes of high school dropout-prevention and providing career technical and college readiness programs. The measure requires the Oregon Department of Education to track rates of college attendance and the need for remedial classes for those who attend, as well as provide other performance and financial accountability audits. For the 2025-27 biennium the state legislature appropriated \$338.1 million to M98.

The High Cost Disability Grant is distributed on a pro-rata basis to all qualifying districts and is equal to the approved costs of providing special education and related services to a resident pupil with disabilities in excess of \$30,000, for which the district is eligible to apply for reimbursement. If requests are in excess of the fund's capacity, reimbursements are prorated depending on the number of claims received. For the 2025-27 biennium the state legislature appropriated \$110.0 million.

The "Early Literacy Success Initiative," established by House Bill 3198 (2023), provides grant funds for school districts to help improve reading instruction, reduce disparities among student groups who have been historically underserved, train teachers and staff and offer summer programs. School districts are required to provide a 25 percent match in order to receive the funds. For the 2025-27 biennium the state Legislature appropriated \$93.8 million.

Measure 99 ("M99"), the "Outdoor School Lottery Fund Initiative" was approved by voters in the November 2016 election and created a fund, derived from state lottery proceeds, to support outdoor school programs across the State. The fund is administrated by Oregon State University. For the 2025-27 biennium the State legislature appropriated \$48 million for this program.

The Oregon School Capital Improvement Matching Program ("OSCIM") provides matching grants to districts which pass a local general obligation bond. The goal of the program is to encourage local communities to invest in their district's public schools. Commitments are made to districts ahead of an election, allowing districts to inform their communities of the potential for additional funds from the state if the local bond is approved. The matching grants are currently for a minimum of \$6.126 million, or one-to-one match if less, and a maximum of \$12.252 million. The legislature appropriated \$120.8 million for OSCIM grants for the 2025-27 biennium.

Current Revenue Forecasts

On November 19, 2025 the OEA released the December 2025 Revenue Forecast (the "December 2025 Forecast"). The December 2025 Forecast for gross General Fund revenues for the 2025-27 biennium was \$37.226 billion, down \$535 million from the Close of Session (2025) Forecast but an increase of \$309 million from the September 2025 Forecast. The bulk of the increase was attributed to Corporate Income Tax (\$266.9 million) while Personal Income Tax has been revised upward \$48.0 million. All other General Fund revenues have declined \$5.8 million from the September 2025 Forecast. The projected ending balance as of June 30, 2027 is a negative \$63.1 million compared to the Close of Session (2025) Forecast, an improvement from the negative \$372.7 million ending balance projected by the September 2025 Forecast.

The most significant change to non-General Fund revenues pertains to the Lottery forecast. Projected Lottery earnings have been increased \$9.2 million, driven by run-ups in jackpots and a moderate improvement to the Video Lottery Forecast. Corporate Activity Tax revenues are down \$31.1 million, or 1.0 percent for the biennium, owing to recent weakness in estimated payments. Finally, Marijuana taxes are projected to decrease \$5.9 million from the September 2025 Forecast and \$12.1 million from the Close of Session (2025) Forecast.

The December 2025 Forecast noted that a "slowdown appears likely to continue for 2025, with inflation-adjusted economic output projected to again grow more slowly than the prior year. However, the forecast notes that an expanding consensus among forecasters anticipates stable-to-faster growth in 2026 and it appears the multi-year, post-pandemic growth slowdown has reached an inflection point." The forecast notes that forecasters appear to present the case for a return to stable growth projections going forward. The December 2025 Forecast further stated that "the national and state economic trajectory appears to be largely in line with, if not slightly better than, the forecast trajectory described in the preceding quarter. By some metrics, Oregon has underperformed national trends related to output and labor conditions, but resilient national economic performance should provide critical support to state-level activity."

The next Revenue Forecast is scheduled to be released on February 4, 2026. The District does not intend to update the Official Statement upon release of the next Revenue Forecast.

State General Fund Forecast Summary
(\$ in Millions)

	2025-27 Biennium Revenue Forecast			December 2025 Forecast Change From	
	Close of Session	September 2025	December 2025	September 2025	Close of Session
Structural Revenues					
Personal Income Tax	\$ 30,247.1	\$ 29,961.7	\$ 30,009.7	\$ 48.0	\$ (237.4)
Corporate Income Tax	3,430.5	3,063.9	3,330.7	266.9	(99.8)
All Other Revenues	2,082.2	2,106.4	2,100.5	(5.8)	18.4
Gross General Fund Revenues	35,759.8	35,131.9	35,441.0	309.0	(318.8)
Beginning Fund Balance	2,243.1	2,018.7	2,018.7	0.0	(224.4)
Offsets, Transfers and Actions	(206.9)	(200.2)	(199.7)	0.5	7.3
Net Available Resources	\$ 37,795.9	\$ 36,950.5	\$ 37,260.0	\$ 309.5	\$ (535.9)

Source: Oregon Office of Economic Analysis, "Oregon Economic and Revenue Forecast, December 2025." November 19, 2025.

Income Tax Rebate Program

When total actual revenue collections in the General Fund (excluding corporate income tax receipts) exceed the Close of Session forecast by two percent or more, the collections above the forecasted amount are returned to individual income taxpayers, commonly known as the "kicker." Any kicker recorded in one biennium is provided as a credit in the following biennium, reducing revenues available in that subsequent biennium. A personal tax kicker of \$1.4 billion was generated for the 2023-25 biennium. The personal tax kicker will be distributed as a refundable income tax credit on taxpayer's 2025 returns filed in 2026. According to the December 2025 Forecast, no kicker is projected to be generated for the 2025-27 biennium.

When corporate income tax collections exceed the Close of Session forecast by two percent or more, the treatment is different: those revenues are retained in the General Fund and dedicated to funding K-12 education. According to the December 2025 Forecast, no corporate kicker is projected for the 2025-27 biennium.

State Reserve Funds

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

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

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

The December 2025 Forecast indicates that the Rainy Day Fund and the Education Stability Fund balances are projected to end the 2025-27 biennium with balances of \$2.167 billion and \$1.263 billion, respectively.

Current Legislatively Approved Budget and Education Funding Levels

2025-27 Biennium State Budget. The budget adopted by the Legislature for the 2025-27 biennium (the “2025-27 Legislatively Approved Budget”) includes \$138.885 billion total funds, a 6.3 percent increase from the 2023-25 Legislatively Approved Budget. The 2025-27 Legislatively Approved Budget is comprised of planned expenditures of \$37.328 billion in General Funds, \$1.815 billion Lottery Funds, \$56.062 billion Other Funds, and \$43.685 billion Federal Funds. The combined General Fund and Lottery Funds figure is up by 11.7 percent over the 2023-25 Legislatively Approved Budget.

Development of the budget for the 2025-27 biennium occurred during a period of significant uncertainty surrounding federal funding (see “Certain Investment Considerations – Federal Funding Uncertainty” herein). Approximately 32 percent of the State budget is supported with federal revenues that provide funding for health care, education, transportation infrastructure, natural resources, and other important programs. The Congressional proposals to reduce federal spending by up to 30 percent could have a significant impact on the core programs and services provided by the State.

2025-27 State School Fund Appropriations. The Legislature appropriated a combined total of \$11.36 billion for the SSF in the 2025-27 biennium, representing a \$1.06 billion increase over the 2023-25 Legislatively Approved Budget of \$10.3 billion, and the highest funding level ever appropriated. Despite the increase in SSF appropriations, some districts have made cuts or used reserves due to falling enrollment, increasing staff costs or the loss of federal emergency funding related to COVID-19. Additional funding for specific programs is projected to be available to schools (see “Revenues Sources – State Revenue Sources - Corporate Activity Tax” herein). The District’s General Fund budget for Fiscal Year 2026 is included in “Financial Factors – Budgetary Process.”

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

State School Fund Appropriations
(\$ in Millions)

Biennium	Fiscal Year	Budget Appropriation
2025-27	2027	\$ 5,793
	2026	5,566
2023-25	2025	5,202
	2024	4,998
2021-23	2023	4,741
	2022	4,555
2019-21	2021	4,590
	2020	4,410
2017-19	2019	4,100
	2018	4,100

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

SSF Grant Estimates for the District. ODE provides SSF Grant estimates to each school district. Estimates are revised periodically throughout the year. The most recent ODE estimates for the District’s SSF Grant for Fiscal Years 2025 and 2026, are shown in the following table.

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

	2025	2026
Extended ADMw:		
Current Fiscal Year Estimated ADMw	52,441.2	51,299.2
Prior Fiscal Year Estimated ADMw	52,999.0	52,441.2
Extended ADMw (greater of Current or Prior Year)	<u>52,999.0</u>	<u>52,441.2</u>
Experience Adjustment:		
District Average Teacher Experience	11.89	11.89
State Average Teacher Experience	12.09	12.09
Experience Adjustment (District and State Teacher Experience Difference)	<u>-0.20</u>	<u>-0.20</u>
Local Revenue:		
Property Taxes	\$ 316,287,164	\$ 328,938,651
Federal Forest Fees	0	0
Common School Fund	6,604,823	6,140,538
County School Fund	15,000	15,000
State Managed Timber	0	0
In-lieu of Property Taxes	450,000	450,000
Revenue Adjustments	0	0
Local Revenue	<u>\$ 323,356,987</u>	<u>\$ 335,544,189</u>
Transportation Grant:		
Net Eligible Transportation Costs	\$ 48,295,000	\$ 49,500,000
Grant (70% of Net Eligible Transportation Costs)	\$ 33,806,500	\$ 34,650,000
General Purpose Grant:		
(Extended ADMw x [\$4,500 + (\$25 x Experience Adjust.)]) x Funding Ratio =	\$ 556,820,600	\$ 584,395,813
Total Formula Revenue:		
General Purpose Grant + Transportation Grant =	\$ 590,627,100	\$ 619,045,813
State School Fund Grant:		
Total Formula Revenue - Local Revenue =	\$ 267,270,113	\$ 283,501,624

Source: Oregon Department of Education, School Finance Office, Fiscal Year 2025 data as of April 29, 2025 and Fiscal Year 2026 data as of November 17, 2025 <http://www.oregon.gov/ode/schools-and-districts/grants/Pages/default.aspx>.

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

Federal Funding

Oregon school districts receive federal funding for a variety of purposes. Such funding is generally restricted to specific purposes. The District reported receipt of \$169.03 million of federal funds in Fiscal Year 2025. Of this amount, \$1.162 million was reported in the District's General Fund, \$167.72 million in the Special Revenue Fund, and \$146,0001 in the Capital Projects Fund. The General Fund portion of federal funding comes from federal grants. Special Revenue Funds include support from targeted federal programs including Title I (students in poverty), Title IIA and IID (quality instructors), IDEA (special education), and USDA subsidy for student meal programs. The current federal administration has recently issued a series of executive orders and implemented policies that purport to condition ongoing funding on compliance with administration policies. Although a

federal spending freeze or reduction is not expected to have a direct material impact on General Fund operations, such a freeze or reduction in federal funds would likely require the District to implement a mitigation strategy to either continue support for targeted programs or discontinue services at a level equivalent to the reduction of resources. The Fiscal Year 2026 budget is appropriated at 75 percent as a conservative approach to staffing in those programs. A District level plan will be developed as more information becomes available. See “Federal and State Actions - Federal Government Policy Uncertainty” herein.

Financial Factors

Financial Reporting and Accounting Policies

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

Additional information on the District’s accounting methods is available in the District’s audited financial statements. A copy of the District’s audited financial report for Fiscal Year 2024 is attached hereto as Appendix B.

Auditing

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

The District’s audits for the Fiscal Years 2020 through 2024 (“District Audited Financial Statements”) were performed by Talbot, Korvola & Warwick, LLP, CPAs, Portland, Oregon (the “Auditor”). The audit reports for Fiscal Year 2025, 2024 and 2023 indicate the financial statements, in all material respects, fairly present the District’s financial position of the governmental activities, each major fund and the aggregate remaining fund information and the respective changes in financial position in conformance with accounting principles generally accepted in the United States of America. While the audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over financial reporting, in Fiscal Year 2023, the Auditor identified one material weakness while performing procedures. Refer to the audited financial statement for Fiscal Year 2025, attached hereto as Appendix B. The District’s Finance Department has implemented additional internal controls and review procedures to ensure the material weakness identified is remediated. The District has contracted with the Auditor to audit its financial statements for Fiscal Year 2026. The audit review is scheduled to begin in May 2026. The Auditor was not requested to review this Official Statement.

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

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

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

Assets	2021	2022	2023	2024	2025
Cash & cash equivalents	\$ 357,945	\$ 164,820	\$ 373,934	\$ 388,580	\$ 306,672
Cash & cash equivalents-restricted	-	-	4,735	19,678	-
Cash & cash equivalents held by fiscal agents	5,121	25,265	718,175	5,192	4,930
Investments	662,435	571,766	96,170	476,225	437,772
Accounts and other receivables	45,172	73,168	15,241	79,378	74,869
Property taxes and other taxes receivable	13,721	12,410	7,751	17,397	18,121
Leases receivable	-	7,970	1,812	7,516	7,265
Inventories	1,811	1,464	3,656	1,632	1,538
Prepaid items	5,098	5,332	-	1,014	487
Noncurrent assets:					
Net OPEB asset-RHIA	5,966	9,155	18,153	10,722	13,281
Capital assets, not depreciated:					
Land	9,174	9,174	9,174	9,174	9,174
Construction in progress	498,505	343,471	565,187	601,250	663,885
Capital assets, net of accumulated depreciation:					
Buildings and capital improvements	656,573	973,070	992,178	1,223,040	1,286,679
Vehicles and equipment	9,119	58,345	48,144	39,247	30,076
Right-of-use lease	-	-	878	686	-
Right-of-use subscriptions	-	-	14,105	11,289	7,974
Total Assets	<u>2,270,640</u>	<u>2,255,410</u>	<u>2,869,293</u>	<u>2,892,020</u>	<u>2,862,723</u>
Deferred Outflows of Resources					
OPEB Contributions	18,992	16,642	24,454	24,582	20,061
Pension plan	230,588	558,003	370,571	258,478	392,597
Total Deferred Outflows of Resources	<u>249,580</u>	<u>574,645</u>	<u>395,025</u>	<u>283,060</u>	<u>412,658</u>
Liabilities					
Accounts payable	63,356	56,786	76,357	101,290	49,460
Accrued wages and benefits payable	104,361	99,035	102,289	114,495	118,962
Unearned revenue	2,044	10,796	122,521	129,393	124,050
Claims payable	5,574	7,129	7,676	7,929	8,968
Non-current liabilities:					
Due within one year					
Accrued compensated absences	3,578	3,537	4,085	4,024	16,570
Accrued bond interest payable	23,052	18,666	2,412	1,966	2,191
Bonds	126,601	155,230	183,322	202,477	221,429
Lease payable	-	-	186	192	-
Subscription payable	-	-	992	1,660	1,535
Due in more than one year					
Accrued compensated absences	3,248	2,927	2,937	3,341	29,773
Bonds	1,427,132	1,661,880	1,943,104	1,740,627	1,598,815
Accrued bond interest payable	15,634	-	-	-	-
Lease payable	-	-	711	519	-
Subscription payable	-	-	696	1,002	629
Net pension liability	527,419	273,296	207,899	100,951	366,501
Pension Liability - Stipend	-	-	-	-	5,437
OPEB Liability - RHIS	78,581	75,893	80,123	78,365	78,398
Total Liabilities	<u>2,380,580</u>	<u>2,365,175</u>	<u>2,735,310</u>	<u>2,488,231</u>	<u>2,622,720</u>
Deferred Inflows of Resources					
Deferred Lease Resources	-	7,753	7,342	6,930	6,368
OPEB	4,771	5,721	13,327	7,944	7,044
Pension Plan	96,420	307,519	232,863	239,520	202,359
Total Deferred Inflows of Resources	<u>101,191</u>	<u>320,993</u>	<u>253,532</u>	<u>254,394</u>	<u>215,771</u>
Net Position					
Net investment in capital assets	717,881	590,231	641,228	795,530	958,166
Restricted for:					
Capital projects	757,216	139,609	125,058	136,945	124,425
Grants	12,879	14,764	15,710	18,635	16,297
Student body activities	5,074	5,135	4,858	4,844	5,149
Nutrition services	2,488	5,491	3,479	-	-
Debt service	13,353	14,462	18,756	16,385	10,030
Net OPEB asset-RHIA	5,966	9,155	18,153	10,722	13,281
Unrestricted (deficit)	<u>(1,476,408)</u>	<u>(634,960)</u>	<u>(551,766)</u>	<u>(550,606)</u>	<u>(690,458)</u>
Total Net Position	\$ 38,449	\$ 143,887	\$ 275,476	\$ 432,455	\$ 436,890

Source: District Audited Financial Statements.

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

Revenues:	2021	2022	2023	2024	2025
Program Revenues:					
Charges for services	\$ 1,914	\$ 1,997	\$ 5,712	\$ 8,421	\$ 4,715
Operating grants and contributions ⁽¹⁾	113,835	184,581	215,075	203,962	181,471
Capital grants and contribution	1,319	1,978	2,110	13,203	20,498
General Revenues:					
Property taxes	418,228	446,348	464,507	505,829	513,581
Construction excise tax	3,446	5,437	4,190	1,786	1,728
Local option taxes	101,539	105,314	110,005	107,807	104,672
State school fund - general support	263,622	259,314	265,672	274,366	268,519
State Common School Fund	5,628	5,693	6,362	6,415	6,605
County and intermediate sources	17,185	15,566	11,067	9,401	15,533
Investment earnings	3,107	984	28,912	56,177	42,930
Other	10,113	10,668	16,875	16,086	15,390
Total Revenues	<u>939,936</u>	<u>1,037,880</u>	<u>1,130,487</u>	<u>1,203,453</u>	<u>1,175,642</u>
Expenses:					
Instruction	465,995	470,945	491,393	508,240	578,290
Support services	376,660	359,554	414,298	431,367	458,018
Enterprise and community services	23,731	29,283	33,374	30,189	32,536
Facilities services	10,844	9,576	4,845	9,520	3,482
Interest and fees on long-term debt	54,640	63,084	54,988	67,158	56,942
Total Expenses	<u>931,870</u>	<u>932,442</u>	<u>998,898</u>	<u>1,046,474</u>	<u>1,129,268</u>
Increase (decrease) in net position	8,066	105,438	131,589	156,979	46,374
Net position- July 1	<u>30,383</u>	<u>38,449</u>	<u>143,887</u>	<u>275,476</u>	<u>432,455</u>
Restatement of Net Position ⁽²⁾	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(41,939)</u>
Total Net Position	<u>\$ 38,449</u>	<u>\$ 143,887</u>	<u>\$ 275,476</u>	<u>\$ 432,455</u>	<u>\$ 436,890</u>

- (1) As part of COVID-19 relief funding, the District was awarded reimbursement grants through the Elementary and Secondary School Emergency Relief (ESSER) Fund. There have been three separate ESSER awards of approximately \$115.0 million total. The final payment was received by the District on June 30, 2024. In addition, the District has received \$8.4 million from the Federal Emergency Management Agency (FEMA) for Public Assistance reimbursements for emergency protective measures due to the pandemic in Fiscal Year 2024.
- (2) During Fiscal Year 2025, the District implemented GASB Statement No. 101, Compensated Absences. In addition to the value of unused vacation time owed to employees upon separation of employment, the District now recognizes an estimated amount of sick leave earned as of year-end that will be used by employees as time off in future years as part of the liability for compensated absences. The restatement represents the effects of the change in accounting principle are summarized.

Source: District Audited Financial Statements.

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

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

Assets	2021	2022	2023	2024	2025
Cash & cash equivalents-unrestricted ⁽¹⁾	\$ 158,611	\$ 24,582	\$ 101,077	\$ 135,775	\$ 79,472
Cash & cash equivalents held by fiscal agents	4,664	4,780	4,341	4,683	4,515
Investments ⁽¹⁾	-	109,824	24,914	19,913	64,748
Prepaid items	628	2,216	347	96	112
Accounts receivable	1,519	6,626	2,703	1,456	9,534
Leases receivable	-	7,970	7,751	7,516	7,265
Property taxes and other taxes receivable	10,509	9,433	11,684	13,065	13,499
Due from other funds ⁽²⁾	40,975	60,760	82,060	51,034	11,876
Inventories	317	373	539	570	600
Total Assets and Other Debits	<u>217,223</u>	<u>226,564</u>	<u>235,416</u>	<u>234,108</u>	<u>191,621</u>
Liabilities, Deferred Inflow of Resources, and Fund Balances					
Liabilities:					
Accounts payable	20,567	18,772	17,506	22,847	19,559
Accrued wages and benefits	98,076	92,034	94,256	104,651	107,283
Due to other funds	744	744	744	744	744
Unearned revenues	-	-	-	1,228	1,378
Total Liabilities:	<u>119,387</u>	<u>111,550</u>	<u>112,506</u>	<u>129,470</u>	<u>128,964</u>
Deferred Inflow of Resources:					
Unavailable leases revenue	-	7,753	10,071	6,930	6,368
Unavailable revenue - property taxes	9,145	8,457	7,342	11,630	11,966
Total Deferred Inflow of Resources:	<u>9,145</u>	<u>16,210</u>	<u>17,413</u>	<u>18,560</u>	<u>18,334</u>
Fund Balances:					
Nonspendable	945	2,589	886	666	712
Assigned	-	96,215	94,984	85,412	43,611
Unassigned	87,746	-	9,627	-	-
Total Fund Balances	<u>88,691</u>	<u>98,804</u>	<u>105,497</u>	<u>86,078</u>	<u>44,323</u>
Total Liabilities, Deferred Inflow of Resources and Fund Balance	<u>\$ 217,223</u>	<u>\$ 226,564</u>	<u>\$ 235,416</u>	<u>\$ 234,108</u>	<u>\$ 191,621</u>

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

(2) Due from other funds includes grants.

Source: District Audited Financial Statements.

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

Revenues	2021	2022	2023	2024	2025
Property and other taxes	\$ 286,029	\$ 304,228	\$ 318,222	\$ 348,010	\$ 356,010
State School Fund	263,622	259,314	265,672	274,366	268,519
State Common School Fund	5,628	5,693	6,362	6,415	6,605
Federal and state support	18	21	21	28	146
Local option taxes	102,417	106,124	110,472	108,408	105,580
County and intermediate sources	14,381	12,793	8,987	7,228	12,733
Charges for services	1,642	1,724	2,626	2,813	2,872
Extracurricular activities	-	-	-	-	2
Investment earnings	544	782	8,367	11,687	10,443
Other	5,681	7,938	9,481	8,809	6,753
Total Revenues	<u>679,962</u>	<u>698,617</u>	<u>730,210</u>	<u>767,764</u>	<u>769,663</u>
Expenditures					
Instruction	363,865	373,758	376,733	411,658	439,246
Support services	285,719	312,766	343,006	370,633	356,499
Enterprise and community services	5,115	893	3,114	4,123	4,727
PERS UAL lump sum payment ⁽¹⁾	-	398,666	-	-	-
Debt Service	-	2,167	406	1,102	1,376
Total Expenditures	<u>654,699</u>	<u>1,088,250</u>	<u>723,259</u>	<u>787,516</u>	<u>801,848</u>
Excess (deficiency) of revenues over expenditures	<u>25,263</u>	<u>(389,633)</u>	<u>6,951</u>	<u>(19,752)</u>	<u>(32,185)</u>
Other Financing Sources (Uses)					
Transfers out	(1,198)	(1,207)	(1,282)	(887)	(10,643)
PERS Bond Proceeds ⁽¹⁾	-	399,390	66	-	-
Premium on issuance of debt	-	1,449	-	-	-
Proceeds from the sale of capital assets	152	114	-	115	94
Issuance of leases	-	-	958	-	-
Issuance of subscriptions	-	-	-	1,105	979
Total Other Financing Sources (Uses)	<u>(1,046)</u>	<u>399,746</u>	<u>(258)</u>	<u>333</u>	<u>(9,570)</u>
Change in fund balance	<u>24,217</u>	<u>10,113</u>	<u>6,693</u>	<u>(19,419)</u>	<u>(41,755)</u>
Fund balance at beginning of year	<u>64,474</u>	<u>88,691</u>	<u>98,804</u>	<u>105,497</u>	<u>86,078</u>
Ending fund balance	<u>\$ 88,691</u>	<u>\$ 98,804</u>	<u>\$ 105,497</u>	<u>\$ 86,078</u>	<u>\$ 44,323</u>

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

Source: District Audited Financial Statements.

Budgetary Process

The District's budget is prepared in accordance with provisions of the Oregon Local Budget Law which provides standard procedures for preparing, presenting and administering the operating budget for all local governments.

The law mandates public involvement in budget preparation and public exposure of its proposed programs. The law also requires that the budget be balanced.

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

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

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

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

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

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

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

Resources	2025	2026
Beginning Fund Balance	\$ 87,138	\$ 45,000
Current Year Property Taxes	351,964	359,464
Current Year Local Option Property Taxes	104,608	109,222
Local Sources	26,749	25,831
Intermediate Sources	12,306	7,847
State Sources	271,565	297,191
Federal Sources	15	15
Interfund Transfer	-	23,962
All Other Resources	50	50
Total Resources	\$ 854,394	\$ 868,580
Requirements		
Instruction	\$ 439,084	\$ 458,417
Supporting Services	354,962	347,191
Enterprise and Community Services	3,257	4,617
Debt Service & PERS UAL Programs	339	-
Transfers	15,896	17,176
Contingencies	40,856	41,179
Total Requirements	\$ 854,394	\$ 868,580

Source: District Adopted Fiscal Year 2026 Budget.

Fiscal Year 2027 Budget Development. The District is facing a \$50 million budget shortfall for Fiscal Year 2027. A preliminary budget recommendation brought forward by the District officials on January 16, 2026 suggests a reduction of 288 jobs, including 180 school staff cuts and 108 central office cuts. The District is currently holding engagement sessions with the community to review budget priorities. The final budget is expected to be adopted by the Board prior to June 30, 2026.

Investments

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

Political subdivisions are also authorized to invest approximately \$61.749 million (adjusted for inflation) in the Local Government Investment Pool of the Oregon Short-Term Fund, which is managed by the State Treasurer's office. Such investments are managed in accordance with the "prudent person rule" (ORS 293.726) and administrative regulations of the State Treasurer which may change from time to time. Eligible investments presently include all of those listed above, as well as repurchase agreements and reverse repurchase agreements. A listing of investments held by the Oregon Short-Term Fund is available on the Oregon State Treasury website under "Other OSTF Reports - OSTF Detailed Monthly Reports" at [http://www.oregon.gov/treasury/Divisions/Investment/Pages/Oregon-Short-Term-Fund-\(OSTF\).aspx](http://www.oregon.gov/treasury/Divisions/Investment/Pages/Oregon-Short-Term-Fund-(OSTF).aspx).

Pension System

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

T1/T2 Pension Programs. Employees hired before August 29, 2003 participate in the "Tier 1" or "Tier 2" pension programs (the "T1/T2 Pension Programs"). The benefits provided through the T1/T2 Pension Programs are based primarily on a defined benefit model and provide retirement and disability benefits, annual cost-of-living adjustments, and death benefits to members and their beneficiaries. Different benefit structures apply to participants depending on their date of hire. Between January 1, 2004 and June 30, 2020, six percent of each employee's salary was contributed to fund individual retirement accounts under a separate defined contribution program known as the Individual Account Program (the "IAP"). Effective July 1, 2020, the six percent contribution for employees who earn in excess of \$2,500 per month (indexed annually for inflation) was split in two, with two-and-one-half percent of the employee's salary deposited in the "Employee Pension Stability Account" ("EPSA") and 3.50 percent of salary sent to the IAP. The threshold amount was raised in June 2021 to \$3,333 per month (indexed annually for inflation). Effective January 1, 2025, the monthly threshold for this contribution is \$3,777 per month. This policy will apply until the funded status reaches 90 percent.

OPSRP. Employees hired on or after August 29, 2003 participate in the Oregon Public Service Retirement Plan ("OPSRP") unless membership was previously established in the T1/T2 Pension Programs. OPSRP is a defined benefit pension plan, but also provides access to the IAP. As stated above, effective July 1, 2020, the six percent contribution for employees that earn in excess of \$2,500 per month (indexed annually for inflation) was split in two, with 0.75 percent of the employee's salary deposited in the EPSA and 5.25 percent of salary sent to the IAP.

Effective January 1, 2025, the monthly threshold for this contribution split is \$3,777 per month. This policy will apply until the funded status reaches 90 percent.

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

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

Actuarial valuations are performed for the entire System (the “System Valuation”), and for most participating employers, including the District (the “District Valuation”). School Districts are valued as an actuarial pool (“School District Pool Valuation”). Valuations are released nine to eleven months after the valuation date. Current payroll rates are based on the System’s actuarial valuation report as of December 31, 2023 (the “2023 System Valuation”), and those rates will extend through June 30, 2027, including the rates for the District. The System’s actuarial valuation report as of December 31, 2024 (the “2024 System Valuation”), which was released on December 17, 2025 provides projections of contribution rates for the 2027-2029 biennium. Actual contribution rates for the 2027-2029 biennium will be set by the System’s actuarial valuation report as of December 31, 2025, which is expected to be released late in calendar year 2026. See “Actuarial Assumptions” and “Employer Contribution Rates” herein.

Valuation Date	Release Date	Rates Effective
December 31, 2021	October 2022	July 1, 2023 – June 30, 2025
December 31, 2022	December 2023	Advisory only for July 1, 2025 – June 30, 2027
December 31, 2023	October 2024	Current Rates: July 1, 2025 – June 30, 2027
December 31, 2024	December 2025	Advisory only for July 1, 2027 – June 30, 2029

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

T1/T2 Pension Programs

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

- *State and Local Government Rate Pool:* For the T1/T2 Pension Programs, all State agencies, certain Oregon local governments and all community college public employers are pooled (the “State and Local Government Rate Pool” or “SLGRP”). Each SLGRP member’s allocated share of the pool’s assets and liabilities is based on the member’s proportionate share of the SLGRP’s pooled payroll which share may shift in the future due to relative growth in payroll. Further, a SLGRP member’s Allocated T1/T2 UAL may increase if other pool participants fail to pay their full employer contributions. The District is not a member of the SLGRP.

OPSRP

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

Actuarial Assumptions. Actuarial assumptions are set each biennium and are applied to the System’s valuations. Significant actuarial assumptions and methods used since the 2020 System Valuation included (a) the Entry Age Normal method, (b) asset valuation method based on market value, (c) the assumed earnings rate (the “Assumed Rate”) on the investment of present and future assets of 6.90 percent, (d) payroll growth rate of 3.40 percent, (e) consumer price inflation of 2.40 percent per year, (f) UAL amortization method of a level percentage of payroll, with the 2019 UAL attributable to the Tier 1 and Tier 2 pension programs amortized over a 22-year period, and all subsequent UALs attributable to Tier 1 and Tier 2 amortized over a 20-year period. Any UAL attributable to OPSRP is amortized over 16 years (fixed) from the date of the first rate-setting valuation at which the UAL is recognized, (g) a rate collar to limit increases or decreases in employer contribution rates from biennium to biennium (the “Rate Collar”) (see “Rate Collar” herein), and (h) a portion of the IAP is redirected to the EPSA resulting in a direct offset and reduction of Employer contribution.

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

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

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

System Funded Status & UAL. According to the 2024 System Valuation, the UAL for the System as of December 31, 2024 was \$29.2 billion, and the funded status, excluding Side Accounts for the System, was approximately 73 percent. This maintains approximately the same UAL and funded status as in the 2023 Valuation, which estimated that the UAL for the System was \$29.4 billion and the funded status was approximately 72 percent, excluding side accounts.

The funded status of PERS and related contribution rates of the District will change over time depending on a variety of factors, including the market performance of the investments in which the OPERF is invested, future changes in compensation and benefits of covered employees, demographic characteristics of members,

methodologies and assumptions used by the actuary in estimating the assets and liabilities of PERS, legislative or judicial actions, and other actions taken by the PERB. The annual rate of return on the OPERF in 2024 was 5.71 percent, which was lower than the assumed earnings rate of 6.90 percent. Year to date return in 2025 through November was 8.78 percent. Total returns in 2026 and thereafter, along with the factors mentioned above, may affect the System-wide and District UALs and related contribution rates in future valuations. Under current PERS policies, modification to contribution rates based upon investment performance in 2026 and 2027 will occur during the 2027-29 biennium.

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

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

Valuation Date	System ⁽²⁾		School District Pool	
	UAL	Funded Status	UAL	Funded Status
12/31/24	\$ 29,187.0	73.1%	\$ 7,432.3	77.0%
12/31/23	29,381.3	72.4%	7,866.2	75.9%
12/31/22	28,032.9	72.8%	7,853.8	75.8%
12/31/21	20,038.2	79.6%	5,656.7	82.8%
12/31/20	28,043.8	70.6%	8,612.3	72.6%

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

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

Source: System Valuations and PERS.

Side Accounts and Pension Bonds. The District issued pension bonds (the “Pension Bonds”) and used other cash resources to make lump sum payments to PERS. These lump sum payments were deposited into “side accounts” (the “Side Accounts”) that are amortize over a fixed period and reduce the contribution rates. In addition to its PERS contributions, the District also has debt service payments due on its Pension Bonds as shown in the “Projected Pension Bond Debt Service” table below. See also “Outstanding Long-Term Debt” herein.

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

Date	Original Deposit	Value of Side Account as of 2024 Valuation	Source of Funds	End Date of Rate Credits ⁽¹⁾
10/31/02	\$ 208,027,676	\$ 90,773,499	Bonds	12/31/27
04/21/03	278,589,933	126,203,610	Bonds	12/31/27
12/13/19 ⁽²⁾	9,521,706	12,987,181	Cash	12/31/37
07/15/21	398,665,572	360,497,092	Bonds	12/31/39
Total	\$ 894,804,887	\$ 590,461,383		

(1) Side account rate credits are amortized to expire 12/31/27, however, high payroll growth can cause the funds to be drawn down more quickly than anticipated. The District has received projections which suggest the side accounts may be depleted as early as June 2027, dependent on actual payroll growth and investment earnings in the interim.

(2) In conjunction with the District’s cash deposit, the District was awarded a State match of \$2,380,426 through the PERS Employer Incentive Fund program.

Source: 2024 District Valuation, and the District.

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

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

Fiscal Year	Outstanding Pension Bonds		Total
	Principal	Interest	Debt Service
2026	\$ 76,755,000	\$ 16,446,834	\$ 93,201,834
2027	83,940,000	12,817,892	96,757,892
2028	50,670,000	8,811,131	59,481,131
2029	18,495,000	6,686,405	25,181,405
2030	19,660,000	6,381,238	26,041,238
2031	20,890,000	6,037,188	26,927,188
2032	22,185,000	5,661,168	27,846,168
2033	23,610,000	5,184,190	28,794,190
2034	25,180,000	4,593,940	29,773,940
2035	26,820,000	3,964,440	30,784,440
2036	28,445,000	3,387,810	31,832,810
2037	30,165,000	2,747,798	32,912,798
2038	31,995,000	2,038,920	34,033,920
2039	33,920,000	1,271,040	35,191,040
2040	17,600,000	440,000	18,040,000
	<u>\$ 510,330,000</u>	<u>\$ 86,469,994</u>	<u>\$ 596,799,994</u>

Source: The District.

Net Unfunded Actuarial Liability. The District's net unfunded pension UAL is the total of the District Allocated T1/T2 UAL and District Allocated OPSRP UAL, less the balance in the District's Side Account, if any. The District's net unfunded pension UAL as reported in the District's actuarial valuation reports as of December 31, 2021 (the "2021 District Valuation"), December 31, 2022 (advisory only) (the "2022 District Valuation") December 31, 2023 (the "2023 District Valuation") and as of December 31, 2024 (advisory only) (the "2024 District Valuation") is shown in the following table.

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

	2021 Valuation	2022 Valuation	2023 Valuation	2024 Valuation
Allocated pooled T1/T2 UAL	\$ 572,480,660	\$ 775,461,989	\$ 775,022,452	\$ 729,367,763
Allocated pooled OPSRP UAL	51,506,785	114,885,069	131,392,642	135,798,867
District Side Account	(898,198,306)	(774,516,416)	(697,533,040)	(590,461,383)
Net unfunded pension actuarial accrued liability/(surplus)	<u>\$ (274,210,861)</u>	<u>\$ 115,830,642</u>	<u>\$ 208,882,054</u>	<u>\$ 274,705,247</u>

Source: District Valuations.

District Contribution Rates. The District's prior contribution rates for the 2023-25 biennium under the 2021 District Valuation, current rates for the 2025-27 biennium under the 2023 District Valuation, and projected rates for the 2027-29 biennium under the 2024 District Valuation are provided in the following table.

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

	2021 Valuation			2023 Valuation			2024 Valuation		
	2023-25 Biennium			2025-27 Biennium			Advisory Only 2027-29 Biennium		
	T1/T2	OPSRP General	OPSRP P&F	T1/T2	OPSRP General	OPSRP P&F	T1/T2	OPSRP General	OPSRP P&F
Normal cost rate	14.48	9.89	14.68	15.40	10.47	15.74	14.81	10.35	15.74
T1/T2 UAL rate	14.10	14.10	14.10	14.01	14.01	14.01	14.01	14.01	14.01
OPSRP UAL rate	1.69	1.69	1.69	2.69	2.69	2.69	2.92	2.92	2.92
Side account rate relief ⁽¹⁾	(28.53)	(28.53)	(28.53)	(21.10)	(21.10)	(21.10)	(6.17)	(6.17)	(6.17)
Member redirect offset ⁽²⁾	(2.40)	(0.65)	(0.65)	(2.40)	(0.65)	(0.65)	(2.40)	(0.65)	(0.65)
Retiree Healthcare rate (RHIA) ⁽³⁾	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Total net contribution rate (%)	<u>0.00</u>	<u>0.00</u>	<u>1.29</u>	<u>8.60</u>	<u>5.42</u>	<u>10.69</u>	<u>23.17</u>	<u>20.46</u>	<u>25.85</u>
SB 849 rate reduction ⁽⁴⁾				(1.68)	(1.68)	(1.68)			
Total amended net contribution rate (%)⁽⁵⁾				<u>6.92</u>	<u>3.74</u>	<u>9.01</u>			

- (1) Rate credits for side accounts ending in 2027 are not reflected in the 2024 Valuation. There may be remaining fund balance to draw at the beginning of the 2027-29 biennium so actual rates paid may be lower than reported above. Future fund balance and the amount of rate credits is dependent on actual payroll growth and investment earnings in the interim. While rate credits will decrease, debt service payments due on the District's Pension Bonds are also scheduled to decrease in Fiscal Years 2028 and 2029 as shown in the "Projected Pension Bond Debt Service" table above.
- (2) Redirected member contributions (2.50 percent of payroll for Tier 1/Tier 2 and 0.75 percent of payroll for OPSRP) will be used to offset employer contribution rates. The redirect of the IAP does not apply to members with monthly pay below a certain threshold. The values shown in the table incorporate an estimate of the effect of this limitation. (See "Pension System herein).
- (3) Contribution rates to fund RHIA benefits are included in the total District employer contribution rate, but are not a cost related to pensions. See "Other Postemployment Benefits - Retirement Health Insurance Account" below.
- (4) Senate Bill 849 directed the PERB to apply the \$168 million balance in the School Districts Unfunded Liability Fund against all school district employers' individual 2025-27 employer contribution rates, reducing rates by 1.68 percent. This credit will expire at the end of the 2025-27 biennium.
- (5) The side account rate relief shown may be reduced such that the net pension contribution rate does not go below 0.00%.

Source: 2021 District Valuation, 2023 District Valuation, 2024 District Valuation.

The District established a PERS Rate Stabilization Reserve Fund to minimize effects of large fluctuations in the PERS rate assessed against District salaries and wages. The ending fund balance in the PERS Rate Stabilization Reserve Fund at June 30, 2025 was \$22.8 million. The District anticipates using the full amount in Fiscal Year 2026 to offset PERS rate increases.

District Contributions. The District's historical and projected annual contributions to PERS and Pension Bond debt service are provided in the following table.

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

Fiscal Year	District Contribution⁽¹⁾	Pension Bond Debt Service	Total
2026 ⁽²⁾	\$ 22,292	\$ 93,202	\$ 115,494
2025	-	87,945	87,945
2024	56	84,680	84,736
2023	2,106	80,445	82,551
2022 ⁽³⁾	2,724	75,791	78,515
2021	17,684	54,414	72,098

(1) District's contribution to PERS which is net of the side account rate credit draw.

(2) Budgeted.

(3) Includes side account contribution from Pension Obligation Bond Issuance.

Source: The District and District Audited Financial Statements.

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

The District's proportionate share of the System's net pension liability and pension expense under GASB 68 follows.

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

Measurement Date	District's Share of Net Pension Liability	District's Proportionate Share	Pension Expense
6/30/2024	\$ 366,500,675	1.65%	\$ 99,890,614
6/30/2023	95,458,325	0.51%	11,976,645
6/30/2022	201,913,983	1.32%	49,890,596
6/30/2021	267,827,732	2.24%	31,760,231
6/30/2020	521,328,629	2.39%	129,776,703

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

Other Postemployment Benefits

Retirement Health Insurance Account. PERS retirees who receive benefits through the Tier 1 and Tier 2 plans and are enrolled in certain PERS administered health insurance programs, may receive a subsidy towards the payment of health insurance premiums. Under ORS 238.420, retirees may receive a subsidy for Medicare supplemental health insurance of up to \$60 per month towards the cost of their health insurance premium under the RHIA plan. The RHIA program's assets and liabilities are pooled on a system-wide basis and are not tracked or calculated on an employer basis. According to the 2024 Valuation, this program had a surplus of approximately \$434 million as of December 31, 2024. The District's allocated share of the RHIA program's assets

and liabilities is based on the District's proportionate share of the program's pooled payroll. According to the 2024 District Valuation, the District's allocated share of the RHIA program's surplus was \$13,556,500.

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

The District also has an explicit liability as it provides a single-employer defined benefit post-retirement benefits program for employees who have retired from the District with a minimum of 15 accumulated years of service and are eligible to retire from PERS. There are 6,011 active and 339 retired members in the plan. Covered employees under the plan are eligible to receive full or part District-paid medical and pharmacy benefits for up to 60 months, or until reaching age 65, whichever comes first. The District also pays a portion of the spouse/domestic partner medical and pharmacy costs during the benefit period. The program was established under separate collective bargaining agreements with the certificated and classified employees and by precedent for all other District employees. The Portland Association of Teachers (PAT) group agreed to terminate this benefit after September 30, 2019. The District Council Unions (DCU) agreed to terminate this benefit after December 31, 2014. All other bargaining units and employee groups agreed to terminate this benefit after June 30, 2014.

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

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

	2021	2022	2023	2024	2025
Service cost	\$ 3,141	\$ 3,105	\$ 3,200	\$ 2,727	\$ 2,770
Interest	2,818	1,720	1,630	2,814	2,844
Change in benefit terms	722	-	-	-	-
Differences between expected and actual experience	(2,676)	-	11,881	-	1,929
Changes of assumptions or other inputs	1,151	212	(5,227)	(504)	(1,062)
Benefit payments	(7,894)	(7,725)	(7,254)	(6,794)	(6,449)
Net change in total OPEB liability	(2,738)	(2,688)	4,230	(1,757)	32
Total OPEB liability - beginning	81,319	78,581	75,893	80,123	78,366
Total OPEB liability - ending	<u>\$ 78,581</u>	<u>\$ 75,893</u>	<u>\$ 80,123</u>	<u>\$ 78,366</u>	<u>\$ 78,398</u>
Covered-employee payroll	\$ 386,877	\$ 435,531	\$ 435,224	\$ 496,863	\$ 500,000
Total OPEB liability as a % of covered payroll	20.3%	17.4%	18.4%	15.8%	15.7%

Source: District Audited Financial Statements.

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

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

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

	2021	2022	2023	2024	2025
Service cost	\$ 207	\$ 180	\$ 185	\$ 150	\$ 152
Interest	209	128	113	203	194
Change in benefit terms	264	-	-	-	-
Differences between expected and actual experience	145	-	1,285	-	302
Changes of assumptions or other inputs	(69)	9	(274)	(21)	(8)
Benefit payments	(875)	(939)	(792)	(824)	(696)
Net change in total OPEB liability	(119)	(622)	517	(492)	(56)
Total OPEB liability - beginning	6,209	6,090	5,468	5,985	5,493
Total OPEB liability - ending ⁽¹⁾	\$ 6,090	\$ 5,468	\$ 5,985	\$ 5,493	\$ 5,437
Covered-employee payroll	\$ 68,456	\$ 28,623	\$ 80,482	\$ 104,776	\$ 78,056
Total OPEB liability as a % of covered payroll	8.9%	19.1%	7.4%	5.2%	7.0%

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

Source: District Audited Financial Statements.

See Note 11. B "Pension Plans - Stipend" and Note 12 "Other Post-Employment Benefits" of the District's audited financial statements for Fiscal Year 2025 for more information.

Risk Management

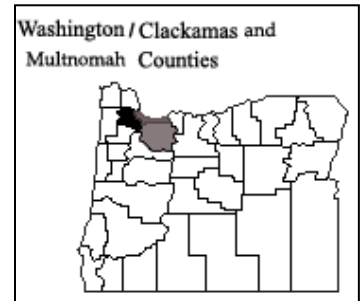
The District is exposed to various risks of loss. A description of the risks is provided in the District's audited financial statements. The audited financial statement for Fiscal Year 2024 is attached hereto as Appendix B. See also "Certain Investment Considerations" herein.

Demographic Information

General

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

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



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

Population

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

Population						
Annual Estimates	State of Oregon ⁽¹⁾	Multnomah County ⁽¹⁾	Washington County ⁽¹⁾	Clackamas County ⁽¹⁾	City of Portland ⁽¹⁾	Portland SD 1J ⁽²⁾
2025	4,300,464	805,583	618,037	432,473	640,623	N/A
2024	4,286,443	803,343	614,012	431,035	639,402	506,762
2023	4,269,152	802,257	610,395	428,540	638,368	502,773
2022	4,255,112	802,289	606,515	426,125	638,908	506,185
2021	4,234,736	801,751	602,231	423,593	639,057	511,433
Census Data ⁽³⁾						
2020	4,237,256	815,428	600,372	421,401	652,503	510,430
2010	3,831,074	735,334	529,710	375,992	583,776	461,591
2000	3,421,399	660,486	445,342	338,391	529,121	431,985

(1) Source: Center for Population Research and Census, Portland State University; revised estimates as of July 1, 2025.

(2) Source: United States Census Bureau Small Area Income and Poverty Estimates. District estimates are generally released December of the following year. Most recent estimate for 2024 released January 2026.

(3) Source: U.S. Census Count on April 1.

Economic Overview

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

As of December 2025, transportation and utilities accounts for 17.8 percent of the total non-farm employment in the Portland PMSA, while private education and health services accounts for 16.8 percent, professional and business services 15.5 percent, and government jobs 13 percent.

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

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

Year	Multnomah County				State of Oregon			
	Personal Income (\$000 Omitted)	Dividends, Interest, Rent (\$000 Omitted)	Per Capita Income	Per Capita Dividends, Interest, Rent	Personal Income (\$000 Omitted)	Dividends, Interest, Rent (\$000 Omitted)	Per Capita Income	Per Capita Dividends, Interest, Rent
2025 ⁽¹⁾	N/A	N/A	N/A	N/A	\$ 316,789,099	\$ 64,698,630	\$ 74,082	\$ 15,130
2024	N/A	N/A	N/A	N/A	302,582,300	63,384,200	70,823	14,836
2023	\$ 59,837,123	\$ 12,860,323	\$ 75,772	\$ 16,285	286,979,900	59,918,200	67,467	14,086
2022	57,089,807	11,676,609	71,851	14,696	270,427,900	52,771,400	63,669	12,424
2021	56,326,074	10,370,270	69,943	12,877	266,544,600	50,392,900	62,653	11,845
2020	52,053,380	9,115,579	63,751	11,164	240,450,400	44,192,400	56,660	10,413
2019	48,296,666	9,409,377	59,434	11,579	220,029,400	43,082,000	52,190	10,219

Note: County-level data for 2024 has not yet been released due to recent Government shut-down. Dollar estimates are in current dollars (not adjusted for inflation).

(1) Data for third quarter, preliminary and subject to change; released January 23, 2026.

Source: U.S. Department of Commerce, Bureau of Economic Analysis; County data as of November 16, 2024.

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

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

	2021	2022	2023	2024	2025	2025 Change from			
						2021	2022	2023	2024
Civilian Labor Force	1,337,182	1,356,170	1,357,909	1,383,640	1,386,914	49,732	30,744	29,005	3,274
Unemployment	67,630	50,679	48,879	55,576	66,556	-1,074	15,877	17,677	10,980
Percent of Labor Force	5.1%	3.7%	3.6%	4.0%	4.8%	---	---	---	---
Total Employment	1,269,552	1,305,491	1,309,030	1,328,064	1,320,358	50,806	14,867	11,328	-7,706

Non-Agricultural Wage & Salary Employment ⁽²⁾

	2021	2022	2023	2024	2025	2025 Change from			
						2021	2022	2023	2024
Total Nonfarm Payroll Employment	1,172,300	1,225,800	1,247,600	1,245,500	1,244,500	72,200	18,700	-3,100	-1,000
Total Private	1,026,800	1,075,900	1,092,600	1,087,100	1,083,100	56,300	7,200	-9,500	-4,000
Mining, logging and construction	78,000	81,800	83,500	82,800	80,300	2,300	-1,500	-3,200	-2,500
Manufacturing	121,800	127,000	125,600	122,500	116,500	-5,300	-10,500	-9,100	-6,000
Trade, transportation, and utilities	222,600	226,200	225,800	222,300	221,900	-700	-4,300	-3,900	-400
Information	26,400	27,600	27,400	26,700	27,200	800	-400	-200	500
Financial activities	73,900	74,700	73,800	71,300	70,900	-3,000	-3,800	-2,900	-400
Professional and business services	188,100	199,400	200,000	195,000	193,300	5,200	-6,100	-6,700	-1,700
Private education and health services	179,100	183,600	193,300	202,300	208,600	29,500	25,000	15,300	6,300
Leisure and hospitality	97,800	114,200	119,900	120,100	120,500	22,700	6,300	600	400
Other services	39,100	41,300	43,100	44,000	43,900	4,800	2,600	800	-100
Government	145,600	149,900	155,100	158,400	161,400	15,800	11,500	6,300	3,000

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

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

Source: State of Oregon Employment Department.

Major Employers in the Portland PMSA

Company	Service	Location	No. Employees
Oregon Health & Science University	Education and health care	Portland	20,947
Providence Health & Services ⁽¹⁾	Health care services	Portland	19,221
U.S. Government ⁽²⁾	Government	Regional	17,700
Intel Corporation ⁽³⁾	Semiconductor integrated circuits	Hillsboro	16,100
State Government ⁽²⁾	Government	Regional	14,200
Kaiser Permanente	Health Care	Portland	13,308
Amazon	Distribution	Regional	11,000
Nike, Inc.	Sports shoes and apparel	Beaverton	10,500
Portland Public Schools ⁽⁴⁾	Education	Portland	7,195
Beaverton School District ⁽⁵⁾	Education	Beaverton	5,685
City of Portland	Government	Portland	5,224
Multnomah County	Government	Portland	4,528
U.S. Postal Service	Government	Regional	3,831
Portland State University	Education	Portland	3,475
Tri-Met	Mass Transit	Portland	3,382
Portland Community College	Education	Portland	3,307
Vancouver Public Schools ⁽⁶⁾	Education	Vancouver	2,900
Alaska Air Group	Airline	Portland	2,884
U.S. Bank	Finance	Portland	2,800
Precision Castparts Corp.	Manufacturing	Portland	2,800
Columbia Sportswear Co.	Apparel	Portland	2,800
New Seasons Market	Grocery/retail	Regional	2,800
Lam Research Corp.	Wafer Fabrication	Tualatin	2,700
Hillsboro School District ⁽⁵⁾	Education	Hillsboro	2,587
Vancouver Clinic	Health care services	Vancouver	2,562
Clackamas County	Government	Oregon City	2,522
Portland General Electric	Utility	Portland	2,375
Washington County	Government	Hillsboro	2,280
North Clackamas School District ⁽⁵⁾	Education	Milwaukie	2,121

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

- (1) Providence has implemented a hiring freeze amongst economic uncertainty related to Medicare and Medicaid cuts this year which could reduce the system's funding. *Source: Oregonlive.com.*
- (2) For month of December 2025. *Source: State of Oregon Employment Department.*
- (3) Intel reduced headcount in Oregon by approximately 3,000 positions in 2024 through layoffs, buyouts and attrition. In 2025, the company has reduced headcount by an additional 3,069 positions the impact of which is reflected in the number above. The company is currently facing challenges as a result of declining sales and leadership changes. *Source: Oregonlive.com and Intel.*
- (4) The District estimates that budget reductions in Fiscal Year 2026 will likely result in the loss of approximately 183 positions. A preliminary budget recommendation for Fiscal Year 2027 includes an additional 288 job cuts, however, this is very preliminary and no decisions have been made at this time. Refer to "Budgetary Process" herein. *Source: The District.*
- (5) Have reported budget shortfalls in Fiscal Year 2026 which could lead to staff reduction. *Source: Each school district.*
- (6) Vancouver Public Schools cut approximately 262 positions in their current Fiscal Year which ends August 31, 2025. *Source: KGW.*

Source: Portland Business Journal "The List: Largest Metro-Area Employers" published October 17, 2025.

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

**City of Portland
Residential Building Permits**

Year	New Single Family		New Multi Family			Total
	Number	Construction Cost	Number	Units	Construction Cost	Construction Cost
2025 ⁽¹⁾	615	\$ 199,319,857	19	382	\$ 45,365,166	\$ 244,685,023
2024	771	239,635,172	45	792	172,526,140	412,161,312
2023	877	260,044,853	82	2,212	368,748,714	628,793,567
2022	489	138,002,417	64	1,708	209,640,559	347,642,976
2021	474	130,410,218	77	2,554	491,807,993	622,218,211
2020	584	159,618,317	62	1,195	148,587,857	308,206,174

(1) As of October.

Source: U.S. Census Bureau.

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

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

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

Certain Investment Considerations

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

General

Economic Considerations. Global and national economic conditions may have had, and may in the future have, significant effects on the finances and operations of the District and its property taxes. No assurance can be given that future changes in economic conditions will not have an effect on the District and its finances and operations, nor can there be any assurances the changes in economic conditions will not have an impact on the taxpayers of the District. It is difficult for the District to predict the occurrence of such economic changes or the potential effect on the finances and operations of the District and its property taxes until the extent and duration of such changes are known.

Public Health Considerations. The financial and operating condition of the District may be materially affected by a national or localized outbreak of an infectious disease, such as the outbreak of avian influenza, measles, COVID-19, or other highly contagious or epidemic disease (an “Outbreak”). There can be no assurances that an Outbreak, including COVID-19 in the State, nationally and globally, will not materially affect the District, state and national economies and accordingly, materially adversely affect the operations and financial condition of the District. The District cannot predict the effects of such events.

Cybersecurity

The District, like other public and private entities, relies on a large and complex technology environment to conduct its operations, and consequently faces the threat of cybersecurity incidents. The District routinely face cybersecurity threats including, but not limited to, hacking, viruses, malware and other attacks on computers and other sensitive digital networks and systems. Cybersecurity incidents could result from unintentional events, or from deliberate attacks by unauthorized entities or individuals attempting to gain access to the District’s information technology systems to misappropriate assets and/or information or to cause operational disruption and damage. The District has not had a material Cybersecurity incident in the past five years.

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

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

Environmental Considerations

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

Seismic and Tsunami Risks. The District is located in an area of seismic activity, with frequent small earthquakes and occasional moderate to larger earthquakes on the coast. The scientific consensus is that the Pacific Northwest region is subject to periodic great earthquakes along the Cascadia Subduction Zone, a large fault that runs offshore from Northern California to British Columbia. Historically, the Pacific Northwest has experienced 8.7 to 9.1 magnitude earthquakes every 300 to 400 years, and such seismic event has not occurred since at least 1700. Such an earthquake would cause widespread damage to structures and infrastructure in affected portions of the State, and potentially catastrophic damage in coastal areas inundated by a possible accompanying tsunami. The District cannot predict how such seismic activity could impact its revenue sources. This kind of regional disaster could result in a significant, and perhaps permanent, loss of population and business as well as significant damage to both property and infrastructure. Moreover, the District receives State revenues which could be impacted by a regional disaster anywhere in the State (see “Revenue Sources – State Revenue Sources” herein). The Bonds are unlimited tax general obligation bonds secured by an ad valorem property tax on taxable property

within the District (see “Security for the Bonds” and “Local Revenue Sources - Property Taxes” herein). Further the Bonds are secured by the Oregon School Bond Guaranty (see “Oregon School Bond Guaranty Program” herein).

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

Drought. Areas of the State have experienced varying levels of drought conditions in recent years, and may experience extended drought conditions in the future. The Governor has not declared a drought emergency in Multnomah County in the last five years. As of January 22, 2026, the U.S. Drought Monitor reports that areas within the City of Portland and Multnomah County are currently experiencing abnormally dry conditions. Extended drought conditions may affect development of undeveloped properties and the value of properties within the boundaries of the District, which may negatively affect the financial condition and operations of the District.

Severe Weather. Many areas across the State have experienced severe weather events such as heavy rainfall, windstorms, and snow and ice storms. The Portland Metro area is vulnerable to severe winter weather, and these storms can have negative impacts on property. In January 2024, the District experienced a compounding series of storms that resulted in material damage to some of its facilities, the costs of which were covered by the District's real property insurance (including self-insured retention).

No Acceleration; Limitation of Remedies

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

Change in Law

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

Federal and State Actions

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

Federal Government Policy Uncertainty. The District receives federal funding for various purposes including program grants. See “Revenue Sources – Federal Funding” herein. The current federal administration has recently issued a series of executive orders and implemented policies that purport to condition ongoing funding on compliance with administration policies, including the policy to eliminate diversity, equity and inclusion (DEI) initiatives, and to eliminate participation of transgender athletes. There is also question as to the administration's intent to suspend or limit federal spending and funding altogether to state and local governments. Many of these actions have been challenged in court and in some cases enjoined. These federal policies, and potentially future federal policies, if implemented, may adversely affect federal revenues received by the District. This creates general uncertainty for school districts nationwide that receive federal funding, and is not unique to the District.

The District received a Notice from the Office of Civil Rights, Department of Education of a complaint about a transgender athlete's participation in a track event in March 2025, which implicates one of the newly-implemented executive orders. The District believes that it has been compliant with Oregon law, Ninth Circuit precedent, and the Department of Education guidelines of the prior administration, and has responded accordingly to the Office of Civil Rights. The District cannot, however, predict how the complaint will be assessed by the current administration.

In addition, the District is aware of a complaint filed with the Office of Civil Rights regarding the District's Center for Black Student Excellence (soon to be renamed) but has not received notice of the complaint from the Office of Civil Rights. The District believes that the programs and services provided by the Center fully comply with applicable laws but the District cannot predict how the complaint will be assessed by the current administration.

The Bonds are unlimited tax general obligation bonds (see "Security for the Bonds" and "Local Revenue Sources - Property Taxes" herein) and therefore the District does not expect that the loss or reduction of federal revenues would impact its ability to pay debt service on the Bonds.

Federal tariffs imposed on international products could increase the cost and timeline of the Project and other capital projects of the District. As a result, the District could be required to adjust the scope of the Project, however, it is not expected to impact its ability to pay debt service on the Bonds.

The Initiative and Referendum Process

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

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

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

Initiative Process

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

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

State is required to prepare a formal estimate of the measure’s financial impact. Typically, this estimate is limited to an evaluation of the direct dollar impact.

Historical Initiative Petitions. According to the Elections Division of the Secretary of State, the total number of initiative petitions that qualified for the ballot and the numbers that passed in recent general elections are as follows:

Recent Initiative Petitions

Year of General Election	Number of Initiatives that Qualified	Number of Initiatives that were Approved
2014	4	2
2016	4	3
2018	4	0
2020	2	2
2022	2	2
2024	2	1

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

Referendum

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

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

Legal Matters and Litigation

Legal Matters

Legal matters incident to the authorization, issuance and sale of Bonds are subject to the approving legal opinion of Bond Counsel, substantially in the form attached hereto as Appendix A. Bond Counsel has reviewed this document only to confirm that the portions of it describing the Bonds and the authority to issue them conform to the Bonds and the applicable laws under which they are issued.

Litigation

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

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

Benson Litigation. The District is engaged in litigation with the Benson High School project construction manager and general contractor (“CMGC”), Andersen Construction, and several subcontractors (the “Contractors”), alleging cross-claims for damages resulting from construction delays, cost overruns, and defective work. The Contractors allege approximately \$60 million in damages, which is disputed by the District. The District alleges claims against Andersen for delay and other damages. Any financial impact to the District is expected to be paid

from bond proceeds or insurance. The District cannot predict the outcome of the litigation at this time but does not anticipate it would materially affect the finances of the District or affect the District's ability to meet debt service requirements on the Bonds.

Personal Injury and Death Claim. The liability of a local public body and its officers, employees and agents acting within the scope of their employment or duties, to any single claimant for covered personal injury or death claims (and not property claims) arising out of a single accident or occurrence may not exceed \$879,200, for causes of action arising on or after July 1, 2025, and before July 1, 2026. The liability limits to all claimants for covered personal injury or death claims (and not property claims) arising from a single accident or occurrence may not exceed \$1,758,300 for causes of action arising on or after July 1, 2025, and before July 1, 2026.

Property Damage or Destruction Claim. The liability limits of a public body and its officers, employees and agents acting within the scope of their employment or duties, for covered claims for damage and destruction of property that arise from causes of action arising on or after July 1, 2025: (a) \$144,200, adjusted as described below, to any single claimant, and (b) \$721,000, adjusted as described below, to all claimants.

For causes of action arising on or after July 1, 2026, the liability limits for both a single claimant and all claimants will be adjusted based on a determination by a State Court Administrator of the percentage increase or decrease in the cost of living for the previous calendar year as provided in the statutory formula. The adjustment may not exceed three percent for any year.

Tax Matters

Opinion of Bond Counsel

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

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

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

Certain Ongoing Federal Tax Requirements and Covenants

The Code establishes certain ongoing requirements that must be met subsequent to the issuance and delivery of the Bonds in order that interest on the Bonds be and remain excluded from gross income under Section 103 of the Code. These requirements include, but are not limited to, requirements relating to use and expenditure of

gross proceeds of the Bonds, yield and other restrictions on investments of gross proceeds, and the arbitrage rebate requirement that certain excess earnings on gross proceeds be rebated to the federal government. Noncompliance with such requirements may cause interest on the Bonds to become included in gross income for federal income tax purposes retroactive to their issue date, irrespective of the date on which such noncompliance occurs or is discovered. The District has covenanted to comply with certain applicable requirements of the Code to assure the exclusion of interest on the Bonds from gross income under Section 103 of the Code.

Certain Collateral Federal Tax Consequences

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

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

Original Issue Discount

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

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

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

Bond Premium

In general, if an owner acquires a Bond for a purchase price (excluding accrued interest) or otherwise at a tax basis that reflects a premium over the sum of all amounts payable on the Bond after the acquisition date (excluding certain “qualified stated interest” that is unconditionally payable at least annually at prescribed rates), that premium constitutes “bond premium” on that Bond (a “Premium Bond”). In general, under Section 171 of the Code, an owner of a Premium Bond must amortize the bond premium over the remaining term of the Premium Bond, based on the owner’s yield over the remaining term of the Premium Bond determined based on constant yield principles (in certain cases involving a Premium Bond callable prior to its stated maturity date,

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

Information Reporting and Backup Withholding

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

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

Miscellaneous

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

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

Continuing Disclosure

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

Prior Undertakings. During the previous five years, the District has been obligated to provide Continuing Disclosure filings for its General Obligation Bonds, Series 2013B; General Obligation Bonds, Series 2015B; General Obligation Bonds, Series 2017B; General Obligation Bonds, Series 2020; General Obligation Bonds, Series 2020B and 2020C; General Obligation Bonds, Series 2023; Full Faith and Credit Bonds, Series 2021; Limited Tax Pension Bonds, Series 2002B, Limited Tax Pension Bonds, Series 2003A and 2003B and Limited Tax Pension Refunding Bonds, Series 2012 (collectively "Outstanding Debt"). The District's undertakings for its Limited Tax Pension Bonds require its annual financial information within 270 days of the end of the Fiscal Year (usually March 27).

The District's other undertakings require its annual financial information filed within nine months of the end of the Fiscal Year (March 30).

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

Municipal Advisor

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

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

Preliminary Official Statement

The District has executed a "deemed final" letter that deemed final the Preliminary Official Statement pursuant to Securities and Exchange Commission Rule 15c2-12 (except for the omission of the following information: offering prices, interest rates, selling compensation, aggregate principal amount, principal amount per maturity, delivery dates, credit enhancement, if any, ratings, insurance, and other terms of the securities depending on such matters). The District has also represented to the Municipal Advisor that the information in this Preliminary Official Statement, except for matters relating to DTC and its book-entry system, the State and the State School Bond Guaranty Program, the Paying Agent, the information under the heading "Purchaser of the Bonds" and the statement regarding the Municipal Advisor in the italicized paragraph on page ii, does not contain any untrue statement of a material fact or omit to state any material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading.

Ratings

As noted on the cover page of this Official Statement, Moody's Ratings and S&P Global Ratings, a Division of Standard & Poor's Financial Services LLC, have assigned their underlying ratings of "Aa3" and "AA-," respectively, to the Bonds. Moody's Investors Service and S&P Global Ratings have also assigned their ratings of "Aa1" and "AA+," respectively, to the Bonds based on the District's participation in the Oregon School Bond Guaranty Program. See "Security for the Bonds - Oregon School Bond Guaranty Program" herein. There is no assurance that the ratings will be retained for any given period of time or that the ratings will not be revised downward or withdrawn entirely by the rating agency if, in its judgment, circumstances so warrant. Any such downward revision or withdrawal of the ratings will be likely to have an adverse effect on the market price of the Bonds.

Purchaser of the Bonds

The Bonds are being purchased by _____ and they will receive compensation of \$_____. The purchaser of the Bonds may offer and sell the Bonds to certain dealers (including dealers depositing the Bonds into investment trusts) and others at prices lower than the initial offering prices corresponding to the yields set forth on page i of this Official Statement, and such initial offering prices may be changed from time to time by such purchaser. After the initial public offering, the public offering prices may be varied from time to time. In connection with the offering of the Bonds, the purchaser of the Bonds may overallot or effect transactions which stabilize or maintain the market price of the Bonds at levels above that which might otherwise prevail in the open market. Such stabilizing, if commenced, may be discontinued or recommenced at any time.

Certificate with Respect to Official Statement

At the time of the original delivery of and payment for the Bonds, the District will deliver a certificate of its authorized representative to the effect that the representative has examined this Official Statement and the financial and other data concerning the District contained herein and that to the best of the representative's knowledge and belief, the Official Statement, both as of its date and as of the date of delivery of the Bonds, does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading.

Appendix A

Form of Bond Counsel Opinion

[Closing Date], 2026

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

Subject: School District No. 1J, Multnomah County, Oregon
(Portland Public Schools)
Multnomah, Washington and Clackamas Counties, Oregon
\$[Principal Amount] General Obligation Bonds, Series 2026

Ladies and Gentlemen:

We have acted as bond counsel in connection with the issuance by School District No. 1J, Multnomah County, Oregon (Portland Public Schools), in Multnomah, Washington and Clackamas Counties, Oregon (the “District”) of its \$[Principal Amount] General Obligation Bonds, Series 2026 (the “Bonds”), which are dated the date of their delivery. The Bonds are authorized by the applicable provisions of Oregon Revised Statutes Chapter 287A and Section 328.205, authorizing votes of the electors of the District at the November 3, 2020 and May 20, 2025 elections, District Resolution No. 7223 adopted December 2, 2025 (the “Resolution”) and a Bond Declaration for the Bonds (the “Bond Declaration”) that is dated as of the date of issuance of the Bonds.

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

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

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

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

1. The Bonds have been legally authorized, sold and issued under and pursuant to the Constitution and Statutes of the State of Oregon, the Resolution and the Bond Declaration. The Bonds constitute valid and legally binding general obligations of the District that are enforceable in accordance with their terms.
2. Pursuant to ORS Section 287A.315 the District has pledged its full faith and credit and taxing power to the payment of the Bonds. In addition, the Bonds are payable from ad valorem taxes which may be levied without limitation as to rate or amount on all taxable property within the boundaries of the District.
3. Under existing statutes and court decisions and assuming continuing compliance with certain tax covenants described below, (i) interest on the Bonds is excluded from gross income for federal income tax purposes pursuant to Section 103 of the Internal Revenue Code of 1986, as amended (the “Code”), and (ii) interest on the Bonds is not treated as a preference item in calculating the alternative minimum tax under the Code, however interest on the Bonds is included in the “adjusted financial statement income” of certain corporations that are subject to the alternative minimum tax under Section 55 of the Code. [Bond Counsel further is of the opinion that, for any Bonds having original issue discount (a “Discount Bond”), original issue discount that has accrued and is properly allocable to the owners of the Discount Bonds under Section 1288 of the Code is excludable from gross income for federal income tax purposes to the same extent as other interest on the Bonds.] In rendering our opinion, we have relied on certain representations, certifications of fact, and statements of reasonable expectations made by the District and others in

connection with the Bonds, and we have assumed compliance by the District with certain ongoing covenants to comply with applicable requirements of the Code to assure the exclusion of interest on the Bonds from gross income under Section 103 of the Code.

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

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

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

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

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

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

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

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

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

Very truly yours,

Appendix B

Financial Statements

The District's Auditor has not performed any further review of the District's financial statements since the date of the audit contained herein. The Auditor was not requested to review this Official Statement and has not completed any additional auditing review procedures subsequent to the issuance of its report on the 2025 Fiscal Year.



PORTLAND PUBLIC SCHOOLS

ANNUAL COMPREHENSIVE FINANCIAL REPORT

FOR THE YEAR ENDED JUNE 30, 2025

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

www.pps.net

501 N DIXON STREET, PORTLAND, OREGON 97227



PORTLAND

Public Schools

PORTLAND PUBLIC SCHOOLS

Annual Comprehensive Financial Report

For the year ended June 30, 2025

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

Prepared by the Finance Department

SCHOOL DISTRICT NO.1J, MULTNOMAH COUNTY, OREGON

Annual Comprehensive Financial Report

For the Year Ended June 30, 2025

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SCHOOL DISTRICT NO.1J, MULTNOMAH COUNTY, OREGON

Annual Comprehensive Financial Report

For the Year Ended June 30, 2025

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INTRODUCTORY SECTION





Office of Michelle Morrison
Chief Financial Officer
PORTLAND PUBLIC SCHOOLS
501 N. Dixon, Portland OR 97227
Phone: (503) 916-3115 * Fax: (503) 619-2125

January 28, 2026

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

We are pleased to submit the Annual Comprehensive Financial Report (ACFR) of School District No.1J, Multnomah County, Oregon (Portland Public Schools or the District or PPS) for the fiscal year ended June 30, 2025, together with the audit opinions of our auditors as required by Oregon Revised Statutes. Responsibility for both the accuracy of the presented data and the completeness and fairness of the presentation, including all disclosures, rests with District management. We believe the financial statements and related information reflecting the financial position and results of the operations of the District are stated fairly in all material aspects. All disclosures necessary to enable the reader to gain an understanding of the District's financial affairs have been included.

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

Financial Report Presentation

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

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

The **Introductory Section** includes the table of contents, this transmittal letter, the District's organizational chart, and copies of certificates awarded for Portland Public Schools' fiscal year 2023-24 ACFR.

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

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

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

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

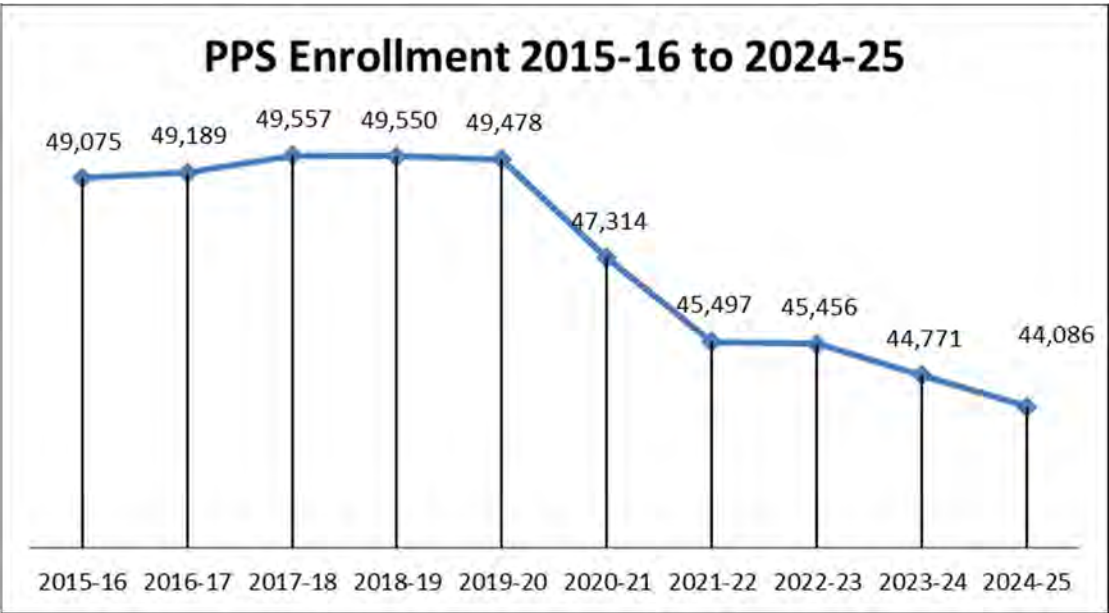
GAAP requires that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management’s Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The District’s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

Profile of the District

Portland Public Schools, founded in 1851, is a PreK-12 urban school district in Portland, Oregon. The District has no component units and is not a component unit of any other government. With more than 44,000 students in 113 schools and other programs, it is one of the largest school districts in the Pacific Northwest, and the largest and oldest school district in Oregon. With highly trained teachers and staff, an engaged parent community, strong partnerships, and a focus on closing the racial educational achievement gap, the PPS graduation rate continues to be higher than the State of Oregon average graduation rate. Thanks to Portland voters, school improvement general obligation bonds are fueling the modernization of our aging school buildings for 21st century learning.

The District covers an area of over 152 square miles, including portions of the cities of Portland (total population 635,749), Lake Oswego (total population 40,029), and Milwaukie (total population 21,620), based on 2024 estimates by the U.S. Census Bureau Population Estimates Program (PEP). The District maintains 90 campuses with more than 300 buildings and a total floor area of nearly 10 million square feet. The median age of PPS school buildings is 82 years for elementary schools, 75 years for middle schools, and 99 years for high schools. Please see Schedule 17 of the Statistical Section for additional details on each building’s size, age and enrollment.

Student enrollment as of October 2024 was 44,086. 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/fs/resource-manager/view/f3b02b50-e320-488c-94ae-db62a49d5044>

October 2024 Portland Public Schools Student Enrollment (by Program Type)			
Program Type	Number of Schools/Programs	Enrollment	Distribution
Regular Schools and Programs			
Elementary Schools	56	19,582	44.42%
Middle Schools	15	7,356	16.69%
High Schools	9	13,138	29.80%
Subtotal - Regular Schools	80	40,076	90.90%
PPS Alternative Programs	5	1,554	3.52%
Subtotal - Schools and Alternative Programs	85	41,630	94.43%
Community-Based Programs	8	794	1.80%
Special Services Programs	15	356	0.81%
Public Charter Programs	5	1,306	2.96%
Grand Total	113	44,086	100.00%

Source: Enrollment by Program Type, Grade, and Race/Ethnicity Reports –
<https://www.pps.net/fs/resource-manager/view/f3b02b50-e320-488c-94ae-db62a49d5044>

The District continues to experience an enrollment decline from a recent high of 49,557 in the fiscal year 2017-18 to 44,086 in fiscal year 2024-25. Demographic studies conducted by Portland State University (PSU) project enrollment levels to continue to decrease. The PSU “Middle Series Forecast” scenario estimates enrollment reaching a low of 37,057 in fiscal year 2034-35. Additional details regarding enrollment projections may be found at:

<https://www.pps.net/departments/research-assessment-and-accountability/data-and-reports/enrollment-projections> .

The Board of Education

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

Budgetary Controls

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

The District is required by the State of Oregon to adopt an annual budget for all funds subject to the requirements of Municipal Audit Law as outlined in the 2023 Oregon Revised Statutes 297.405 to 297.555 and 297.990. The budget for each fund is a plan for the financial operations to be conducted during the coming fiscal year and is adopted annually, before July 1, by the Board of Education after certification by the Multnomah County Tax Supervising and Conservation Commission. The level of budgetary control, that is the level at which expenditure cannot legally exceed the appropriated amount, is established by major function categories: Instruction, Support Services, Enterprise & Community Services, Facilities Acquisition & Construction, Debt Service, Transfers Out, Contingency and Ending Fund Balance. After adoption, the budget may be amended through procedures specified in State statute and Board policy.

District Budget Principles

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

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

Service Efforts and Accomplishments

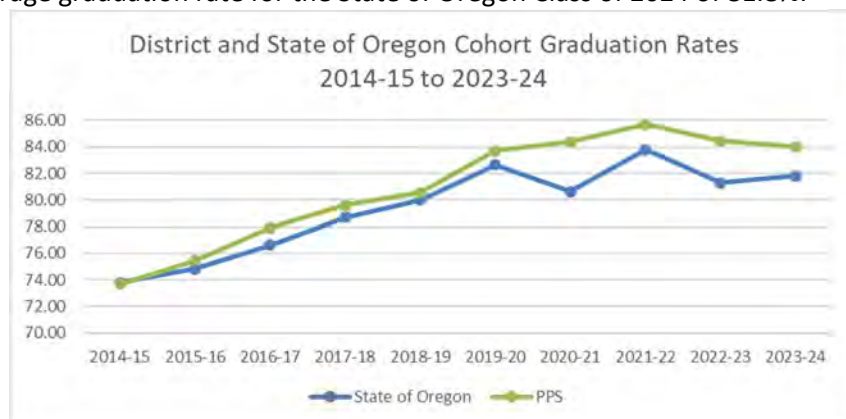
On June 25, 2019, the Board of Education passed resolution number 5909, Portland Public Schools reimagined: Preparing Our Students to Lead Change and Improve the World as the District's Vision. This Vision focuses on what we want to be true for our graduates and includes four main areas: a Graduate Portrait,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

On June 28, 2022, the Board adopted by resolution number 6538, Portland Public Schools Board Goals for 2022-27. These include the following academic goals for our students that align with the community and District vision of the Graduate Portrait:

- Third Grade Reading
- Fifth Grade Mathematics
- Eighth Grade Readiness
- High School Graduation

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

The PPS four-year graduation rate continues to outpace the average graduation rate for the State of Oregon. The graduation rate for the PPS Class of 2024 (the most recent year available from the Oregon Department of Education) was 84%, exceeding the average graduation rate for the State of Oregon Class of 2024 of 81.8%.



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

Factors Affecting Financial Condition

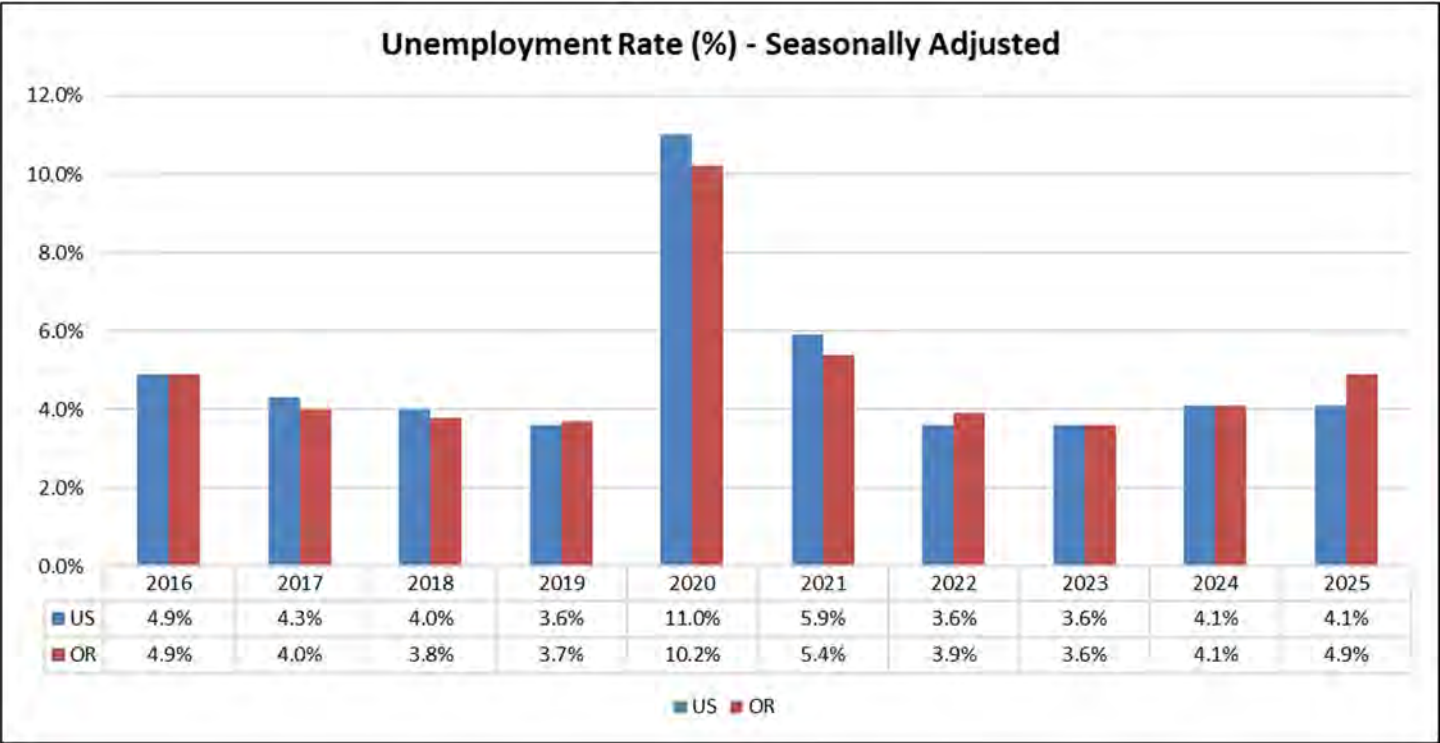
The information presented in the financial statements is perhaps best understood when it is considered from the broader perspective of the specific environment within which the District operates.

PPS derives approximately 81% of its General Fund revenues from the State School Fund and the allocation of certain property taxes within the associated funding distribution formula. Approximately 55% percent of the State School Fund money comes via the appropriation made by the state legislature, while the remainder is from statewide local property tax collections. The state budget and the legislative appropriation are highly dependent upon state revenues through income taxes. The outlook for the state economy is a leading indicator for the health of this revenue stream and is, therefore, of great importance for PPS.

The second largest revenue item for the District – about 14% of General Fund revenues - is its local option levy which is a property tax based upon assessed values of property in the PPS taxing district. The local option levy revenues are significantly influenced by the real market values of homes within the PPS taxing district.

Programs within Multnomah County provide for abatement of property taxes for limited periods of time which impacts District revenues directly. More information regarding abated property taxes can be found in Footnote 18.

Oregon State Economy – In June 2025, Oregon’s unemployment rate slightly increased to 4.9% from a low of 3.6% in June 2023.



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

Approximately 19,000 jobs were added statewide over the past year, contributing to a slight increase in the total workforce of 1.0% from June 2024 to June 2025. The education and health services sector had the greatest percentage of jobs created, experiencing a 5.5% year over year increase totaling about 18,300 jobs.

Oregon Employment by Industry (number of jobs, in thousands)					
Industry	June 2024	June 2025	% of Economy	Year-over-Year Change (#)	Year-over-Year Change (%)
Government	312.4	316.7	15.8%	4.3	1.4%
Other Services	64.6	66.5	3.3%	1.9	2.9%
Leisure & Hospitality	206.1	210.8	10.5%	4.7	2.3%
Education & Health Services	334.1	352.4	17.6%	18.3	5.5%
Professional & Business Services	258.5	262.8	13.1%	4.3	1.7%
Financial Activities	103.0	99.8	5.0%	(3.2)	-3.1%
Information	34.4	37.2	1.9%	2.8	8.1%
Trade, Transportation, and Utilities	360.7	356.0	17.8%	(4.7)	-1.3%
Manufacturing	187.0	179.5	9.0%	(7.5)	-4.0%
Construction	114.4	113.5	5.7%	(0.9)	-0.8%
Mining and Logging	6.2	6.1	0.3%	(0.1)	-1.6%
Total Nonfarm	1,981.4	2,001.3		19.9	1.00%

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

Local Economy – Portland and the surrounding metropolitan area have a widely diversified economy. Its centralized location and excellent transportation facilities have established the area as a major distribution point on the West Coast for wholesale trade and high-tech exports.

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

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

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

A second \$790 million capital bond was passed by voters in May 2017. These bonds, funded renovations and additions at Benson and Leodis V. McDaniel High Schools, and full rebuilds of Lincoln High School and Kellogg Middle School. Approximately 30% of the budgets for these projects comprehensively addressed health and safety issues. Leodis V. McDaniel and Kellogg both opened for the 2021-22 school year. Lincoln High School opened for the 2023-24 school year.

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

Modernization work at Benson Polytechnic was completed in the summer of 2024, and students returned to the completely rebuilt school in the Fall of 2024. Design and construction work will continue with health and safety projects to improve accessibility, upgrade fire alarms and fire sprinklers, reduce hazardous materials, repair or replace deteriorating school roofs, upgrade school safety and security and strengthen schools against earthquakes.

The 2020 bond also funds additional neighborhood school projects, continued design and planning to modernize Cleveland and Ida B. Wells-Barnett High Schools, and curriculum updates and technology improvements across the district.

A fourth capital bond was passed by voters in May 2025, as District voters passed an eight-year, \$1.83 billion capital bond measure to finance capital costs to improve health, safety, learning, modernize, repair schools. PPS remains committed to delivering robust modernization and the upgrade of major building systems as envisioned by the voters, stewarding bond resources prudently and efficiently, and building and maintaining the trust of voters in our community.

Charter Schools

Oregon statute provides state funding for charter schools that flow through districts for schools for which local school boards of education have granted a charter. The District had five charter schools in operation during the 2024-25 fiscal year. Due to their size relative to the District, the charter schools do not fall under the component unit reporting requirements set forth by GASB Statement No. 39.

Independent Audits

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

Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards (Uniform Guidance) require state and local governments that expend \$750,000 or more in federal assistance in a year to have a special form of audit conducted for that year. Talbot, Korvola & Warwick, LLP has provided various required reports including the Report on Audit Requirements for Federal Awards, the Schedule of Expenditures of Federal Awards, and the required reports on internal controls and compliance with laws and regulations.

Awards and Acknowledgments

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the District for its Annual Comprehensive Financial Report for the fiscal year ended June 30, 2024. This was the 45th consecutive year that the District has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a governmental entity must publish an easily readable and efficiently organized ACFR that satisfies both GAAP and applicable legal requirements. A Certificate of Achievement is valid for a period of one year only. We believe our current report continues to conform to Certificate of Achievement Program requirements, and we are submitting it to GFOA to determine its eligibility for this coveted Certificate.

The Association of School Business Officials International (ASBO) awarded its Certificate of Excellence in Financial Reporting to the District for its Annual Comprehensive Financial Report for the fiscal year ending June 30, 2024. This was the 53rd consecutive year that the District has earned this significant award. The Certificate of Excellence recognizes the District has met the highest standards in school financial reporting, as adopted by ASBO. The District believes that this report for fiscal year 2024-25, which will be submitted to ASBO for review, will also conform to these standards.

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

Michelle Morrison
Chief Financial Officer

SCHOOL DISTRICT NO. 1J, MULTNOMAH COUNTY, OREGON
Principal Officials
At June 30, 2025

SCHOOL BOARD

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

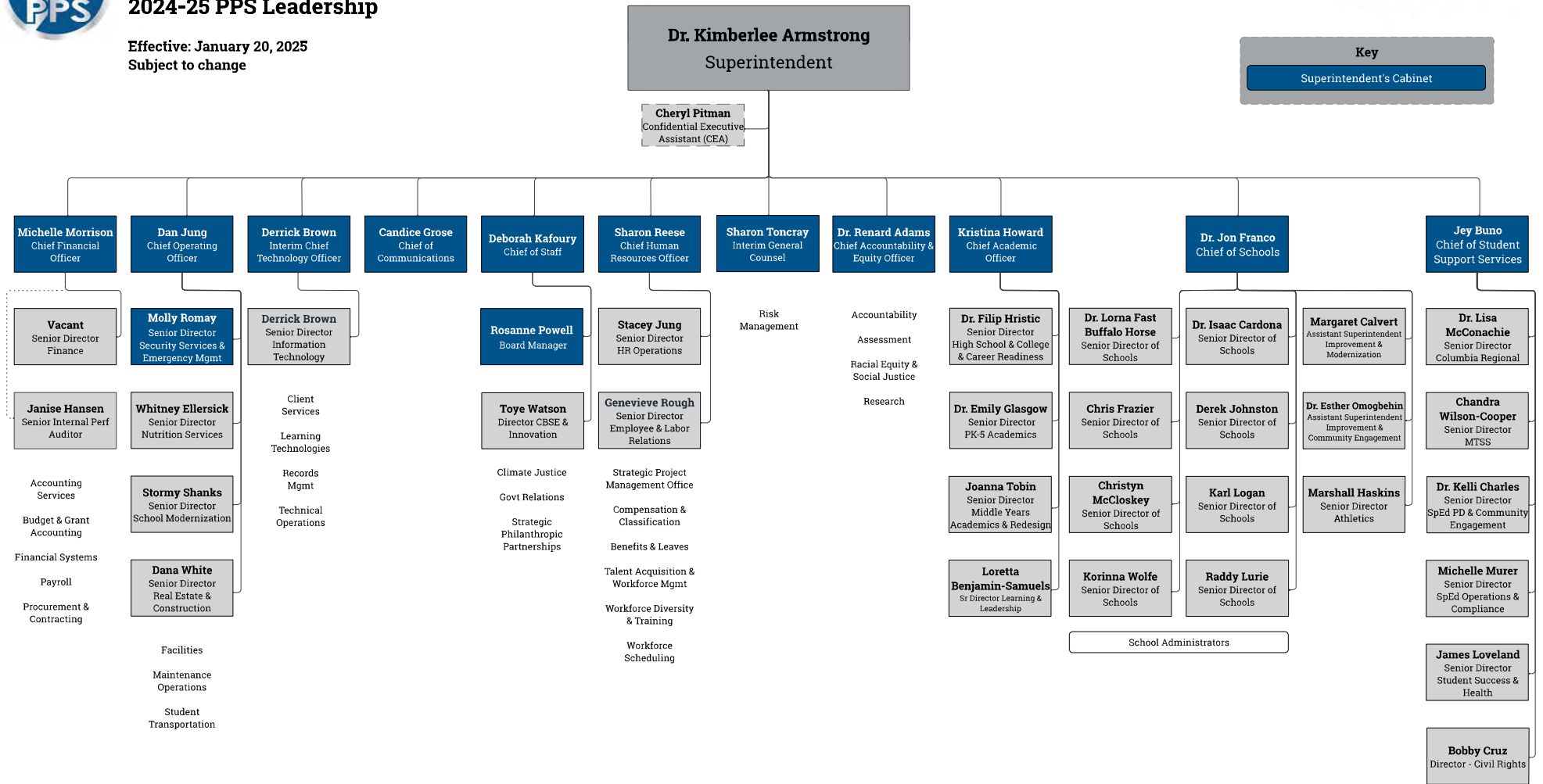
ADMINISTRATIVE STAFF

Dr. Kimberlee Armstrong	Superintendent
Sharon Toncray	Interim General Counsel
Deborah Kafoury	Chief of Staff
Jey Buno	Chief of Student Support Services
Dan Jung	Chief Operating Officer
Candice Grose	Chief of Communications
Derrick Brown	Interim Chief Technology Officer
Kristina Howard	Chief Academic Officer
Michelle Morrison	Chief Financial Officer
Rosanne Powell	Board Manager
Sharon Reese	Chief Human Resources Officer
Dr. Jon Franco	Chief of Schools
Dr. Renard Adams	Chief of Research, Assessment, and Accountability Assistant



2024-25 PPS Leadership

Effective: January 20, 2025
Subject to change





ASSOCIATION OF
SCHOOL BUSINESS OFFICIALS
INTERNATIONAL

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

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

**for its Annual Comprehensive Financial Report
for the Fiscal Year Ended June 30, 2024.**

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



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

**Ryan S. Stechschulte
President**

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

**James M. Rowan, CAE, SFO
CEO/Executive Director**



Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

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

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

June 30, 2024

Executive Director/CEO



FINANCIAL SECTION





Your peace of mind is our passion.

INDEPENDENT AUDITOR'S REPORT

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

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the School District No. 1J, Multnomah County, Oregon (the District), as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the Table of Contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the District, as of June 30, 2025, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

INDEPENDENT AUDITOR'S REPORT (Continued)

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

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

INDEPENDENT AUDITOR'S REPORT (Continued)

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The other schedules and combining statements, listed in the Table of Contents as Supplementary Information, and the Schedule of Expenditures of Federal Awards (SEFA) as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the Supplementary Information and the SEFA are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated January 28, 2026 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering District's internal control over financial reporting and compliance.

INDEPENDENT AUDITOR'S REPORT (Continued)

Other Reporting Required by Oregon Minimum Standards

In accordance with *Minimum Standards for Audits of Oregon Municipal Corporations*, we have also issued our report dated January 28, 2026, on our consideration of the District's compliance with certain provisions of laws and regulations, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules. The purpose of that report is to describe the scope of our testing of compliance and the results of that testing and not to provide an opinion on compliance.



For Talbot, Korvola & Warwick, LLP
Portland, Oregon
January 28, 2026

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, 2025. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found on pages 1-8 of this report.

FINANCIAL AND BUDGETARY HIGHLIGHTS

Budget

On June 11, 2024, the Board of Education (the Board) adopted the fiscal year 2024-25 budget by way of Board Resolution No. 6920. The District's fiscal year 2024-25 budget was based on the Oregon Legislature's biennial budget cycle for 2023-2025 that includes a State School Fund allocation of \$10.2 billion, a Student Investment Account (SIA) allocation of \$1.1 billion, and a High School Success (Measure 98 or M98) allocation of \$136.7 million.

The fiscal year 2024-25 budget continued to focus available resources on the PPS Vision ("PPS Reimagined") and Strategic Plan ("Forward Together"). Five strategic system shifts will be prioritized through 2025: a connected and transformative school District; racial equity aligned systems and structures; cultivating system-wide learning and a diverse workforce; transformative curriculum and pedagogy; and a culture of physical and emotional safety. The fiscal year 2024-25 budget focused on two specific areas: addressing the core needs of students and staff; and increasing academic achievements and reducing academic disparities.

On June 10, 2025, the Board voted to amend the fiscal year 2024-25 budget, by way of Board Resolution No. 7120. This amendment to the budget revised appropriations and recognized resources to align the budget with updated projections.

- **General Fund:** \$4 million adjustment to reduce Instruction requirements and increase Support Services and Enterprise and Community Services requirements by \$2 million each, to account for projected spending needs within the budget.
- **Special Revenue Fund:** \$4 million adjustment to reduce Instruction requirements and increase Support Services based upon anticipated program spending projections.
- **Debt Service Fund:** Correct appropriations budgets by reducing Contingency and identifying the amount as Unappropriated Ending Fund Balance, and correct debt service appropriations to account for rounding.

Other Highlights

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

At June 30, 2025, the 2012 authorization had a remaining balance of \$484 thousand, comprised of investment earnings on bond proceeds.

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

The health and safety projects include:

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

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

At June 30, 2025, the 2017 authorization had a remaining balance of \$84.3 million, comprised of remaining bond proceeds and investment earnings on bond proceeds.

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

Continuing health and safety projects include:

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

In December 2020, the District issued \$365.5 million of the \$1.208 billion authorized. A premium of \$29.6 million was realized on that sale. In April 2023, the District issued an additional \$420.0 million of the 2020 authorization. A premium of \$44.8 million was realized on the sale. In May 2025, the District issued an additional \$79.4 million of the \$1.208 billion authorized. A premium of \$149 thousand was realized on that sale. At June 30, 2025, \$352 million of the related cash and investments available for capital projects is comprised of unspent bond proceeds and related investment earnings.

In May 2025, District voters passed an eight-year, \$1.83 billion capital bond measure to finance capital costs to improve health, safety, learning, modernize, repair schools, as described in the 2025 ballot measure.

Projects include:

- Update and repair aging elementary and middle schools including updating/replacing major building systems, including roofs, siding, heating/cooling
- Update safety, security systems; seismic upgrades
- Renovate/replace schools, including Cleveland, Ida B. Wells High Schools
- Upgrade curriculum materials, technology, including student devices
- Upgrade/expand high school athletic facilities; create district-wide athletic hubs at Jackson Middle School, Marshall High School
- Update high school performing arts/theater facilities

The following table summarizes the remaining balances of the authorized bond proceeds which were unspent as of June 30, 2025.

Summary of Bond Resources as of June 30, 2025
(in thousands)

Authorization		Issued		Unspent Balance
Year	Amount	Par	Premium	
2012	\$ 482,000	\$ 482,000	\$ 56,937	\$ -
2017	790,000	790,000	69,408	-
2020	1,208,000	918,910	76,038	289,090
2025	1,830,000	-	-	-
	<u>\$ 4,310,000</u>	<u>\$ 2,190,910</u>	<u>\$ 202,383</u>	<u>\$ 289,090</u>

OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

Fund Financial Statements are designed to demonstrate compliance with finance-related legal requirements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities and objectives. Portland Public Schools' funds can be divided into two categories: governmental funds and proprietary funds. Reports by fund are shown in the Financial Section of the report beginning on page 34.

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

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

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

Portland Public Schools adopts an annual appropriated budget for each of its funds. A budgetary comparison statement has been provided for each fund individually in either required or supplementary information to demonstrate compliance with the fund level budgets. The basic governmental fund financial statements can be found on pages 31-38 of this report.

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

Internal service funds provide the same type of information as the government-wide financial statements. The internal service fund financial statements provide separate information for the self-insurance fund. The basic internal service fund financial statements can be found on pages 40-42 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 43-88 of this report.

Required Supplementary Information (RSI) is located directly after the notes to the basic financial statements on pages 89-101 and represents the required comparison of the budget and actual results on the District’s budgetary basis for the General Fund and Special Revenue Fund. In addition, the RSI discloses the District’s proportionate share of liabilities/assets and related employer contributions for pension and other post-employment healthcare benefits obligations.

Supplementary Information (SI) presented on pages 102-105 includes budgetary comparison schedules for the Debt Service Fund, Capital Projects Fund and the Proprietary Fund.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Analysis of Deferred Outflows and Inflows of Resources

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

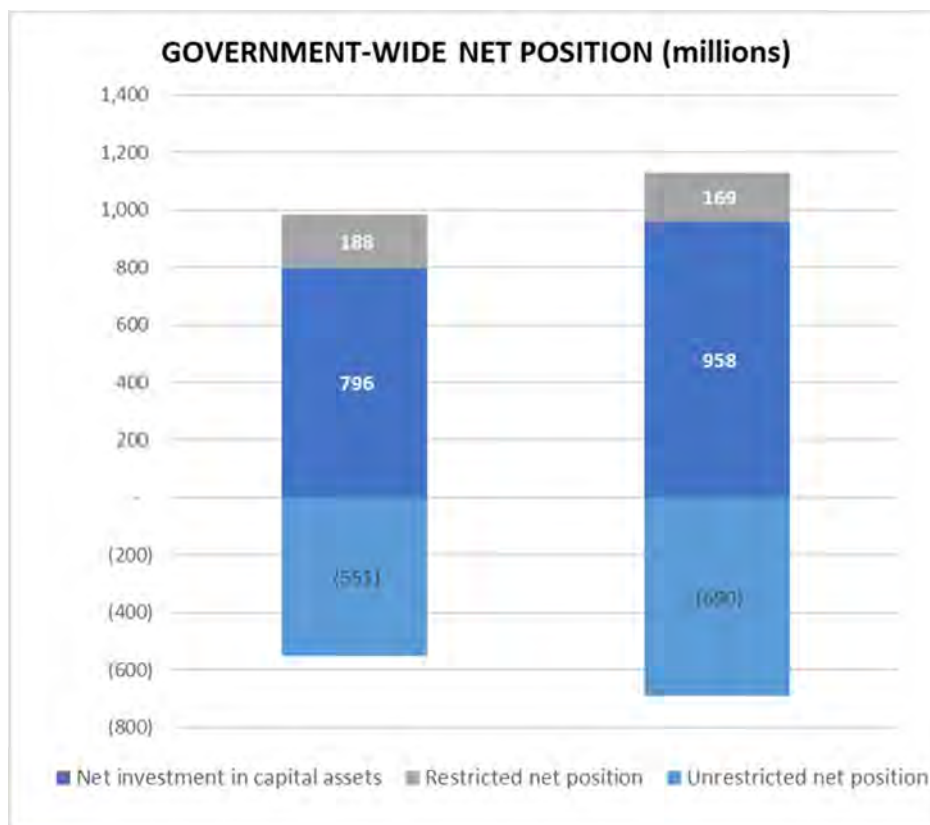
Analysis of Net Position

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

Net Position: 2024 compared to 2025

Net Position is a primary indicator of financial position. The District's assets and deferred outflows exceeded liabilities and deferred inflows by \$436 million at June 30, 2025. This represents an increase of \$4 million in net position from the prior year and is further discussed below.

Net Position	Government-wide (thousands)			
	2024	2025	\$ Change	% change
Assets				
Current or other assets	\$ 1,007,334	\$ 864,935	\$ (142,399)	-14.1%
Net capital assets	1,884,686	1,997,788	113,102	6.0%
Total Assets	2,892,020	2,862,723	(29,297)	-1.0%
Deferred Outflows of Resource:	283,060	412,658	129,598	45.8%
Liabilities				
Long-term liabilities outstanding	1,924,805	2,079,553	154,748	8.0%
Other liabilities	563,426	543,167	(20,259)	-3.6%
Total Liabilities	2,488,231	2,622,720	134,489	5.4%
Deferred Inflows of Resources	254,394	215,771	(38,623)	-15.2%
Net Position				
Net investment in capital assets:	795,530	958,166	162,636	20.4%
Restricted	187,531	169,182	(18,349)	-9.8%
Unrestricted	(550,606)	(690,458)	(139,852)	-25.4%
Total Net Position	\$ 432,455	\$ 436,890	\$ 4,435	1.0%



Net Investment in Capital Assets has increased to \$958 million, a \$162 million increase over prior year. The increase is primarily driven by increases in capital assets related to the capital bond work and payment on related debt.

Restricted Net Position represents the unspent portions of capital project funds, debt service funds, and net assets restricted by grants, donations, and post-employment benefits. Restricted Net Position decreased by \$(18) million to \$169 million this year, primarily due to completion of work in FY2025 funded through one time proceeds from the loss of property from a winter storm during FY2024 and from the reduction in debt.

Unrestricted Net Position consists of all other amounts not included in the categories noted above. Unrestricted Net Position at June 30, 2025 is a negative \$690 million, an increase of \$139 million over the prior year.

Analysis of Activities

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

The Statement of Activities of the government-wide financial statements distinguishes functions that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). Portland Public Schools currently does not have any business-type or enterprise fund activities. Additional details regarding revenue and expense changes are presented to provide a better understanding of the District's operations in fiscal year 2024-25 compared to fiscal year 2023-24.

Statement of Activities

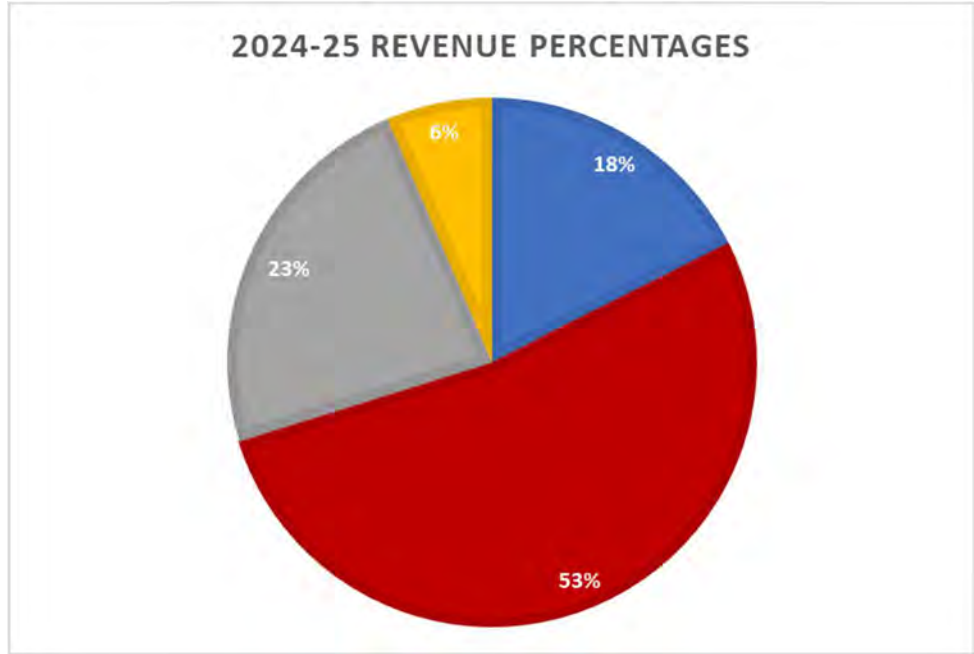
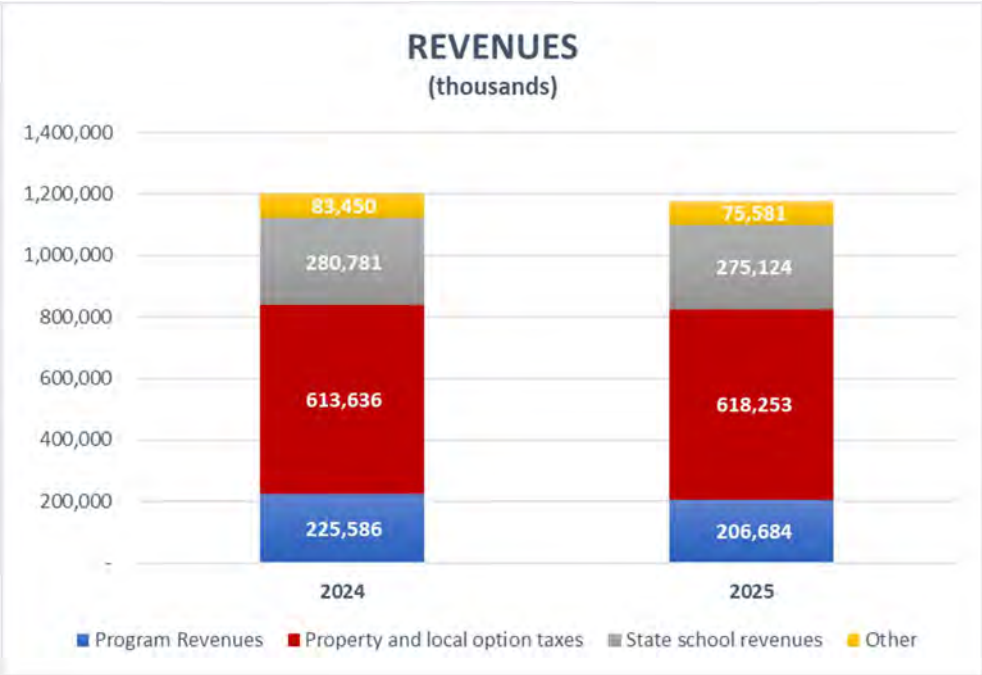
	Government-wide (thousands)				
	2024	2025	2025- % of Total	\$ Change	% Change
Revenues					
Program Revenues					
Charges for services	\$ 8,421	\$ 4,715	0.4%	\$ (3,706)	-44.0%
Operating grants & contributions	203,962	181,471	15.4%	(22,491)	-11.0%
Capital grants & contributions	13,203	20,498	1.7%	7,295	55.3%
Total Program Revenues	225,586	206,684	17.6%	(18,902)	-8.4%
General Revenues					
Property taxes	505,829	513,581	43.7%	7,752	1.5%
Local option taxes	107,807	104,672	8.9%	(3,135)	-2.9%
County & intermediate sources	9,401	15,533	1.3%	6,132	65.2%
Construction excise tax	1,786	1,728	0.1%	(58)	-3.2%
State School Fund	274,366	268,519	22.8%	(5,847)	-2.1%
State Common School Fund	6,415	6,605	0.6%	190	3.0%
Investment earnings	56,177	42,930	3.7%	(13,247)	-23.6%
Other	16,086	15,390	1.3%	(696)	-4.3%
Total General Revenues	977,867	968,958	82.4%	(8,909)	-0.9%
Total Revenues	1,203,453	1,175,642	100.0%	(27,811)	-2.3%
Expenses					
Instruction	508,240	578,290	51.2%	70,050	13.8%
Support services	431,367	458,018	40.6%	26,651	6.2%
Enterprise & community services	30,189	32,536	2.9%	2,347	7.8%
Facilities services	9,520	3,482	0.3%	(6,038)	-63.4%
Interest & fees on long-term debt	67,158	56,942	5.0%	(10,216)	-15.2%
Total Expenses	1,046,474	1,129,268	100.0%	82,794	7.9%
Change in net position	156,979	46,374	10.6%	(110,605)	-70.5%
Net position - beginning of year	275,476	432,455	99.0%	156,979	57.0%
Net Position - restatement of beginning balances (Note 20)		(41,939)			
Net Position - beginning of year as restated		390,516			
Net position - end of year	\$ 432,455	\$ 436,890	100.0%	\$ 4,435	1.0%

Net position was restated at the beginning of the year due to the implementation of GASB 101. Additional information can be found in Note 20.

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

Revenue and Expenses: 2024 compared to 2025

Revenues for fiscal year 2024-25 were \$1.176 billion, a decrease of \$27.811 million, or 2.3 percent, from prior year revenues of \$1.203 billion. Operating grants and contributions revenues decreased by \$22.491 million. Capital grants and contributions increased by \$7.295 million. The major decreases in federal and state funding were related to the final quarter of Elementary and Secondary School Emergency Relief Fund (ESSER) grant funding ending September 2024, while modest increases occurred in Student Investment Account (SIA), and Measure 98 (M98). In aggregate, property taxes plus local option taxes increased by \$4.617 million over the prior year as assessed values rose only slightly and collection rates were consistent with prior years. State School Fund revenues decreased by \$5.847 million from the prior year, due largely to adjustments to prior year grant awards following local revenue final adjustments. Investment revenues decreased by \$13.247 million from the prior year due to both declining interest rates and a reduction in funds invested from fund balances and capital bond proceeds related to capital projects.



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

Current year total expenses were \$1.129 billion, which is an increase of 7.9 percent, or \$82.8 million, over prior year.

- Instruction expenses increased \$70 million, or 13.8 percent, compared to 2023-24. The major components of this change were major increases in PERS employer costs, as well as step and COLA increases.
- Support Services expenses increased \$26.6 million, or 6.2 percent, from the prior year. The major components of this change were major increases in PERS employer costs, netted with a decrease in overall spending as compared to the prior year which included the one-time acquisition of software subscription services, together with wage increases due to step and COLA increases.
- Together, Instruction and Support Services accounted for 91.8 percent of the District’s total expenses in fiscal year 2024-25, compared to 89.8 percent in fiscal year 2023-24.
- Interest and fees on long-term debt decreased by \$10.2 million in 2024-25 due to annual debt service payments.

FINANCIAL ANALYSIS OF THE DISTRICT’S MAJOR FUNDS

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

General Fund. The General Fund is the major operating fund of the District. The fund’s ending fund balance decreased by \$41.7 million to \$44.3 million in fiscal year 2024-25. The General Fund saw an increase of \$1.9 million in revenue, largely due to an increase in property taxes, net of a reduction in State School Fund and investment earnings. Instructional expenditures increased by \$27.5 million, or 6.7 percent, in fiscal year 2024-25 due primarily to the increase in employer costs of labor netted by a decrease in overall budgets for the year. Support services decreased by \$14.1 million, or 3.8 percent as a result of reductions due to decreased budgets. Transfers increased by 9.8 million, or 1110 percent due to a shift in property, casualty and liability insurance from the General Fund to the Internal Service Insurance Reserve Fund.

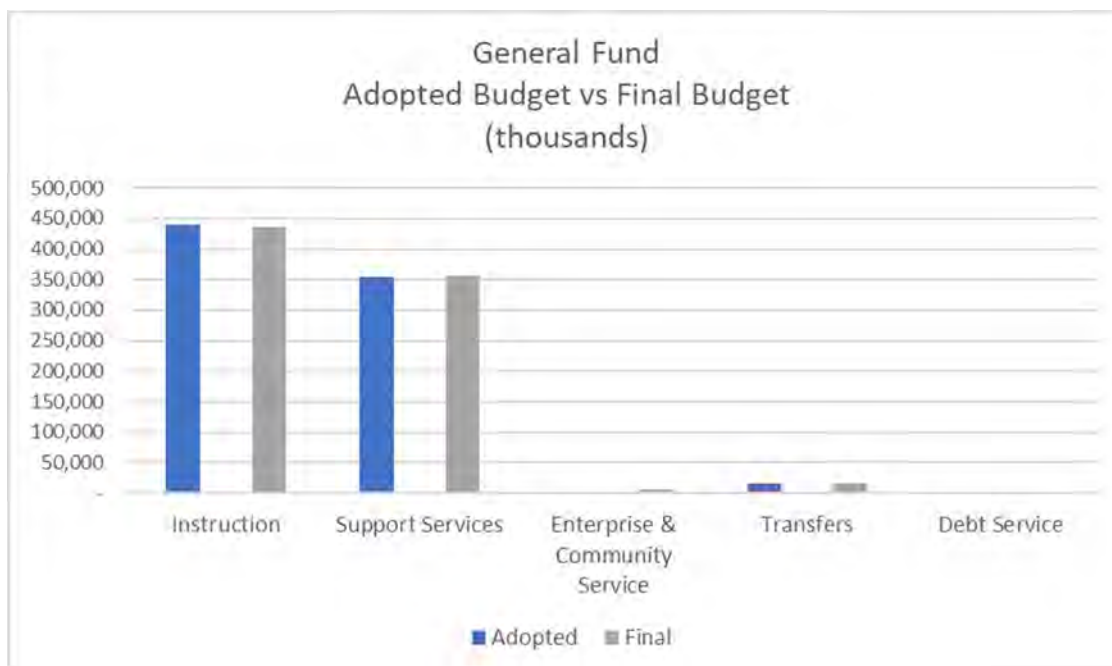
Special Revenue Fund. The Special Revenue Fund ending fund balance decreased by \$406 thousand, or 0.9 percent, in fiscal year 2024-25. The Special Revenue Fund saw a decrease of \$23.2 million in revenue, largely driven by decreases in federal and state sources. Expenditures across the fund decreased by \$14.1 million due to the end of the Elementary and Secondary School Emergency Relief Fund (ESSER) funding.

Debt Service Fund. The Debt Service Fund ending fund balance decreased \$7.8 million to \$6.9 million in fiscal year 2024-25, primarily due to increased General Obligation (GO) bond debt service and reduced tax revenues utilizing fund balance during the year. Debt Service expenditures increased by \$8.2 million in fiscal year 2024-25.

Capital Projects Fund. The Capital Projects Fund ending fund balance decreased \$40.6 million to \$434 million in fiscal year 2024-25, primarily due to the spend down of issued GO Bonds. Overall spending on capital projects decreased \$143 million in fiscal year 2024-25 as bond project work continued

BUDGETARY HIGHLIGHTS FOR THE GENERAL FUND

Adopted budget compared to final budget. There was one amendment to the fiscal year 2024-25 budget. The amendment reallocated funds across Instruction, Support Services, and Enterprise & Community Services, Facilities Acquisition to align the budget with updated projections.



Final budget compared to actual results. The fiscal year 2024-25 actual General Fund expenditures before contingency were \$2 million below budgeted expenditures, or roughly 0.2 percent. The Instruction major function exceeded appropriations by a total of \$4.1 million, of which salaries and associated payroll costs exceeded budget by -\$4.7 million while non-personnel Materials and Services budget savings across Instruction offset the overage by \$0.6 million.

2024-25 Final Budget vs Actual Expenditures (thousands)				
	Final Budget	Actual Expenditures	\$ Change	% of Budget
Instruction	\$ 435,084	\$ 439,231	\$ 4,147	101.0%
Support Services	356,962	\$ 356,911	(51)	100.0%
Enterprise & Community Service	5,257	\$ 4,727	(530)	89.9%
Transfers	15,895	10,643	(5,252)	67.0%
Debt Service	339	-	(339)	0.0%
	813,537	811,512	(2,025)	99.8%
Operating Contingency	40,856	-	(40,856)	0.0%
	<u>\$ 854,393</u>	<u>\$ 811,512</u>	<u>\$ (42,881)</u>	<u>95.0%</u>

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets. The District's investment in capital assets includes land, building and improvements, vehicles and equipment, construction in progress, and right-of-use leases and subscription assets. As of June 30, 2025, the District had invested \$1.99 billion in capital assets, net of depreciation and amortization, as shown in the following table:

Capital assets	Government-wide (thousands)			
	2024	2025	\$ Change	% change
Land	\$ 9,174	\$ 9,174	\$ -	0.0%
Buildings and site improvements	1,574,357	1,679,021	104,664	6.6%
Vehicles and equipment	103,804	105,121	1,317	1.3%
Right-to-use leased equipment	958	-	(958)	0.0%
Right-to-use subscription assets	20,777	18,979	(1,798)	-8.7%
Construction in progress	601,250	663,885	62,635	10.4%
	<u>2,310,320</u>	<u>2,476,180</u>	<u>165,860</u>	<u>7.2%</u>
less accumulated depreciation and amortization	<u>(425,634)</u>	<u>(478,392)</u>	<u>(52,758)</u>	<u>12.4%</u>
Capital assets, net of depreciation	<u>\$ 1,884,686</u>	<u>\$ 1,997,788</u>	<u>\$ 113,102</u>	<u>6.0%</u>

District-wide, net capital assets increased by \$113.1 million in fiscal year 2024-25, and the District recognized \$478.4 million of depreciation and amortization. Capital construction accounted for the majority of the increase. Further discussion of capital and right-of-use assets can be found in Note 7 of the financial statements.

Debt Administration. At the end of the current fiscal year, the District had total debt outstanding of \$1.6 billion (excluding premiums and discounts), which is comprised of limited tax pension and refunding bonds (\$510.3 million) and debt backed by the full faith and credit of the District (\$1.17 billion). Further explanation of debt is shown in Note 10 of the Financial Statements.

Outstanding Debt	Government-wide (thousands)				% change
	2024	Increases	Decreases	2025	
Limited tax pension and refunding bonds	\$578,650	\$ -	\$ (68,320)	\$ 510,330	-11.8%
Other debt	1,217,813	79,480	(124,850)	1,172,443	-10.3%
Lease payable	710		(710)	-	-100.0%
Subscription payable	<u>2,662</u>	<u>1,435</u>	<u>(1,933)</u>	<u>2,164</u>	<u>-72.6%</u>
Total Long Term Debt	<u>1,799,836</u>	<u>80,915</u>	<u>(195,813)</u>	<u>1,684,937</u>	
Unamortized Bond Premium/(Discount)	<u>146,641</u>	<u>149</u>	<u>(9,319)</u>	<u>137,471</u>	<u>-6.4%</u>
Total Long Term Debt, net of Premium (Discount)	<u>\$ 1,946,477</u>	<u>\$ 81,064</u>	<u>\$ (205,132)</u>	<u>\$ 1,822,408</u>	<u>-10.5%</u>

State statutes limit the amount of general obligation debt a school district may issue based on a formula for determining the percentage of the Real Market Value of all taxable properties within the District. The District's general obligation bond debt capacity is 7.95 percent of Real Market Value or \$12 billion.

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

The District has issued limited tax pension obligation bonds, Series 2002, 2003 and 2021. Proceeds from the bond issues were put into PERS “side accounts” and used to offset a portion of the OPERS Net Pension Liability (NPL). The reduced contribution rate charged for the NPL that has resulted from the District’s decision to borrow, has saved an estimated \$40.1 million in the current year; savings that the District has used to provide more instruction and support services. Over time, this reduction in rates could dampen the effects of future increases in the District’s NPL. As long as OPERS’ investment returns exceed the costs of servicing the bonds, the benefits of this program will exceed the costs. The District’s NPL was reduced but was not eliminated by these borrowing transactions. Statutes, legislation, regulations, and rules regarding OPERS can change at any time.

NEXT YEAR’S BUDGET AND ECONOMIC FACTORS

The 2025-26 budget will continue to support the District’s Vision (“PPS Reimagined”) and Strategic Plan (“Forward Together”) as well as the goals set by the Board. The budget coincides with the Oregon Legislature’s biennial budget cycle for 2025-27, which includes a \$11.3 billion State School Fund, and full funding for SIA and M98. One significant unknown for the District continues to be enrollment. The 2024-25 budget assumes enrollment will gradually decrease which represents a continuing decline from pre-pandemic enrollment levels. Enrollment for the District as of October 1, 2024, was 44,086 students, a decline of 5,464 from a pre-pandemic high of 49,550. The enrollment decrease is most significant in PPS Elementary schools, which has been offset somewhat by increases at Middle and High schools, as well as Alternative Programs.

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

The District plans to continue funding a multi-tiered system of student supports. Budgeted expenditures include mental and behavioral health services, school counselors, school-based social workers, school psychologists, and substance abuse supports. The budget also includes continued investments in school safety and security in support of our learning environments.

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: <https://www.pps.net/departments/finance/financial-reports> .

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BASIC FINANCIAL STATEMENTS

SCHOOL DISTRICT NO.1J, MULTNOMAH COUNTY, OREGON
Statement of Net Position
June 30, 2025
(amounts expressed in thousands)

	Governmental Activities
ASSETS	
Cash and cash equivalents	\$ 306,672
Cash and cash equivalents held by fiscal agents	4,930
Investments	437,772
Accounts and other receivables	74,869
Property taxes and other taxes receivable	18,121
Leases Receivable	7,265
Inventories	1,538
Prepaid items	487
Total current assets	<u>851,654</u>
Noncurrent assets:	
Net OPEB asset-RHIA	13,281
Capital assets, not depreciated:	
Land	9,174
Construction in progress	663,885
Capital assets, net of accumulated depreciation and amortization:	
Buildings and capital improvements	1,286,679
Vehicles and equipment	30,076
Right-of-use subscriptions	7,974
Total assets	<u>2,862,723</u>
DEFERRED OUTFLOWS OF RESOURCES	
OPEB contributions subsequent to measurement date	6,033
OPEB differences between expected and actual experience	10,217
OPEB differences between actual and expected earnings	375
OPEB differences due to changes in assumptions	2,556
OPEB changes in employer proportion	880
Pension changes in employer proportion	152,046
Pension differences between employer contribution and proportionate share of contributions	157,287
Pension differences between expected and actual experience	22,274
Pension differences due to changes in assumptions	36,848
Pension differences employer share, system	23,283
Pension contributions subsequent to measurement date	859
Total deferred outflows of resources	<u>412,658</u>

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

SCHOOL DISTRICT NO.1J, MULTNOMAH COUNTY, OREGON
Statement of Net Position (continued)
June 30, 2025
(amounts expressed in thousands)

LIABILITIES

Accounts payable	\$ 49,462
Accrued wages and benefits payable	118,962
Unearned revenues	124,050
Claims payable	8,968
Non-current liabilities:	
Due within one year	
Accrued compensated absences	16,570
Accrued interest payable	2,191
Bonds	221,429
Subscription payable	1,535
Due in more than one year	
Accrued compensated absences	29,773
Bonds	1,598,815
Subscription payable	629
Net pension liability-PERS	366,501
Total pension liability-stipend	5,437
Total OPEB liability-RHIS	78,398
Total liabilities	<u>2,622,720</u>

DEFERRED INFLOWS OF RESOURCES

Deferred Lease Resources	6,368
OPEB differences between expected and actual experience	1,398
OPEB differences due to changes in assumptions	4,975
OPEB changes in employer proportion	671
Pension differences due to changes in assumptions	138
Pension differences between employer contribution and proportionate share of contributions	48,155
Pension differences between expected and actual experience	875
Pension changes in employer proportion	153,191
Total deferred inflows of resources	<u>215,771</u>

NET POSITION

Net investment in capital assets	958,166
Restricted for:	
Capital projects	124,425
Grants	16,297
Student body activities	5,149
Debt service	10,030
Net OPEB asset-RHIA	13,281
Unrestricted (deficit)	(690,458)
Total net position	<u>\$ 436,890</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, 2025
(amounts expressed in thousands)

	PROGRAM REVENUES				Net (Expense) Revenue and Changes in Net Position
	EXPENSES				
Functions/Programs		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
GOVERNMENTAL ACTIVITIES					
Instruction	\$ 578,290	\$ 489	\$ 104,548	\$ -	\$ (473,253)
Support services	458,018	3,104	73,064	-	(381,850)
Enterprise and Community Services	32,536	1,122	3,859	-	(27,555)
Facilities Services	3,482	-	-	20,498	17,016
Interest and fees on long-term debt	56,942	-	-	-	(56,942)
Total governmental activities	<u>\$ 1,129,268</u>	<u>\$ 4,715</u>	<u>\$ 181,471</u>	<u>\$ 20,498</u>	<u>(922,584)</u>
GENERAL REVENUES					
Property taxes levied for general purposes					353,972
Property taxes levied for debt service					159,609
Construction excise tax					1,728
Local option taxes levied for general purposes					104,672
State School Fund - general support					268,519
State Common School Fund - general support					6,605
County and intermediate sources - general support					15,533
Investment earnings					42,930
Other					15,390
Total general revenues					<u>968,958</u>
Change in net position					46,374
Net position - beginning of year					432,455
Net position - restatement of beginning balances (Note 20)					<u>(41,939)</u>
Net position - beginning of year as restated					390,516
Net position - end of year					<u>\$ 436,890</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, 2025
(amounts expressed in thousands)

	General Fund	Special Revenue Fund
ASSETS		
Cash and cash equivalents-unrestricted	\$ 79,472	\$ -
Cash and cash equivalents held by fiscal agents	4,515	-
Investments	64,748	15,943
Prepaid items	112	-
Accounts receivable	9,534	57,817
Leases receivable	7,265	-
Property taxes and other taxes receivable	13,499	-
Due from other funds	11,876	744
Inventories	600	938
Total assets	<u>\$ 191,621</u>	<u>\$ 75,442</u>
LIABILITIES		
Accounts payable	\$ 19,559	\$ 5,785
Accrued wages and benefits	107,283	11,188
Due to other funds	744	11,876
Unearned revenues	1,378	1,887
Total liabilities	<u>128,964</u>	<u>30,736</u>
DEFERRED INFLOWS OF RESOURCES		
Unavailable property tax revenue	11,966	-
Unavailable leases revenue	6,368	-
Unavailable grant revenue	-	-
Total deferred inflows of resources	<u>18,334</u>	<u>-</u>
FUND BALANCES		
Nonspendable	712	938
Restricted	-	21,445
Committed	-	22,824
Assigned	43,611	-
Unassigned	-	(501)
Total fund balances	<u>44,323</u>	<u>44,706</u>
Total liabilities, deferred inflows and fund balances	<u>\$ 191,621</u>	<u>\$ 75,442</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
\$ 6,018	\$ 215,193	\$ 300,683
415	-	4,930
-	357,080	437,771
-	-	112
-	7,518	74,869
-	-	7,265
4,622	-	18,121
-	-	12,620
-	-	1,538
<u>\$ 11,055</u>	<u>\$ 579,791</u>	<u>\$ 857,909</u>
\$ -	\$ 23,732	\$ 49,076
-	473	118,944
-	-	12,620
-	120,784	124,049
<u>-</u>	<u>144,989</u>	<u>304,689</u>
4,101	-	16,067
-	-	6,368
-	750	750
<u>4,101</u>	<u>750</u>	<u>23,185</u>
-	-	1,650
5,930	419,549	446,924
1,024	15,083	38,931
-	-	43,611
-	(580)	(1,081)
<u>6,954</u>	<u>434,052</u>	<u>530,035</u>
<u>\$ 11,055</u>	<u>\$ 579,791</u>	<u>\$ 857,909</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, 2025
(amounts expressed in thousands)

Fund balances - governmental funds (page 38)	\$ 530,035
Amounts reported for governmental activities in the Statement of Net Position are different because:	
Capital assets are not financial resources and are not reported in governmental funds.	1,997,788
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.	16,817
Assets, deferred outflows, liabilities and deferred inflows of the internal service funds are included in activities in the Statement of Net Position.	1,360
Bonds payable are not due and payable in the current period and therefore are not reported in the governmental funds.	(1,820,244)
Subscription payable is not recognized as a liability in the governmental funds.	(2,164)
Actuarially determined pension activity is not reported in the governmental funds.	(181,528)
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.	(46,294)
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.	(4,641)
Accrued interest payable is not recognized as a liability in the governmental funds.	(2,191)
Actuarially determined OPEB activity is not reported in the governmental funds.	(52,048)
Net position of governmental activities (page 35)	<u>\$ 436,890</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, 2025
(amounts expressed in thousands)

	General Fund	Special Revenue Fund
REVENUES		
Property and other taxes	\$ 356,010	\$ 382
State School Fund	268,519	-
State Common School Fund	6,605	-
Federal and state support	146	167,633
Local option taxes	105,580	-
County and intermediate sources	12,733	2,800
Charges for services	2,872	910
Extracurricular activities	2	6,773
Investment earnings	10,443	869
Other	6,753	8,194
Total revenues	<u>769,663</u>	<u>187,561</u>
EXPENDITURES		
Current:		
Instruction	439,246	79,733
Support services	356,499	80,064
Enterprise and community services	4,727	28,246
Facilities acquisition and construction	-	-
Debt Service:		
Principal	1,313	321
Interest and fiscal charges	63	7
Total expenditures	<u>801,848</u>	<u>188,371</u>
Excess (deficit) of revenues over expenditures	<u>(32,185)</u>	<u>(810)</u>
OTHER FINANCING SOURCES (USES)		
Transfers in	-	404
Transfers out	(10,643)	-
Issuance from the sale of capital assets	94	-
Issuance of bonds	-	-
Premium on issuance of debt	-	-
Issuance of subscriptions	979	-
Proceeds from the loss of property	-	-
Total other financing sources (uses)	<u>(9,570)</u>	<u>404</u>
Net change in fund balances	(41,755)	(406)
Fund balances - beginning of year	86,078	45,112
Fund balances - end of year	<u>\$ 44,323</u>	<u>\$ 44,706</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
\$ 160,495	\$ 1,728	\$ 518,615
-	-	268,519
-	-	6,605
-	1,162	168,941
-	-	105,580
-	-	15,533
84,639	320	88,741
-	-	6,775
5,584	25,790	42,686
-	2,028	16,975
<u>250,718</u>	<u>31,028</u>	<u>1,238,970</u>
-	-	518,979
-	1,708	438,271
-	-	32,973
-	167,508	167,508
193,170	543	195,347
65,929	36	66,035
<u>259,099</u>	<u>169,795</u>	<u>1,419,113</u>
<u>(8,381)</u>	<u>(138,767)</u>	<u>(180,143)</u>
619	-	1,023
-	(619)	(11,262)
-	-	94
-	79,480	79,480
-	149	149
-	589	1,568
-	18,585	18,585
<u>619</u>	<u>98,184</u>	<u>89,637</u>
(7,762)	(40,583)	(90,506)
14,716	474,635	620,541
<u>\$ 6,954</u>	<u>\$ 434,052</u>	<u>\$ 530,035</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, 2025
(amounts expressed in thousands)

Net change in fund balances - total governmental funds (page 42) \$ (90,506)

Amounts reported for governmental activities in the Statement of Activities are different because:

Governmental funds report all capital outlay as expenditures. However, in the Statement of Activities the cost of certain assets is allocated over their estimated useful lives and reported as depreciation and amortization expense. This is the amount by which capital outlays in the current period of \$310,719 exceeded depreciation, amortization and disposals of \$55,672.

113,780

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.

1,293

The Internal Service Fund is used to account for all costs incurred for claims arising from workers' compensation activities and property and liability activities. The primary funding sources are charges to other funds. This amount is the change in net position for the year.

(2,975)

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.

(798)

The issuance of long-term debt (e.g., bonds, leases, SBITAs) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on the change in net position. Also, governmental funds report the effect of issuance costs, premiums, and similar items when debt is first issued. Premium amounts are deferred and amortized in the Statement of Activities.

123,469

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

(99,579)

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

(1,073)

Change in compensated absences

2,989

Change in interest payable

(226)

Change in net position of governmental activities (page 36)

\$ 46,374

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, 2025
(amounts expressed in thousands)

ASSETS

Current Assets

Cash and cash equivalents	\$ 5,989
Prepaid items	375
Total current assets	<u>6,364</u>

Noncurrent Assets

Net OPEB asset-RHIA	13
Total assets	<u>6,377</u>

DEFERRED OUTFLOWS OF RESOURCES

OPEB contributions after measurement date	6
OPEB differences due to changes in assumptions	2
OPEB differences between expected and actual experience	10
OPEB changes in employer proportion	1
Pension contributions after measurement date	1
Pension changes in employer proportion	145
Pension differences between employer contribution and proportionate share of contributions	150
Pension differences between expected and actual experience	21
Pension differences due to changes in assumptions	35
Pension differences in Net investment	22
Total deferred outflows of resources	<u>393</u>

Total assets and deferred outflows	<u>6,770</u>
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LIABILITIES

Current Liabilities

Accounts payable	385
Accrued wages and benefits	68
Claims payable	4,327
Total current liabilities	<u>4,780</u>

Long-term Liabilities

Total OPEB liability- RHIS	75
Net pension liability- PERS	350
Total pension liability-stipend	5
Total long term liabilities	<u>430</u>

Total liabilities	<u>5,210</u>
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DEFERRED INFLOWS OF RESOURCES

OPEB differences due to changes in assumptions	5
OPEB changes in employer proportion	1
OPEB differences between expected and actual experience	1
Pension changes in employer proportion	146
Pension differences between employer contribution and proportionate share of contributions	46
Pension differences between expected and actual experience	1
Total deferred inflows of resources	<u>200</u>

Total liabilities and deferred inflows of resources	<u>5,410</u>
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NET POSITION

Restricted for Net OPEB asset-RHIA	13
Unrestricted	1,347
Total net position	<u>\$ 1,360</u>

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

SCHOOL DISTRICT NO.1J, MULTNOMAH COUNTY, OREGON
Proprietary Fund - Internal Service Fund
Statement of Revenues, Expenses, and Changes in Net Position
For the year ended June 30, 2025
(amounts expressed in thousands)

OPERATING REVENUES

Charges for services	\$ 614
Total operating revenues	<u>614</u>

OPERATING EXPENSES

Salaries and benefits	847
Materials and services	7,676
Claims expense	5,967
Total operating expenses	<u>14,490</u>

Operating income (loss)	<u>(13,876)</u>
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NON-OPERATING REVENUES

Federal and state support	499
Investment earnings	244
Total non-operating revenues	<u>743</u>

TRANSFERS

Transfers in	10,239
Total transfers	<u>10,239</u>

Change in net position	(2,894)
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Net position - beginning of year	4,276
Restatement (see note 20)	<u>(22)</u>
Net position - beginning of year	4,254
Net position - end of year	<u>\$ 1,360</u>

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

SCHOOL DISTRICT NO.1J, MULTNOMAH COUNTY, OREGON
Proprietary Fund - Internal Service Fund
Statement of Cash Flows
For the year ended June 30, 2025
(amounts expressed in thousands)

CASH FLOWS FROM OPERATING ACTIVITIES

Cash received from interfund services provided and used	\$ 614
Cash payments for salaries and benefits	(710)
Cash payments for goods and services	(7,565)
Cash payments for claims	(5,726)
Net cash provided by (used for) operating activities	<u>(13,387)</u>

CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES

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

CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES

Cash subsidy from state return to work reimbursements	499
Transfers from other funds	<u>10,239</u>
Net cash provided by (used for) noncapital financing activities	<u>10,738</u>

CASH FLOWS FROM INVESTING ACTIVITIES

Investment earnings	<u>244</u>
Net cash provided by investing activities	<u>244</u>

Net increase in cash and cash equivalents (2,431)

Cash and cash equivalents at beginning of year	<u>8,420</u>
Cash and cash equivalents at end of year	<u>\$ 5,989</u>

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

Operating income	<u>\$ (13,876)</u>
Adjustments to reconcile operating income to net cash from operating activities:	
Amortization expense	26
Increase in accounts and other payables	85
Increase in claims payable	241
Decrease in accrued wages and benefits	(11)
Increase in pension related deferred outflows	(232)
Increase in pension liability and pension related deferred inflows	359
Increase in OPEB asset and OPEB related deferred outflows	(12)
Increase in OPEB liability and OPEB related deferred inflows	33
Total adjustments	<u>489</u>
Net cash used for operating activities	<u>\$ (13,387)</u>

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, 2025

(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 within 60 days for taxes and up to 90 days or accounting close of the current fiscal year for all other revenue. 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, 2025
(Dollar amounts, unless otherwise indicated, are expressed in thousands)

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

Property taxes 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. For this purpose, the District considers revenues to be available within 90 days or accounting close of the current fiscal. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. 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 and property and liability insurance activities. The activity and balances of this fund are included in the governmental activities in the government-wide financial statements. The primary resources are charges to other funds, investment earnings and federal and state support. All revenues except for investment revenues and transfers in are considered operating revenue. Operating expenses include salaries, benefits, materials, premium costs, claims, and other related costs.

B. Appropriations and Budgetary Controls

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

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

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

School District No. 1J, Multnomah County, Oregon
Notes to the Basic Financial Statements
For the Year Ended June 30, 2025
(Dollar amounts, unless otherwise indicated, are expressed in thousands)

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

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

After the original budget is adopted, the Board of Education may approve appropriation transfers between the levels of control without limitation. Supplemental appropriations may be approved by the Board of Education if any occurrence, condition, or need exists which had not been anticipated at the time the budget was adopted. An appropriation transfer that alters estimated total expenditures by less than 10.00 percent of any individual fund may be adopted at the regular meeting of the Board of Education. For conditions that require either supplemental appropriations or an increase in expenditures greater than 10.00 percent of an individual fund, a supplemental budget must be adopted, requiring public hearings, publications in newspapers and approval by the Board of Education. Supplemental budgets are submitted, reviewed and certified, similar to the original budget, by the Multnomah County Tax Supervising and Conservation Commission subsequent to approval by the Board of Education. Appropriations lapse at the end of each fiscal year. The District had one supplemental budget during budget year 2025.

C. Encumbrances

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

D. Cash and Cash Equivalents and Investments

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

E. Property Taxes

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

F. Inventories and Prepaid Items

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

School District No. 1J, Multnomah County, Oregon
Notes to the Basic Financial Statements
For the Year Ended June 30, 2025
(Dollar amounts, unless otherwise indicated, are expressed in thousands)

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

Under the consumption method, inventory is recorded when purchased and expenditures are recorded when inventory items are used. Donated foods consumed during the year are reported as revenues and expenditures. The amount of unused donated food at year-end is immaterial.

Prepaid insurance is related to capital bond construction activity. Prepaid assets are recognized as expenses/expenditures based on the consumption method when their use benefits the District.

G. Capital Assets

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

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

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

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

Subscription Assets are assets which the District holds the right to use for a term of more than one year. The value of the subscription is determined by the net present value of the subscription at the District's incremental borrowing rate at the time of the subscription agreement, amortized using straight line method over the term of the agreement.

H. Grant Accounting

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

I. Insurance

The District operates the Self-Insurance Fund to account for the costs of workers' compensation related costs and resources. Charges to other funds are recognized as revenues and as expenditures in the fund incurring the charges.

School District No. 1J, Multnomah County, Oregon
Notes to the Basic Financial Statements
For the Year Ended June 30, 2025
(Dollar amounts, unless otherwise indicated, are expressed in thousands)

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

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

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

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

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

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

J. Compensated Absences

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

The District's policy permits employees to accumulate earned but unused sick leave. All sick leave lapses when employees leave the employ of the District and, upon separation from service, no monetary obligation exists. However, a liability for estimated value of sick leave that will be used by employees as time off is included in the liability for compensated absences.

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, 2025
(Dollar amounts, unless otherwise indicated, are expressed in thousands)

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

L. Long-term Obligations

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

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

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

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

M. Retirement Plans

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

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

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

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

N. Other Post-Employment Benefits

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

School District No. 1J, Multnomah County, Oregon
Notes to the Basic Financial Statements
For the Year Ended June 30, 2025
(Dollar amounts, unless otherwise indicated, are expressed in thousands)

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

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

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

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

O. Net Position

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

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

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

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

P. Deferred Inflows and Outflows of Resources

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

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

Q. Lease Receivable

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

R. Management Estimates

The preparation of basic financial statements in accordance with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the basic financial

School District No. 1J, Multnomah County, Oregon
Notes to the Basic Financial Statements
For the Year Ended June 30, 2025
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NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

statements and reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

S. Fund Balance Definitions

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

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

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

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

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

School District No. 1J, Multnomah County, Oregon
Notes to the Basic Financial Statements
For the Year Ended June 30, 2025
(Dollar amounts, unless otherwise indicated, are expressed in thousands)

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

T. Use of Restricted Resources

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

U. Fund Balance Policy

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

V. Stabilization Arrangements

The District established a PERS Rate Stabilization Reserve Fund by Board Resolutions 2679, adopted on June 16, 2003, and 4471, adopted on June 27, 2011. The purpose of the Fund is to minimize effects of large fluctuations in the PERS rate assessed against District salaries and wages, and to repay the 2002 and 2003 PERS UAL borrowings. This Fund resides within the Special Revenue Fund, and the primary revenue source is 0.11 percent of Current Year Permanent Rate and GAP Property Taxes. Use of the resources must be authorized through formal Board resolution. In any given year, funds may be transferred to the General Fund not to exceed either 1) the increase in PERS rate over rates in effect at June 30, 2011; or 2) the increase in the internally charged PERS UAL fringe rate over the fringe rate in effect at June 30, 2011, multiplied by the PERS eligible budgeted salary base for that year. The ending fund balance in the PERS Rate Stabilization Reserve Fund at June 30, 2025 is \$22,824.

NOTE 2 – BUDGETARY BASIS OF ACCOUNTING

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

NOTE 3 – STATE CONSTITUTIONAL PROPERTY TAX LIMITS

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

School District No. 1J, Multnomah County, Oregon
Notes to the Basic Financial Statements
For the Year Ended June 30, 2025
(Dollar amounts, unless otherwise indicated, are expressed in thousands)

NOTE 3 – STATE CONSTITUTIONAL PROPERTY TAX LIMITS – continued

The District's tax rates for the year ended June 30, 2025 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	\$ 166,000,000 (unrounded dollars)

NOTE 4 – CASH, CASH EQUIVALENTS AND INVESTMENTS

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

The District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. At June 30, 2025, the District's cash, cash equivalents, and investments were comprised of the following:

	June 30, 2025	Fair Value Measurements Using
Oregon Local Government Investment Pool	\$ 50,240	N/A
Cash held in trust with LGIP and US Bank	2,207	N/A
Cash in demand deposits	254,221	N/A
Petty cash	4	N/A
Total cash and cash equivalents	<u>306,672</u>	
Cash and cash equivalents held by fiscal agents	4,930	N/A
US Treasuries	405,774	Level 1
US Government agency securities	31,998	Level 2
Commercial paper and bonds	-	Level 2
Total investments	<u>437,772</u>	
Total cash, cash equivalents and investments	<u>\$ 749,374</u>	

A. Investments

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

School District No. 1J, Multnomah County, Oregon

Notes to the Basic Financial Statements

For the Year Ended June 30, 2025

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

NOTE 4 – CASH, CASH EQUIVALENTS AND INVESTMENTS – continued

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

The District requires all securities to be purchased in the District's name and held in third party safekeeping. The Oregon Local Government Investment Pool is unrated. Other investments held at June 30, 2025 are categorized by Moody's and Standard and Poor's ratings as follows:

<u>Moody's Rating</u>	<u>U.S. Government & Agency Obligations</u>	<u>Corporate Notes</u>	<u>Total</u>
Aaa	\$ -	\$ -	\$ -
Aa2	120,813	-	120,813
Aa3	264,994	-	264,994
A1	51,965	-	51,965
	<u>\$ 437,772</u>	<u>\$ -</u>	<u>\$ 437,772</u>
Weighted Average Maturity (Yrs)	0.40	-	0.40
 <u>S&P Rating</u>	 <u>U.S. Government & Agency Obligations</u>	 <u>Corporate Notes</u>	 <u>Total</u>
AA+	\$ 437,772	\$ -	\$ 437,772
	<u>\$ 437,772</u>	<u>\$ -</u>	<u>\$ 437,772</u>
Weighted Average Maturity (Yrs)	0.40	-	0.40

Interest rate risk

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

School District No. 1J, Multnomah County, Oregon

Notes to the Basic Financial Statements

For the Year Ended June 30, 2025

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

NOTE 4 – CASH, CASH EQUIVALENTS AND INVESTMENTS – continued

Credit risk

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

Concentration of credit risk-investments

In accordance with GASB 40, the District is required to report all individual non-federal investments which exceed 5.00 percent of total invested funds. As of June 30, 2025, the District held no individual non-federal assets that exceeded 5.00 percent of total invested funds.

Custodial risk-deposits

The District's deposits with financial institutions are insured by the Federal Depository Insurance Corporation (FDIC); interest and non-interest bearing accounts are insured up to \$250 thousand. To provide additional security required and authorized by Oregon Revised Statutes, Chapter 295, deposits above insurance limits are covered by collateral held in a multiple financial institution collateral pool administered by the State of Oregon. At June 30, 2025, 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, 2025, the carrying amount of the District's balance was \$254,221 and the bank balance was \$258,486.

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, 2025

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

NOTE 5 – RECEIVABLES

Receivables at June 30, 2025 are summarized as follows:

	General Fund	Special Revenue Fund	Debt Service Fund	Capital Fund	Total
Accounts and other receivables:					
Interest Receivable	\$ 45	\$ 211	\$ -	\$ -	\$ 256
Account Receivable	9,490	3,051	-	7,518	\$ 20,059
Lease Receivables	7,265	-	-	-	\$ 7,265
Federal, State, and local grants	-	54,555	-	-	\$ 54,555
Total accounts and other receivables	16,800	57,817	-	7,518	\$ 82,135
Property and other taxes receivable	13,499	-	4,622	-	\$ 18,121
Total	\$30,299	\$57,817	\$4,622	\$7,518	\$100,256

Lease Receivables at June 30, 2025 are summarized as follows:

	Original Amount	Outstanding at June 30, 2024	Additions	Decreases	Outstanding at June 30, 2025
Riverdale Land Lease, interest at 2.583%, principal and interest ranges from \$19 to \$46 monthly, due 2051	\$ 7,328	\$ 7,150	\$ -	\$ (72)	\$ 7,078
Trillium Building Lease, interest at 0.972%, principal and interest ranges from \$14 to \$16 monthly, due 2026	809	366	-	(179)	187
Total	\$ 8,137	\$ 7,516	\$ -	\$ (251)	\$ 7,265

School District No. 1J, Multnomah County, Oregon

Notes to the Basic Financial Statements

For the Year Ended June 30, 2025

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

NOTE 6 – PREPAID ITEMS

A summary of changes in prepaid items for the year ended June 30, 2025 is as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>
Postage	\$ 96	\$ 70	\$ (54)	\$ 112
Insurance	543	-	(543)	-
Workers Compensation Prefund	375	-	-	375
Other	-	(51)	51	-
Total Prepaid Assets	<u>\$ 1,014</u>	<u>\$ 19</u>	<u>\$ (546)</u>	<u>\$ 487</u>

Prepaid insurance consists of Owner Controlled Insurance Program (OCIP), which provide liability coverage for major construction contracts, and builders risk insurance for high school rebuilds. The District had one OCIP policy being amortized over five years. OCIP II has been amortized June 2020 to June 2025.

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, 2025

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

NOTE 7 – CAPITAL AND RIGHT-OF-USE ASSETS

A summary of changes in capital assets for the year ended June 30, 2025 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	601,250	168,011	(295)	(105,081)	663,885
Total capital assets not being depreciated or amortized	610,424	168,011	(295)	(105,081)	673,059
Capital assets being depreciated or amortized					
Buildings and site improvements	1,574,357	109	(526)	105,081	1,679,021
Vehicles and equipment	103,804	1,854	(537)	-	105,121
Right-of-use leased equipment	958	-	(958)	-	-
Right-of-use subscription asset	20,777	1,578	(3,376)	-	18,979
Total capital assets being depreciated or amortized	1,699,896	3,541	(5,397)	105,081	1,803,121
Total general capital assets	2,310,320	171,552	(5,692)	-	2,476,180
Less accumulated depreciation and amortization					
Buildings and site improvements	(351,317)	(41,196)	171	-	(392,342)
Vehicles and equipment	(64,557)	(11,013)	525	-	(75,045)
Right-of-use leased equipment	(272)	-	272	-	-
Right-of-use subscription asset	(9,488)	(4,893)	3,376	-	(11,005)
Total accumulated depreciation and amortization	(425,634)	(57,102)	4,344	-	(478,392)
Total capital assets, net of accumulated depreciation	<u>\$ 1,884,686</u>	<u>\$ 114,450</u>	<u>\$ (1,348)</u>	<u>\$ -</u>	<u>\$ 1,997,788</u>

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

Instruction	\$ 49,887
Supporting services	2,166
Enterprise and Community Services	156
	<u>\$ 52,209</u>

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

Instruction	\$ 51
Supporting services	1,808
Enterprise and Community Services	3,034
	<u>\$ 4,893</u>

As of June 30, 2025, the District has one school that was closed and idle: Smith elementary school. As of June 30, 2025, the carrying value of this school is \$351 million 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, 2025

(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 on June 30, 2025, are as follows:

	Due From	Due To
General Fund	\$ 11,876	\$ 744
Special Revenue Fund	744	11,876
	<u>\$ 12,620</u>	<u>\$ 12,620</u>

There is a \$744 interfund balance between the General Fund and the Special Revenue Fund for monies invested on behalf of Student Body Fund accounts. The Special Revenue Fund was advanced \$11,876 by the General Fund to cover unbilled expenditures.

The composition of interfund transfers as of June 30, 2025, is as follows:

	Transfers In	Transfers Out
General Fund	\$ -	\$ 10,643
Special Revenue Fund	404	-
Debt Service Fund	619	-
Capital Projects Fund	-	619
Internal Service Fund	10,239	-
	<u>\$ 11,262</u>	<u>\$ 11,262</u>

The District's General Fund also made transfers totaling \$404 to the Special Revenue Fund to cover write-offs. The District's General Fund made transfers of \$10,239 to the Internal Service Fund for capital asset renewals. The Capital Projects Fund made transfers of \$619 to the Debt Service Fund for principal and interest payments on the District's Full Faith & Credit and QZAB obligations.

NOTE 9 – ACCRUED COMPENSATED ABSENCES

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

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

Restated Outstanding June 30, 2024	Increases	Payments	Outstanding June 30, 2025	Due Within One Year
\$ 49,352	\$ 21,945	\$ (24,956)	\$ 46,341	\$ 16,570

School District No. 1J, Multnomah County, Oregon
Notes to the Basic Financial Statements
For the Year Ended June 30, 2025
(Dollar amounts, unless otherwise indicated, are expressed in thousands)

NOTE 10 – BONDED DEBT AND OTHER FINANCING SOURCES

Changes in District long-term debt during fiscal year 2025 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	\$ 88,580	\$ -	\$ (22,550)	\$ 66,030	\$ 25,130
Series 2003	281,170	127,705	-	(31,550)	96,155	36,215
Series 2021	399,390	362,365	-	(14,220)	348,145	15,410
Total pension debt (Note 11)	890,664	578,650	-	(68,320)	510,330	76,755
Other Debt:						
General Obligation Bonds						
Series 2015B	244,700	97,090	-	(7,665)	89,425	8,390
QZAB Series 2016	4,000	2,600	-	(200)	2,400	200
Full Faith and Credit						
Obligations Series 2016	5,048	2,973	-	(335)	2,638	345
General Obligation Bonds						
Series 2017B	241,890	169,745	-	(3,345)	166,400	3,305
General Obligation Bonds						
Series 2020	441,320	267,390	-	(44,140)	223,250	26,630
General Obligation Bonds						
Series 2020B	365,465	267,255	-	-	267,255	-
General Obligation Bonds						
Series 2020C	53,965	47,545	-	(4,295)	43,250	4,535
General Obligation Bonds						
Series 2023	420,000	363,215	-	(64,870)	298,345	12,345
General Obligation Bonds						
Series 2025	79,480	-	79,480	-	79,480	79,480
Total other debt	1,855,868	1,217,813	79,480	(124,850)	1,172,443	135,230
Total long-term debt	<u>\$ 2,746,532</u>	<u>1,796,463</u>	<u>79,480</u>	<u>(193,170)</u>	<u>1,682,773</u>	<u>211,985</u>
Unamortized bond premium (discount)		146,641	149	(9,319)	137,471	9,444
Total long-term debt, net of premiums (discounts)		<u>\$ 1,943,104</u>	<u>\$ 79,629</u>	<u>\$ (202,489)</u>	<u>\$ 1,820,244</u>	<u>\$ 221,429</u>

A. Limited Tax Pension Bonds

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

School District No. 1J, Multnomah County, Oregon

Notes to the Basic Financial Statements

For the Year Ended June 30, 2025

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

NOTE 10 – BONDED DEBT AND OTHER FINANCING SOURCES – continued

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

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

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

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

B. General Obligation Bonds

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

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

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

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

December, beginning December 15, 2017. The Series 2017B Bonds are not subject to early redemption prior to maturity. The bonds mature on June 15, 2030, with principal payments due annually on June 15. The bonds were issued at a premium of \$9.8 million, which is being amortized over the life of the bonds.

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

On August 10, 2017 the District issued \$179.7 million 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 million which is being amortized over the life of the bonds.

On April 14, 2020 the District issued \$441.3 million in General Obligation Bonds, Series 2020. The interest rate is fixed at rates ranging from 3.00 to 5.00 percent. Interest payments on the bonds are payable semiannually in June and December, beginning December 15, 2020. The Series 2020 Bonds maturing on June 15, 2031 and on any date thereafter are subject to redemption at the option of the District prior to their stated maturity dates at any time on or after June 15, 2030 in whole or in part; and, if in part, with maturities to be selected by the District at a price of par plus accrued interest, if any, to the date of redemption. The bonds mature on June 15, 2037 with principal payments due annually on June 15. The bonds were issued at a premium of \$68,202 which is being amortized over the life of the bonds.

As part of a \$1.208 billion capital bond measure passed by District voters in 2020, the District has issued the following General Obligation debt to finance school renovation and replacement:

On December 30, 2020 the District issued \$365.5 million in General Obligation Bonds, Series 2020B. The interest rate is fixed at rates ranging from 1.50 to 5.00 percent. Interest payments on the bonds are payable semiannually in June and December, beginning December 15, 2021. The Series 2020B Bonds maturing on June 15, 2031 and on any date thereafter are subject to redemption at the option of the District prior to their stated maturity dates at any time on or after June 15, 2030 in whole or in part; and, if in part, with maturities to be selected by the District at a price of par plus accrued interest, if any, to the date of redemption. The bonds mature on June 15, 2046 with principal payments due annually on June 15. The bonds were issued at a premium of \$29.5 million which is being amortized over the life of the bonds.

On December 30, 2020 the District issued \$53.9 million in General Obligation Bonds, Series 2020C. The interest rate is fixed at rates ranging from 1.05 to 2.00 percent. Interest payments on the bonds are payable semiannually in June and December, beginning June 15, 2021. The Series 2020C Bonds maturing on June 15, 2031 and on any date thereafter are subject to redemption at the option of the District prior to their stated maturity dates at any time on or after June 15, 2030 in whole or in part; and, if in part, with maturities to be selected by the District at a price of par plus accrued interest, if any, to the date of redemption. The bonds mature on June 15, 2033 with principal payments due annually on June 15. The bonds were issued at a premium of \$16 million which is being amortized over the life of the bonds.

School District No. 1J, Multnomah County, Oregon

Notes to the Basic Financial Statements

For the Year Ended June 30, 2025

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

NOTE 10 – BONDED DEBT AND OTHER FINANCING SOURCES – continued

On April 27, 2023 the District issued \$420 million in General Obligation Bonds, Series 2023. The interest rate is fixed at rates ranging from 4.00 to 5.00 percent. Interest payments on the bonds are payable semiannually in June and December, beginning December 15, 2023. The Series 2023 Bonds maturing on June 15, 2034 and on any date thereafter are subject to redemption at the option of the District prior to their stated maturity dates at any time on or after June 15, 2033 in whole or in part; and, if in part, with maturities to be selected by the District at a price of par plus accrued interest, if any, to the date of redemption. The bonds mature on June 15, 2049 with principal payments due annually on June 15. The bonds maturing on June 15, 2049 are subject to partial mandatory redemption on June 15, 2047 and June 15, 2048. The bonds were issued at a premium of \$44.8 million which is being amortized over the life of the bonds.

On May 21, 2025 the District Issued \$79.48 million in General Obligation Bonds, Series 2025. The interest rate is fixed at 4.25 percent. Principal and interest payments on the bonds are fully payable in June 2026. The Series 2025 Bonds will mature June 15, 2026. This bond fully matures in June 2026. The bonds were issued at a premium of \$148.6 thousand which was offset by the underwriter's discount.

A fourth capital bond was passed by voters in May 2025, consisting of an eight-year, \$1.83 billion capital bond measure to finance capital costs to improve health, safety, learning, modernize, and improve schools. PPS remains committed to delivering robust modernization and the upgrade of major building systems as envisioned by the voters, stewarding bond resources prudently and efficiently, and building and maintaining the trust of voters in our community.

C. Other Debt

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

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

Article XI-K of the Oregon Constitution allows the state to guarantee the general obligation bonded indebtedness of school districts. For the Series 2013B, 2015B, 2017B, 2020, 2020B, 2020C, 2023 and 2025 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, 2025.

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

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

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

<u>Fiscal Year</u>	<u>Limited Tax Pension Bonds</u>	<u>Other Full Faith & Credit</u>	<u>General Obligation Bonds</u>	<u>QZAB</u>	<u>Total</u>
Principal:					
2026	\$ 76,755	\$ 345	\$ 134,685	\$ 200	\$ 211,985
2027	83,940	355	60,690	200	145,185
2028	50,670	365	66,345	200	117,580
2029	18,495	375	72,460	200	91,530
2030-2034	19,660	390	51,055	200	71,305
2035-2039	118,685	808	270,430	1,000	390,923
2040-2044	142,125	-	223,805	400	366,330
2045-2049	-	-	189,815	-	189,815
2050-2054	-	-	98,120	-	98,120
Total Principal	510,330	2,638	1,167,405	2,400	1,682,773
Interest:					
2026	\$ 16,447	\$ 74	\$ 43,736	\$ -	\$ 60,257
2027	12,818	63	37,509	-	50,390
2028	8,811	52	34,801	-	43,665
2029	6,686	41	31,721	-	38,449
2030-2034	6,381	30	28,432	-	34,844
2035-2039	25,441	24	109,377	-	134,842
2040-2044	9,886	-	65,715	-	75,601
2045-2049	-	-	32,726	-	32,726
2050-2054	-	-	9,561	-	9,561
Total Interest	86,470	285	393,579	-	480,334
Total Debt Service	<u>\$ 596,800</u>	<u>\$ 2,923</u>	<u>\$ 1,560,984</u>	<u>\$ 2,400</u>	<u>\$ 2,163,107</u>

D. Lease Payables

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

On February 1, 2023 the District entered into a long-term agreement as the lessee to lease print shop equipment. The lease amount is \$17 per month for a term of 120 months including interest at a rate of 2.68 percent. The lease was terminated by the District in January 2025.

School District No. 1J, Multnomah County, Oregon

Notes to the Basic Financial Statements

For the Year Ended June 30, 2025

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NOTE 10 – BONDED DEBT AND OTHER FINANCING SOURCES – continued

Changes in lease payable are as follows:

Description	Outstanding July 1, 2024	Increases	Decreases	Outstanding June 30, 2025
Print Shop	\$ 710	\$ -	\$ (710)	\$ -
Total lease payables	<u>\$ 710</u>	<u>\$ -</u>	<u>\$ (710)</u>	<u>\$ -</u>

E. Subscription Based Information Technology Agreement (SBITA) Payables

Per GASB 96, SBITA Payables are recognized at the net present value of payments expected to be made during the agreement term at a borrowing rate either explicitly described in the agreement or implicitly determined by the District. The District has multiple agreements with various entities. SBITA expenses totaled approximately \$1,933 for the year ended June 30, 2025.

Changes in SBITA payables during the year are as follows:

Description	July 1, 2024	Increases	Decreases	June 30, 2025
Total SBITA payables	<u>\$ 2,662</u>	<u>\$ 1,435</u>	<u>\$ (1,933)</u>	<u>\$ 2,164</u>

Future subscription payments are as follows:

Fiscal Year	Principal	Interest	Total
2026	\$ 1,535	\$ 46	\$ 1,581
2027	629	15	644
	<u>\$ 2,164</u>	<u>\$ 61</u>	<u>\$ 2,225</u>

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

School District No. 1J, Multnomah County, Oregon

Notes to the Basic Financial Statements

For the Year Ended June 30, 2025

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

NOTE 10 – BONDED DEBT AND OTHER FINANCING SOURCES – continued

The SBITAs in effect during the year are as follows:

Commencement	End Date	Initial Asset Value	Net Asset Value as of June 30, 2025	Initial Subscription Liability	Associated Interest Rate	Subscription Liability as of June 30, 2025
7/1/2022	6/30/2025	\$ 388	\$ -	\$ 388	2.18%	\$ -
7/1/2022	6/30/2026	133	33	-	N/A	-
7/1/2022	9/23/2024	87	14	87	2.02%	-
7/1/2022	7/31/2025	82	8	-	N/A	-
7/1/2022	6/30/2025	154	-	154	2.18%	-
7/1/2022	6/30/2027	404	393	404	2.02%	397
8/18/2022	9/14/2028	55	29	-	N/A	-
7/1/2022	9/14/2023	115	-	-	N/A	-
7/1/2022	9/23/2024	145	-	145	2.02%	-
7/1/2022	1/31/2027	61	21	61	2.37%	33
7/1/2022	5/24/2028	4,839	2,378	-	N/A	-
7/1/2022	6/14/2028	4,944	2,454	-	N/A	-
7/1/2022	6/30/2025	476	-	476	2.18%	-
7/1/2022	6/30/2025	615	-	615	2.18%	-
7/1/2022	3/31/2027	258	95	258	2.37%	73
8/10/2022	8/9/2025	448	16	-	N/A	-
8/10/2022	8/9/2028	341	412	-	N/A	-
8/10/2022	8/9/2025	755	27	-	N/A	-
5/24/2023	5/23/2029	341	222	-	N/A	-
6/11/2023	6/12/2025	815	-	-	N/A	-
7/1/2023	6/30/2025	1,063	529	1,063	3.02%	570
7/1/2023	8/28/2026	811	320	811	2.90%	285
7/1/2023	3/31/2028	1,179	810	1,179	2.71%	619
10/1/2024	9/30/2027	284	213	284	2.67%	187
			<u>\$ 7,974</u>			<u>\$ 2,164</u>

F. Accrued Interest Payable

Changes in District accrued interest during fiscal year 2025 were as follows:

	Beginning Balance	Additions	Payments and Reductions	Ending Balance
Accrued Interest:				
Current Portion				
Bond	\$ 1,933	\$ 68,768	\$ (68,531)	\$ 2,170
Lease	2	-	(2)	0
Subscriptions	31	61	(71)	21
Total Accrued Interest	<u>\$ 1,966</u>	<u>\$ 68,829</u>	<u>\$ (68,604)</u>	<u>\$ 2,191</u>

School District No. 1J, Multnomah County, Oregon

Notes to the Basic Financial Statements

For the Year Ended June 30, 2025

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

NOTE 11 – PENSION PLANS

Pension Plans -Summary

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

	OPERS	Stipend	Net
Net Pension Liability	\$ (366,501)	\$ -	\$ (366,501)
Total Pension Liability	\$ -	\$ (5,437)	\$ (5,437)
Total Pension Expense	\$ 99,890	\$ 673	\$ 100,563
Pension Deferred Outflows of Resources	\$ 391,311	\$ 1,285	\$ 392,596
Pension Deferred Inflows of Resources	\$ (202,268)	\$ (91)	\$ (202,359)

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

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

than 25 years of service. Tier Two members are eligible for full benefits at age 60. The ORS Chapter 238 Defined Benefit Pension Plan is closed to new members hired on or after August 29, 2003.

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

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

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

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

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

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

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

2. *Death Benefits.* Upon the death of a non-retired member, the spouse or other person who is constitutionally required to be treated in the same manner as the spouse receives for life 50 percent of the pension that would otherwise have been paid to the deceased.
3. *Disability Benefits.* A member who has accrued 10 or more years of retirement credits before the member becomes disabled or a member who becomes disabled due to job-related injury shall receive a disability benefit

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

of 45 percent of the member's salary determined as of the last full month of employment before the disability occurred.

4. *Benefit Changes after Retirement.* Under ORS 238A.210 monthly benefits are adjusted annually through cost-of-living changes. The cap on the COLA vary based on the amount of the annual benefit.

Contributions:

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

Employer contribution rates during the period were based on the December 31, 2021 actuarial valuation. The rates based on a percentage of payroll, first became effective July 1, 2023. The state of Oregon and certain schools, community colleges, and political subdivisions have made unfunded actuarial liability payments to establish side accounts, and their rates have been reduced.

The District's rates in effect for the fiscal year ended June 30, 2025 were:

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

The District contributed approximately \$136 for the year ended June 30, 2025.

Actuarial Valuations:

The employer contribution rates effective July 1, 2024 through June 30, 2025, 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

Actuarial Methods and Assumptions:

Valuation Date	December 31, 2022
Measurement Date	June 30, 2024
Experience Study	2022, published July 24, 2023
Actuarial Assumptions:	
Actuarial cost method	Entry Age Normal
Inflation rate	2.40 percent
Long-term expected rate of return	6.90 percent
Discount Rate	6.90 percent
Projected salary increases	3.40 percent
COLA	Blend of 2.00% COLA and graded COLA (1.25%/0.15%) in accordance with <i>Moro</i> decision; blend based on service
Mortality	<p>Healthy retirees and beneficiaries: Pub-2010 Healthy Retiree, sex distinct, generational with Unisex, Social Security Data Scale, with job category adjustments and set-backs as described in the valuation</p> <p>Active members: Pub-2010 Employee, sex distinct, generational with Unisex, Social Security Data Scale, with job category adjustments and set-backs as described in the valuation.</p> <p>Disabled retirees: Pub-2010 Disable Retiree, sex distinct, generational with Unisex, Social Security Data Scale, with job category adjustments and set-backs as described in the valuation.</p>

Source: OPERS Annual Comprehensive Financial Report, For the Fiscal Year Ended June 30, 2024

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 2022 Experience Study.

Discount Rate:

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

School District No. 1J, Multnomah County, Oregon

Notes to the Basic Financial Statements

For the Year Ended June 30, 2025

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

NOTE 11 – PENSION PLANS – continued

Depletion Date Projection:

GASB 68 generally requires that a blended discount rate be used to measure the Total Pension Liability (the Actuarial Accrued Liability calculated using the Individual Entry Age Normal Cost Method). The long-term expected return on plan investments may be used to discount liabilities to the extent that the plan's Fiduciary Net Position (fair value of assets) is projected to cover benefit payments and administrative expenses. A 20-year high quality (AA/Aa or higher) municipal bond rate must be used for periods where the Fiduciary Net Position is not projected to cover benefit payments and administrative expenses. Determining the discount rate under GASB 67 will often require that the actuary perform complex projections of future benefit payments and asset values. GASB 67 (paragraph 43) does allow for alternative evaluations of projected solvency, if such evaluation can reliably be made. GASB does not contemplate a specific method for making an alternative evaluation of sufficiency; it is left to professional judgment.

The following circumstances justify an alternative evaluation of sufficiency for the plan:

- PERS has a formal written policy to calculate an Actuarially Determined Contribution (ADC), which is articulated in the actuarial valuation report.
- The ADC is based on a closed, layered amortization period, which means that payment of the full ADC each year will bring the plan to a 100% funded position by the end of the amortization period if future experience follows assumption.
- GASB 68 specifies that the projections regarding future solvency assume that plan assets earn the assumed rate of return and there are no future changes in the plan provisions or actuarial methods and assumptions, which means that the projections would not reflect any adverse future experience which might impact the plan's funded position.

Based on these circumstances, it is PERS' independent actuary's opinion that the detailed depletion date projections outlined in GASB 68 would clearly indicate that the Fiduciary Net Position is always projected to be sufficient to cover benefit payments and administrative expenses.

Assumed Asset Allocation:

Asset Class/Strategy	Low Range	High Range	OIC Target Allocation
Debt Securities	20.0 %	30.0 %	25.0 %
Public Equity	22.5	32.5	27.5
Real Estate	7.5	17.5	12.5
Private Equity	15.0	27.5	20.0
Real Assets	2.5	10.0	7.5
Diversifying Strategies	2.5	10.0	7.5
Opportunity Portfolio	0.0	5.0	0.0
Total			100.0 %

Source: OPERS Annual Comprehensive Financial Report, For the Fiscal Year Ended June 30, 2024

School District No. 1J, Multnomah County, Oregon

Notes to the Basic Financial Statements

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NOTE 11 – PENSION PLANS – 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 January 2023 the OPERS Board reviewed long-term assumptions developed by both Milliman's capital market assumptions team and the Oregon Investment Council's (OIC) investment advisors. The table below shows Milliman's assumptions for each of the asset classes in which the plan was invested at that time based on the OIC long-term target asset allocation. The OIC's description of each asset class was used to map the target allocation to the asset classes shown below. Each asset class assumption is based on a consistent set of underlying assumptions, and includes adjustment for the inflation assumption. These assumptions are not based on historical returns, but instead are based on a forward-looking capital market economic model.

Asset Class	Target Allocation	20-Year Annualized Geometric Mean
Global Equity	27.50 %	7.07 %
Private Equity	25.50	8.83
Core Fixed Income	25.00	4.50
Real Estate	12.25	5.83
Master Limited Partnerships	0.75	6.02
Infrastructure	1.50	6.51
Hedge Fund of Funds - Multistrategy	1.25	6.27
Hedge Fund Equity - Hedge	0.63	6.48
Hedge fund - Macro	5.62	4.83
Assumed Inflation – Mean		2.35 %

Source: OPERS Annual Comprehensive Financial Report, For the Fiscal Year Ended June 30, 2024

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

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

	1% Decrease (5.90%)	Discount Rate (6.90%)	1% Increase (7.90%)
Proportionate share of the net pension liability	\$578,140	\$366,501	\$189,242

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>

School District No. 1J, Multnomah County, Oregon

Notes to the Basic Financial Statements

For the Year Ended June 30, 2025

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

NOTE 11 – PENSION PLANS – continued

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

At June 30, 2025, the District reported a liability of \$366,501 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2024, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2022. 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, 2025, the District's proportion was 1.65 percent, which is an increase of 1.14 from the District's proportion of 0.51 percent for the year ended June 30, 2024.

For the year ended June 30, 2025, the District recognized pension expense of \$99.8 million for the defined benefit portion of the pension plan. At June 30, 2025, 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	\$ 152,046	\$ (153,191)
Pension differences between employer contribution and proportionate share of contributions	157,286	(48,155)
Pension differences between expected and actual experience	21,712	(875)
Pension differences due to changes in assumptions	36,848	(47)
Pension differences between expected and actual earnings	<u>23,283</u>	<u>-</u>
Total (prior to post-measurement date contributions)	391,175	(202,268)
Pension contributions subsequent to measurement date	136	-
Net Deferred Outflow/(Inflow) of Resources	<u>\$ 391,311</u>	<u>\$ (202,268)</u>

Source: OPERS Schedule of Pension Amounts under GASB 68, June 30, 2024

School District No. 1J, Multnomah County, Oregon
Notes to the Basic Financial Statements
For the Year Ended June 30, 2025
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NOTE 11 – PENSION PLANS – continued

The deferred outflow of resources of \$136 thousand resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2026. 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 2026	\$ 33,541
Fiscal Year 2027	76,220
Fiscal Year 2028	41,476
Fiscal Year 2029	27,514
Fiscal Year 2030	10,156
Total	\$ 188,907

Source: OPERS Schedule of Pension Amounts under GASB 68, June 30, 2024

Defined Contribution Plan

OPSRP Individual Account Program (OPSRP IAP)

Plan Description:

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

Pension Benefits:

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

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

School District No. 1J, Multnomah County, Oregon

Notes to the Basic Financial Statements

For the Year Ended June 30, 2025

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NOTE 11 – PENSION PLANS – continued

Death Benefits:

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

Contributions:

Employees of the District contribute 6.0 percent of their covered payroll. The District did not make any optional contributions to member IAP accounts for the year ended June 30, 2025. Included in accrued liabilities at June 30, 2025 are \$2.8 million for employee contributions owed to the plan.

B. District Plan – Stipend

Plan Description

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

Total Stipend Liability

The District's total stipend liability of \$5.4 million was measured as of June 30, 2024, rolled forward to June 30, 2025, and was determined by an actuarial valuation as of July 1, 2024.

School District No. 1J, Multnomah County, Oregon

Notes to the Basic Financial Statements

For the Year Ended June 30, 2025

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NOTE 11 – PENSION PLANS – continued

Actuarial Assumptions and Other Inputs

The total Stipend liability in the June 30, 2025 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, 2024
Measurement Date	June 30, 2024
Inflation	2.40%
Projected salary growth	3.40%
Discount rate	3.93%
Withdrawal, retirement, and mortality rates	December 31, 2022 Oregon PERS valuation
Lapse rates	5% annual lapse rate
Actuarial cost method	Entry Age Normal Level Percent of Pay
Demographic Assumptions	
Mortality	Pub-2010 sex-distinct base tables, as specified below. Male retiree: Blend 80% Teachers and 20% general Employees, no set back Male spouse: General Employees, set back 12 months Female retiree: Teachers, no set back Female spouse: General Employees, no set back
Withdrawal	Based on Oregon PERS assumptions. Annual rates are based on gender and duration from hire date.
Retirement	Based on Oregon PERS assumption. Annual rates are based on age, Tier/OPSRP, and duration of service

Discount Rate – Under GASB 75, unfunded plans must use a discount rate that reflects a 20-year tax-exempt municipal bond yield or index rate. The discount rate in effect for the June 30, 2025 reporting date is 3.93 percent, reflecting the Bond Buyer 20-Year General Obligation Bond Index.

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

Changes in the Total Stipend Liability:

	<u>Total Stipend Liability</u>
Balance at 6/30/2024	\$ 5,493
Changes for the year:	
Service cost	152
Interest	194
Effect of economic/demographic gains or losses	302
Effect of assumptions changes or inputs	(8)
Benefit payments	<u>(696)</u>
Net changes	<u>(56)</u>
Balance at 6/30/2025	<u>\$ 5,437</u>

Changes in assumptions and other inputs reflect a change in the discount rate from 3.65% in 2024 to 3.93% in 2025.

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 (2.93 percent) or 1-percentage-point higher (4.93 percent) than the current discount rate:

	1% Decrease <u>(2.93%)</u>	Discount Rate <u>(3.93%)</u>	1% Increase <u>(4.93%)</u>
Total Stipend Liability	\$ 5,630	\$ 5,437	\$ 5,242

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

For the year ended June 30, 2025, the District recognized stipend expense of \$673. At June 30, 2025, the District reported deferred outflows of resources and deferred inflows of resources related to the stipend from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Pension differences between expected and actual experience	\$ 563	\$ -
Pension differences due to changes in assumptions	<u>-</u>	<u>(91)</u>
Total (prior to post-measurement date contributions)	563	(91)
Pension contributions subsequent to measurement date	722	-
Net Deferred Outflow/(Inflow) of Resources	<u>\$ 1,285</u>	<u>\$ (91)</u>

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

Deferred outflows of resources related to the stipend of \$1.3 million resulting from the District's contributions subsequent to the measurement date will be recognized as a reduction to the net pension liability in the year ended June 30, 2026.

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 2026	\$ 323
Fiscal Year 2027	101
Fiscal Year 2028	48
Total	<u>\$ 472</u>

School District No. 1J, Multnomah County, Oregon

Notes to the Basic Financial Statements

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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	\$ (78,398)	\$ -	\$ (78,398)
Net OPEB Asset	\$ -	\$ 13,281	\$ 13,281
Total OPEB Expense	\$ 7,535	\$ (496)	\$ 7,039
OPEB Deferred Outflows of Resources	\$ 18,807	\$ 1,256	\$ 20,063
OPEB Deferred Inflows of Resources	\$ (5,945)	\$ (1,099)	\$ (7,044)

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 5,946 active and 320 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, 2025, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	231
Inactive employees entitled to but not yet receiving benefit payments	89
Active employees	<u>5,960</u>
	<u>6,280</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

Total RHIS Liability

The District's total RHIS liability of \$78.4 million was measured as of June 30, 2024, rolled forward to June 30, 2025, and was determined by an actuarial valuation as of July 1, 2024.

Actuarial Methods and Assumptions

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

Health Care Cost Trend – The actuarial calculations used an assumption that medical costs will increase to 8.75 percent in the first year and reach an eventual ultimate rate of 3.75 percent. These trends are based on a long-term medical trend model published and updated by the Society of Actuaries. Known as the "Getzen model", it produces long-range trend assumptions built on assumed long-term relationships between certain key economic factors. It also assumes that dental and vision costs will increase by the lesser of the medical cost trend previously described and 4.00 percent per year.

Changes in the Total RHIS Liability

	Increase (Decrease) in Total RHIS Liability
Balance at 6/30/2024	\$ 78,365
Changes for the year:	
Service cost	2,770
Interest	2,844
Effect of economic/demographic gains or losses	1,929
Effect of assumptions changes or inputs	(1,062)
Benefit payments	(6,449)
Net changes	32
Balance at 6/30/2025	\$ 78,397

Changes in assumptions and other inputs reflect a change in the discount rate 3.65% in 2024 to 3.93% in 2025.

School District No. 1J, Multnomah County, Oregon

Notes to the Basic Financial Statements

For the Year Ended June 30, 2025

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

NOTE 12 - OTHER POST-EMPLOYMENT BENEFITS - continued

Sensitivity of the total RHIS liability to changes in the discount rate. The following presents the total RHIS liability of the District, as well as what the District's total RHIS liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.93 percent) or 1-percentage-point higher (4.93 percent) than the current discount rate:

	1% Decrease (2.93%)	Discount Rate (3.93%)	1% Increase (4.93%)
Total RHIS Liability	\$ 83,009	\$ 78,398	\$ 73,981

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

	1% Decrease	Current Trend Rate	1% Increase
Total RHIS Liability	\$ 72,585	\$ 78,398	\$ 84,938

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

For the year ended June 30, 2025, the District recognized RHIS expense of \$7.5 million. At June 30, 2025, the District reported deferred outflows of resources and deferred inflows of resources related to RHIS from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
OPEB differences between expected and actual experience	\$ 10,217	\$ (1,138)
OPEB differences due to changes in assumptions	2,556	(4,807)
Total (prior to post-measurement date contributions)	12,773	(5,945)
OPEB contributions subsequent to measurement date	6,033	-
Total as of June 30, 2023	<u>\$ 18,806</u>	<u>\$ (5,945)</u>

Deferred outflows of resources related to RHIS of \$6.0 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, 2026. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to RHIS will be recognized in RHIS expense as follows:

School District No. 1J, Multnomah County, Oregon
Notes to the Basic Financial Statements
For the Year Ended June 30, 2025
(Dollar amounts, unless otherwise indicated, are expressed in thousands)

NOTE 12 - OTHER POST-EMPLOYMENT BENEFITS - continued

Employer subsequent fiscal years	Deferred Outflow/(Inflow) of Resources (prior to post-measurement date contributions)
Fiscal Year 2026	\$ 2,236
Fiscal Year 2027	1,563
Fiscal Year 2028	752
Fiscal Year 2029	702
Fiscal Year 2030	818
Thereafter	757
Total	<u>\$ 6,828</u>

B. Retirement Health Insurance Account (RHIA)

Plan Description

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

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

Benefits

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

Contributions

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

School District No. 1J, Multnomah County, Oregon

Notes to the Basic Financial Statements

For the Year Ended June 30, 2025

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

NOTE 12 - OTHER POST-EMPLOYMENT BENEFITS – continued

District contributions for the year ended June 30, 2025 were \$0. Participating employers are contractually required to contribute to RHIA at a rate assessed each year by OPERS, currently 0.00% of Tier 1 and Tier 2 payroll and 0.0% of OPSRP of annual covered payroll. These contributions occur in all funds that have salary expenditures, which typically are the General Fund, Special Revenue Fund, Capital Projects Fund, and Internal Services Fund. The OPERS Board of Trustees sets the employer contribution rate based on the annual required contribution (ARC) of the employers, an amount actuarially determined. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) of the plan over a period not to exceed thirty years. The District's contributions to RHIA for the years ended June 30, 2025, 2024, and 2023 were approximately \$0, \$89, and \$58 which equaled the required contributions each year.

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

At June 30, 2025, the District reported an asset of \$13.3 million for its proportionate share of the OPERS net RHIA asset. The net RHIA asset was measured as of June 30, 2024, and the total RHIA liability used to calculate the net RHIA asset was determined by an actuarial valuation as of December 31, 2022. 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, 2025, the District's proportionate share was 3.29%, which is an increase of 0.36% from its proportion of 2.93% as of June 30, 2024.

For the year ended June 30, 2025, the District recognized RHIA benefit from this plan of \$496. At June 30, 2025, the District reported deferred outflows of resources and deferred inflows of resources related to this RHIA plan from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
RHIA differences between expected and actual experience	\$ -	\$ (260)
RHIA differences due to changes in assumptions	-	(168)
RHIA net difference between projected and actual earnings on investments	375	-
RHIA changes in employer proportion	881	(671)
	<u>1,256</u>	<u>(1,099)</u>
RHIA contributions subsequent to measurement date	-	-
Total	<u>\$ 1,256</u>	<u>\$ (1,099)</u>

Source: OPERS Schedule of OPEB Amounts under GASB 75, June 30, 2024

School District No. 1J, Multnomah County, Oregon
Notes to the Basic Financial Statements
For the Year Ended June 30, 2025
(Dollar amounts, unless otherwise indicated, are expressed in thousands)

NOTE 12 - OTHER POST-EMPLOYMENT BENEFITS – continued

Deferred outflows of resources related to RHIA of \$0 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, 2026. 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 2026	\$ (482)
Fiscal Year 2027	393
Fiscal Year 2028	203
Fiscal Year 2029	43
Total	<u>\$ 157</u>

Source: OPERS Schedule of OPEB Amounts under GASB 75, June 30, 2024

Actuarial Methods and Assumptions

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

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

The following presents the District’s proportionate share of the net RHIA liability (asset), as well as what the District’s proportionate share of the net RHIA liability (asset) would be if it were calculated using a discount rate that is 1-percentage-point lower (5.90 percent) or 1-percentage-point higher 7.90 percent) than the current discount rate:

	1% Decrease (5.90%)	Discount Rate (6.90%)	1% Increase (7.90%)
Net RHIA liability (asset)	\$ (12,301)	\$ (13,281)	\$ (14,139)

RHIA Plan Fiduciary Net Position

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

School District No. 1J, Multnomah County, Oregon

Notes to the Basic Financial Statements

For the Year Ended June 30, 2025

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

NOTE 13 - RISK MANAGEMENT

The Internal Service (Self-Insurance) Fund charges other funds for the costs incurred for workers' compensation claims. Charges to other funds by the Self-Insurance Fund are recognized as revenues in the Self-Insurance Fund and as expenditures in the fund incurring the charges. The Self-Insurance Fund recognized approximately \$614 thousand of revenues from other governmental funds for the year ended June 30, 2025.

The District is exposed to various risks of loss related to injuries; torts; theft or damage to and destruction of assets; errors and omissions; and natural disasters. The District is self-insured up to \$1 million and carries commercial excess insurance. Settlements have not exceeded insurance coverage for the years ended June 30, 2021 through 2025. There have been no reductions to the District's insurance coverage during the year ended June 30, 2025. The District anticipates that all accrued claims losses will be paid within twelve months.

The total claims payable at June 30, 2025 of \$8.9 million was made up of approximately \$4.3 million in worker's compensation claims and \$4.6 million in property and general liability claims (recorded in the Internal Service Fund). Changes in the balances of claims liabilities during the years ended June 30, 2021, through June 30, 2025, were as follows:

Fiscal Year	Beginning Balance	New Claims	Payments on Claims	Ending Balance
2021	\$ 6,853	\$ 2,516	\$ (3,795)	\$ 5,574
2022	\$ 5,574	\$ 5,540	\$ (3,985)	\$ 7,129
2023	\$ 7,129	\$ 4,726	\$ (4,179)	\$ 7,676
2024	\$ 7,676	\$ 5,533	\$ (5,280)	\$ 7,929
2025	\$ 7,929	\$ 3,207	\$ (2,168)	\$ 8,968

NOTE 14 – COMMITMENTS AND CONTINGENT LIABILITIES

Contracts

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

Supplier	Commitments
PACIFIC COAST FRESH COMPANY	\$ 3,140
AMERESCO INC	14,289
Bora Architects Inc	7,839
Mahlum Architects Inc	5,478
TURNER & TOWNSEND HEERY LLC	4,483
	<u>\$ 35,229</u>

School District No. 1J, Multnomah County, Oregon
Notes to the Basic Financial Statements
For the Year Ended June 30, 2025
(Dollar amounts, unless otherwise indicated, are expressed in thousands)

NOTE 14 – COMMITMENTS AND CONTINGENT LIABILITIES - continued

Future District service commitments by fund are as follows:

	<u>Commitments</u>
General Fund	\$ 3,140
Capital Projects Fund	32,089
	<u>\$ 35,229</u>

Dr. Matthew Prophet Education Center (PEC)

In June 2000, Multnomah County leased a portion of the District's headquarters from the District for \$3.5 million under a 99-year agreement. In December 2008, Portland Public Schools reacquired a portion of that space for \$800 thousand, which was fully paid as of June 30, 2014. This lease agreement stipulates that a portion of the initial lease payment received from Multnomah County be set aside to be applied toward the County's share of major repairs. Any unused balance earns interest at the monthly interest rate earned from the Local Government Investment Pool. As of June 30, 2025, the Multnomah County Reserve balance held in the Facilities Capital Fund, a sub-fund of the Capital Projects Fund, was \$574 thousand.

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, 2025

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

NOTE 15 – FUND BALANCES

Fund balances by classification for the year ended June 30, 2025 are as follows:

	General Fund	Special Revenue Fund	Debt Service Fund	Capital Projects Fund	Total Governmental Funds
Nonspendable					
Prepaid items	\$ 112	\$ -	\$ -	\$ -	\$ 112
Inventories	600	938	-	-	1,538
	<u>712</u>	<u>938</u>	<u>-</u>	<u>-</u>	<u>1,650</u>
Restricted					
Student Body Funds	-	5,149	-	-	5,149
Dedicated Resources	-	16,183	-	-	16,183
Grants	-	113	-	-	113
Debt Service	-	-	5,930	419,549	425,479
	<u>-</u>	<u>21,445</u>	<u>5,930</u>	<u>419,549</u>	<u>446,924</u>
Committed					
PERS Rate Stabilization	-	22,824	-	-	22,824
PERS UAL Debt Service	-	-	1,024	-	1,024
Capital Grants	-	-	-	15,083	15,083
	<u>-</u>	<u>22,824</u>	<u>1,024</u>	<u>15,083</u>	<u>38,931</u>
Assigned					
Subsequent Appropriation of Fund Balance	43,611	-	-	-	43,611
Unassigned					
General Fund	-	(501)	-	-	(501)
Capital Projects	-	-	-	(580)	(580)
	<u>-</u>	<u>(501)</u>	<u>-</u>	<u>(580)</u>	<u>(1,081)</u>
Total fund balances	<u>\$ 44,323</u>	<u>\$ 44,706</u>	<u>\$ 6,954</u>	<u>\$ 434,052</u>	<u>\$ 530,035</u>

NOTE 16 – RELATED ORGANIZATIONS

The District includes five charter schools that are legally separate, tax-exempt organizations. The most recent data available indicates charter school total students were 1,306 (representing 3.0% of the District's total enrollment); and that charter schools' Net Position was \$5,608. 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.

School District No. 1J, Multnomah County, Oregon

Notes to the Basic Financial Statements

For the Year Ended June 30, 2025

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

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, 2025 are recorded in the General Fund as follows:

	<u>Arts Tax Revenues</u>	<u>Arts Tax Expenditures</u>	<u>FTE Funded</u>	<u>Number of Schools Funded</u>
Non-Charter Schools	\$ 5,092	\$ 5,092	36.19	60
Charter Schools	256	256	2.77	7
District Total	<u>\$ 5,348</u>	<u>\$ 5,348</u>	<u>38.96</u>	<u>67</u>

NOTE 18 – TAX ABATEMENTS

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

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

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

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

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

Transit Oriented Development (ORS 307.600 to 307.637)

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

Historic Property (ORS 358.475 to 545)

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

School District No. 1J, Multnomah County, Oregon

Notes to the Basic Financial Statements

For the Year Ended June 30, 2025

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

NOTE 18 – TAX ABATEMENTS - continued

Housing Authority Partnership (ORS 456.225)

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

The Following schedule represents the District’s portion of tax abatements granted by Multnomah County for 2024-2025. 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	\$ 5,260
Historic Property	401
Religious Schools & Student Housing	3,843
Transit Oriented Development, Portland	2,268
Housing Authority Partnership	750
All other exemption programs	2,079
Total Abatements	\$ 14,601

NOTE 19 – SUBSEQUENT EVENTS

The date to which events occurring after June 30, 2025, the date of the most recent statement of net position, has been evaluated for possible adjustment to the financial statements or disclosure is January 28, 2026, which is the date on which the financial statements were available to be issued.

NOTE 20 – RESTATEMENTS OF BEGINNING BALANCES

During the current year, the District implemented GASB Statement No. 101, *Compensated Absences*. In addition to the value of unused vacation time owed to employees upon separation of employment, the District now recognizes an estimated amount of sick leave earned as of year-end that will be used by employees as time off in future years as part of the liability for compensated absences. The effects of the change in accounting principle are summarized below in the “Restatement - GASB 101 implementation” column in the table below.

	Net position/fund balance 6/30/2024 as previously	Restatement - GASB 101 implementation	Net position/fund balance 6/30/2024 as restated/adjusted
Government-wide			
Governmental activities	\$ 432,455	\$ (41,940)	\$ 390,515
Total Government-wide	\$ 432,455	\$ (41,940)	\$ 390,515
Governmental funds			
Major funds:			
General Fund	\$ 86,078	\$ -	\$ 86,078
Special Revenue Fund	45,112	-	45,112
Debt Service Fund	14,716	-	14,716
Capital Projects Fund	474,635	-	474,635
Total Governmental funds	\$ 620,541	\$ -	\$ 620,541
Proprietary funds			
Internal Service fund	\$ 4,276	\$ (22)	\$ 4,254
Total Internal Service fund	\$ 4,276	\$ (22)	\$ 4,254

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

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

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

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

Requests for Information:

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

2021	2022	2023	2024	2025
\$ 3,141	\$ 3,105	\$ 3,200	\$ 2,727	\$ 2,770
2,818	1,720	1,630	2,814	2,844
722	-	-	-	-
(2,676)	-	-	-	-
-	-	11,881	-	1,929
1,151	212	(5,227)	(504)	(1,062)
<u>(7,894)</u>	<u>(7,725)</u>	<u>(7,254)</u>	<u>(6,794)</u>	<u>(6,449)</u>
(2,738)	(2,688)	4,230	(1,757)	32
81,319	78,581	75,893	80,123	78,365
<u>\$ 78,581</u>	<u>\$ 75,893</u>	<u>\$ 80,123</u>	<u>\$ 78,366</u>	<u>\$ 78,397</u>
\$ 386,877	\$ 435,531	\$ 435,224	\$ 496,863	\$ 500,000
20.31%	17.43%	18.41%	15.77%	15.68%

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

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

	2017	2018	2019	2020
District's proportion of the net OPEB liability/(asset)	3.284%	3.164%	3.194%	3.312%
District's proportionate share of the net OPEB liability (asset)	\$ 892	\$ (1,321)	\$ (3,566)	\$ (6,400)
District's covered-employee payroll ²	\$ 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

	2017	2018	2019	2020
Contractually required contribution	\$ 1,575	\$ 1,547	\$ 1,641	\$ 209
Contributions in relation to the contractually required contribution	1,575	1,547	1,641	209
Contribution deficiency(excess)	<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/2022/GASB75-Letter-from-Actuary-2022.pdf>

Changes of Assumptions

Additional details and a comprehensive list of changes in methods and assumptions can be found in the 2018 Experience Study for the System, which was published on July 20, 2021, and can be found at:

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

<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>
2.928%	2.666%	5.109%	2.928%	3.290%
\$ (5,966)	\$ (9,155)	\$ (18,153)	\$ (10,722)	\$ (13,289)
\$ 375,041	\$ 386,877	\$ 435,531	\$ 435,224	\$ 496,863
-1.6%	-2.4%	-4.2%	-2.5%	-2.7%
150.05%	183.86%	194.65%	201.58%	220.60%
6/30/2020	6/30/2021	6/30/2022	6/30/2023	6/30/2024

<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>
\$ 71	\$ 126	\$ 58	\$ 89	\$ 63
71	126	58	89	63
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 386,877	\$ 435,531	\$ 435,224	\$ 455,883	\$ 500,000
0.02%	0.03%	0.01%	0.02%	0.01%

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

District's Proportionate Share of Net Pension Liability

	2016	2017	2018	2019	2020
District's proportion of the net pension liability	0.299%	1.380%	2.102%	2.286%	1.770%
District's proportionate share of the net pension liability	\$ 17,185	\$ 207,203	\$ 283,305	\$ 346,266	\$ 306,140
District's covered payroll ²	\$ 283,935	\$ 316,998	\$ 327,668	\$ 344,646	\$ 356,540
District's proportionate share of net pension liability as a percent of covered payroll	-6.1%	65.4%	86.5%	100.5%	85.9%
Plan fiduciary net position as a percentage of the total pension liability	91.9%	80.5%	83.1%	82.07%	80.23%
OPERS Measurement Date	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

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

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

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

⁵ Contribution excess reflects issuance of PERS pension bonds

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

Notes to Required Supplementary Information

Changes in Plan Provisions

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

Changes of Assumptions

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

2021	2022	2023	2024	2025
2.389%	2.238%	1.318%	0.509%	1.649%
\$ 521,329	\$ 267,828	\$ 201,914	\$ 95,458	\$ 99,891
\$ 375,041	\$ 386,877	\$ 435,531	\$ 435,224	\$ 496,863
139.0%	69.2%	46.4%	21.9%	20.1%
75.79%	87.57%	84.55%	81.68%	79.29%
6/30/2020	6/30/2021	6/30/2022	6/30/2023	6/30/2024

2021	2022⁵	2023	2024	2025
\$ 17,684	\$ 2,724	\$ 2,106	\$ 56	\$ 136
17,684	401,390	4,486	56	136
<u>\$ -</u>	<u>\$ 398,666</u>	<u>\$ 2,380</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 386,877	\$ 435,531	\$ 435,224	\$ 496,863	\$ 500,000
4.57%	92.16%	1.03%	0.01%	0.03%

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

Total Pension Liability

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

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

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

Requests for Information:

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

2020	2021	2022	2023	2024	2025
\$ 188	\$ 207	\$ 180	\$ 185	\$ 150	\$ 152
250	209	128	113	203	194
-	264	-	-	-	-
-	145	-	1,285	-	302
79	(69)	9	(274)	(21)	(8)
(1,132)	(875)	(939)	(792)	(824)	(696)
(615)	(119)	(622)	517	(492)	(56)
6,824	6,209	6,090	5,468	5,985	5,493
<u>\$ 6,209</u>	<u>\$ 6,090</u>	<u>\$ 5,468</u>	<u>\$ 5,985</u>	<u>\$ 5,493</u>	<u>\$ 5,437</u>
58,067	68,456	28,623	80,482	104,776	78,056
10.69%	8.90%	19.10%	7.44%	5.24%	6.97%

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, 2025
(amounts expressed in thousands)**

	Budgeted Amounts		Actual			Variance from Final Budget Positive/ (Negative)
	Original	Final	Budget Basis	Adjustments	GAAP Basis	
REVENUES						
Property and other taxes	\$ 357,426	\$ 357,426	\$ 356,010	\$ -	\$ 356,010	\$ (1,416)
State School Fund	265,522	265,522	268,519	-	268,519	2,997
Local option taxes	106,002	106,002	105,580	-	105,580	(422)
County and intermediate sources	12,306	12,306	12,733	-	12,733	427
Federal and state support	15	15	146	-	146	131
State Common School Fund	6,042	6,042	6,605	-	6,605	563
Charges for services	2,855	2,855	2,872	-	2,872	17
Investment earnings	9,000	9,000	10,443	-	10,443	1,443
Extracurricular activities	-	-	2	-	2	2
Other	8,037	8,037	6,753	-	6,753	(1,284)
Total revenues	767,205	767,205	769,663	-	769,663	2,458
EXPENDITURES						
Current:						
Instruction:						
Regular programs:						
Salaries and benefits	307,184	307,127	311,577	-	311,577	(4,450)
Materials and services	9,219	9,454	9,108	(53)	9,055	346
Total regular programs	316,403	316,581	320,685	(53)	320,632	(4,104)
Special programs:						
Salaries and benefits	86,417	86,404	86,343	-	86,343	61
Materials and services	35,612	31,625	31,419	68	31,487	206
Total special programs	122,029	118,029	117,762	68	117,830	267
Summer school programs:						
Salaries and benefits	403	393	767	-	767	(374)
Materials and services	249	81	17	-	17	64
Total summer school programs	652	474	784	-	784	(310)
Total instruction	439,084	435,084	439,231	15	439,246	(4,147)
Support services:						
Students:						
Salaries and benefits	84,943	84,384	86,162	-	86,162	(1,778)
Materials and services	3,561	5,823	5,270	-	5,270	553
Total students	88,504	90,207	91,432	-	91,432	(1,225)
Instructional staff:						
Salaries and benefits	29,370	26,671	24,760	-	24,760	1,911
Materials and services	5,981	7,937	4,911	(278)	4,633	3,026
Total instructional staff	35,351	34,608	29,671	(278)	29,393	4,937
General administration:						
Salaries and benefits	7,792	9,106	7,685	-	7,685	1,421
Materials and services	4,851	5,042	2,979	(27)	2,952	2,063
Total general administration	12,643	14,148	10,664	(27)	10,637	3,484

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, 2025
(amounts expressed in thousands)

	Budgeted Amounts		Actual			Variance from Final Budget Positive/ (Negative)
	Original	Final	Budget Basis	Adjustments	GAAP Basis	
Support services (continued):						
School administration:						
Salaries and benefits	\$ 54,689	\$ 54,178	\$ 55,802	\$ -	\$ 55,802	\$ (1,624)
Materials and services	579	1,042	423	-	423	619
Total school administration	55,268	55,220	56,225	-	56,225	(1,005)
Business:						
Salaries and benefits	68,097	68,097	65,502	-	65,502	2,595
Materials and services	57,597	57,597	69,740	(59)	69,681	(12,143)
Total business	125,694	125,694	135,242	(59)	135,183	(9,548)
Central:						
Salaries and benefits	26,658	26,155	26,019	-	26,019	136
Materials and services	10,844	10,930	7,658	(48)	7,610	3,272
Total central	37,502	37,085	33,677	(48)	33,629	3,408
Total support services	354,962	356,962	356,911	(412)	356,499	51
Enterprise and community services:						
Food services:						
Community services:						
Salaries and benefits	1,240	1,240	1,125	-	1,125	115
Materials and services	2,017	4,017	3,602	-	3,602	415
Total community services	3,257	5,257	4,727	-	4,727	530
Total enterprise and community services	3,257	5,257	4,727	-	4,727	530
Other expenditures:						
Debt Service						
Principal	324	324	-	1,313	1,313	324
Interest and fiscal charges	15	15	-	63	63	15
Total debt service	339	339	-	1,376	1,376	339
Total current expenditures	797,642	797,642	800,869	979	801,848	(3,227)
Operating contingency	40,856	40,856	-	-	-	40,856
Total expenditures	838,498	838,498	800,869	979	801,848	37,629
Excess (deficit) of revenues over expenditures	(71,293)	(71,293)	(31,206)	(979)	(32,185)	40,087
OTHER FINANCING SOURCES (USES)						
Transfers out	(15,895)	(15,895)	(10,643)	-	(10,643)	5,252
Proceeds from the sale of capital assets	50	50	94	-	94	44
Issuance of subscriptions	-	-	-	979	979	-
Total other financing sources and (uses)	(15,845)	(15,845)	(10,549)	979	(9,570)	5,296
Net change in fund balance	(87,138)	(87,138)	(41,755)	-	(41,755)	45,383
Fund balance - beginning of year	87,138	87,138	86,078	-	86,078	(1,060)
Fund balance - end of year	\$ -	\$ -	\$ 44,323	\$ -	\$ 44,323	\$ 44,323

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, 2025
(amounts expressed in thousands)

	Budgeted Amounts		Actual			Variance from Final Budget Positive/ (Negative)
	Original	Final	Budget Basis	Adjustments	GAAP Basis	
REVENUES						
Property and other taxes	\$ 364	\$ 364	\$ 382	\$ -	\$ 382	\$ 18
Federal and state support	154,933	154,933	167,633	-	167,633	12,700
County and intermediate sources	1,324	1,324	2,800	-	2,800	1,476
Charges for services	2,000	2,000	910	-	910	(1,090)
Investment earnings	750	750	869	-	869	119
Extracurricular activities	5,000	5,000	6,773	-	6,773	1,773
Other	24,096	24,096	8,194	-	8,194	(15,902)
Total revenues	188,467	188,467	187,561	-	187,561	(906)
EXPENDITURES						
Current:						
Instruction:						
Regular programs:						
Salaries and benefits	25,159	25,159	25,817	-	25,817	(658)
Materials and services	17,796	17,796	10,038	-	10,038	7,758
Total regular programs	42,955	42,955	35,855	-	35,855	7,100
Special programs:						
Salaries and benefits	30,435	30,435	30,546	-	30,546	(111)
Materials and services	24,948	20,948	9,154	-	9,154	11,794
Total special programs	55,383	51,383	39,700	-	39,700	11,683
Summer school programs:						
Salaries and benefits	507	507	2,094	-	2,094	(1,587)
Materials and services	169	169	2,084	-	2,084	(1,915)
Total summer school programs	676	676	4,178	-	4,178	(3,502)
Total instruction	99,014	95,014	79,733	-	79,733	15,281
Support services:						
Students:						
Salaries and benefits	21,300	21,300	24,762	-	24,762	(3,462)
Materials and services	12,821	16,821	11,356	(328)	11,028	5,465
Total students	34,121	38,121	36,118	(328)	35,790	2,003
Instructional staff:						
Salaries and benefits	20,277	20,277	23,282	-	23,282	(3,005)
Materials and services	4,182	4,182	6,059	-	6,059	(1,877)
Total instructional staff	24,459	24,459	29,341	-	29,341	(4,882)
General administration:						
Salaries and benefits	-	-	226	-	226	(226)
Materials and services	444	444	231	-	231	213
Total general administration	444	444	457	-	457	(13)
School administration:						
Salaries and benefits	4,788	4,788	6,199	-	6,199	(1,411)
Materials and services	63	63	123	-	123	(60)
Total school administration	4,851	4,851	6,322	-	6,322	(1,471)

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, 2025
(amounts expressed in thousands)

	Budgeted Amounts		Actual			Variance from Final Budget Positive/ (Negative)
	Original	Final	Budget Basis	Adjustments	GAAP Basis	
Support services (continued):						
Business:						
Salaries and benefits	\$ 27	\$ 27	\$ 101	\$ -	\$ 101	\$ (74)
Materials and services	5,796	5,796	5,962	-	5,962	(166)
Total business	5,823	5,823	6,063	-	6,063	(240)
Central:						
Salaries and benefits	333	333	423	-	423	(90)
Materials and services	2,779	2,779	1,668	-	1,668	1,111
Total central	3,112	3,112	2,091	-	2,091	1,021
Total support services	72,810	76,810	80,392	(328)	80,064	(3,582)
Enterprise and community services:						
Food Services:						
Salaries and benefits	13,880	12,060	11,847	-	11,847	213
Materials and services	10,660	12,480	12,588	-	12,588	(108)
Total food services	24,540	24,540	24,435	-	24,435	105
Community services:						
Salaries and benefits	2,067	2,067	2,067	-	2,067	-
Materials and services	3,448	3,448	1,744	-	1,744	1,704
Total community services	5,515	5,515	3,811	-	3,811	1,704
Total enterprise and community service:	30,055	30,055	28,246	-	28,246	1,809
Facilities acquisition & construction:						
Materials and services	15	15	-	-	-	15
Total facilities acquisition and construction	15	15	-	-	-	15
Other expenditures:						
Debt Service						
Principal	-	-	-	321	321	-
Interest and other charges	-	-	-	7	7	-
Total debt service	-	-	-	328	328	-
Total expenditures	201,894	201,894	188,371	-	188,371	13,523
Excess (deficit) of revenues over expenditures	(13,427)	(13,427)	(810)	-	(810)	12,617
OTHER FINANCING SOURCES (USES)						
Transfers in	1,946	1,946	404	-	404	(1,542)
Total other financing sources (uses)	1,946	1,946	404	-	404	(1,542)
Net change in fund balance	(11,481)	(11,481)	(406)	-	(406)	11,075
Fund balance - beginning of year	33,904	33,904	45,112	-	45,112	11,208
Fund balance - end of year	\$ 22,423	\$ 22,423	\$ 44,706	\$ -	\$ 44,706	\$ 22,283

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, 2025
(amounts expressed in thousands)

	Budgeted Amounts		Actual	Variance from
	Original	Final	Amounts	Final Budget
				Positive/
				(Negative)
REVENUES				
Property and other taxes	\$ 161,337	\$ 161,337	\$ 160,495	\$ (842)
Charges for services	86,246	86,246	84,639	(1,607)
Investment earnings	5,264	5,264	5,584	320
Total revenues	<u>252,847</u>	<u>252,847</u>	<u>250,718</u>	<u>(2,129)</u>
EXPENDITURES				
Current:				
Debt service:				
Principal	193,170	193,171	193,170	1
Interest and fiscal charges	65,929	65,929	65,929	-
Total debt service	259,099	259,100	259,099	1
Total current expenditures	<u>259,099</u>	<u>259,100</u>	<u>259,099</u>	<u>1</u>
Operating Contingencies	165	-	-	-
Total expenditures	<u>259,264</u>	<u>259,100</u>	<u>259,099</u>	<u>1</u>
Excess (deficit) of revenues over expenditures	<u>(6,417)</u>	<u>(6,253)</u>	<u>(8,381)</u>	<u>(2,128)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	619	619	619	-
Total other financing sources (uses)	<u>619</u>	<u>619</u>	<u>619</u>	<u>-</u>
Net change in fund balance	(5,798)	(5,634)	(7,762)	(2,128)
Fund balance - beginning of year	5,798	5,798	14,716	8,918
Fund balance - end of year	<u>\$ -</u>	<u>\$ 164</u>	<u>\$ 6,954</u>	<u>\$ 6,790</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, 2025
(amounts expressed in thousands)

**Variance from
Final Budget
Positive/
(Negative)**

	Budgeted Amounts		Actual			
	Original	Final	Budget Basis	Adjustments	GAAP Basis	
REVENUES						
Property and other taxes	\$ 2,001	\$ 2,001	\$ 1,728	\$ -	\$ 1,728	\$ (273)
Federal and state support	650	650	1,162	-	1,162	512
Charges for services	100	100	320	-	320	220
Investment earnings	14,548	14,548	25,790	-	25,790	11,242
Other	22,197	22,197	2,028	-	2,028	(20,169)
Total revenues	39,496	39,496	31,028	-	31,028	(8,468)
EXPENDITURES						
Current:						
Support services:						
Students:						
Salaries and benefits	148	148	17	-	17	131
Total students	148	148	17	-	17	131
General administration:						
Salaries and benefits	-	-	96	-	96	(96)
Total general administration	-	-	96	-	96	(96)
School administration:						
Salaries and benefits	-	-	28	-	28	(28)
Materials and services	-	-	29	-	29	(29)
Total school administration	-	-	57	-	57	(57)
Business:						
Salaries and benefits	159	159	2	-	2	157
Materials and services	1,500	1,500	1,388	-	1,388	112
Bond Issuance Cost	-	-	4	-	4	(4)
Total business	1,659	1,659	1,394	-	1,394	265
Central:						
Salaries and benefits	147	147	144	-	144	3
Total central	147	147	144	-	144	3
Total support services	1,954	1,954	1,708	-	1,708	246
Facilities acquisition & construction:						
Salaries and benefits	7,360	7,360	7,184	-	7,184	176
Bond Issuance Cost	-	-	273	-	273	(273)
Materials and services	1,020,461	1,020,461	160,041	10	160,051	860,420
Total facilities acquisition and construction	1,027,821	1,027,821	167,498	10	167,508	860,323
Debt service:						
Principal	-	-	-	543	543	-
Interest and fiscal charges	-	-	-	36	36	-
Total debt service	-	-	-	579	579	-
Total expenditures	1,029,775	1,029,775	169,206	589	169,795	860,569
Excess (deficit) of revenues over expenditures	(990,279)	(990,279)	(138,178)	(589)	(138,767)	852,101
OTHER FINANCING SOURCES (USES)						
Transfers in	1,000	1,000	-	-	-	(1,000)
Transfers out	(619)	(619)	(619)	-	(619)	-
Proceeds from the sale of capital assets	25,000	25,000	-	-	-	(25,000)
Issuance of bonds	404,346	404,346	79,480	-	79,480	(324,866)
Premium on issuance of debt	-	-	149	-	149	149
Issuance of subscriptions	-	-	-	589	589	-
Proceeds from the loss of property	-	-	18,585	-	18,585	18,585
Total other financing sources (uses)	429,727	429,727	97,595	589	98,184	(332,132)
Net change in fund balance	(560,552)	(560,552)	(40,583)	-	(40,583)	519,969
Fund balance - beginning of year	560,552	560,552	474,635	-	474,635	(85,917)
Fund balance - end of year	\$ -	\$ -	\$ 434,052	\$ -	\$ 434,052	\$ 434,052

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

SCHOOL DISTRICT NO.1J, MULTNOMAH COUNTY, OREGON
Internal Services Fund
Schedule of Revenues, Expenditures, and
Changes in Fund Balance - Budget and Actual
For the year ended June 30, 2025
(amounts expressed in thousands)

	Budgeted Amounts		Actual	Variance from
	Original	Final	Amounts	Final Budget
				Positive/
				(Negative)
REVENUES				
Federal and state support	\$ -	\$ -	\$ 499	\$ 499
Charges for services	8,007	8,007	614	(7,393)
Investment earnings	200	200	244	44
Total revenues	8,207	8,207	1,357	(6,850)
EXPENDITURES				
Current:				
Support services:				
Business:				
Salaries and benefits	644	775	718	57
Materials and services	14,687	14,556	7,676	6,880
Claims expense	8,678	8,678	5,967	2,711
Total support services	24,009	24,009	14,361	9,648
Total current expenditures	24,009	24,009	14,361	9,648
Operating Contingencies	1,500	1,500	-	1,500
Total expenditures	25,509	25,509	14,361	11,148
Excess (deficit) of revenues over expenditures	(17,302)	(17,302)	(13,004)	4,298
OTHER FINANCING SOURCES (USES)				
Transfers in	12,951	12,951	10,239	(2,712)
Total other financing sources (uses)	12,951	12,951	10,239	(2,712)
Net change in fund balance	(4,351)	(4,351)	(2,766)	1,585
Fund balance - beginning of year	4,351	4,351	4,397	46
Fund balance - end of year	\$ -	\$ -	1,631	\$ 1,631
Reconciliation:				
Net OPEB liability, deferred inflows, and deferred outflows			(50)	
Accrued compensated absences			(48)	
Net pension liability, deferred inflows, and deferred outflows			(173)	
Net position - GAAP basis			\$ 1,360	

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

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STATISTICAL SECTION



Statistical Section

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

<u>Contents</u>	<u>Page</u>
<i>Financial Trends (Schedules 1-4)</i>	108
These schedules contain trend information to help the reader understand how the District's financial performance and well-being have changed over time.	
<i>Revenue Capacity (Schedules 5-9)</i>	116
These schedules contain information to help the reader assess the District's most significant local revenue source, the property tax.	
<i>Debt Capacity (Schedules 10-12)</i>	122
District's current levels of outstanding debt and the District's ability to issue additional debt in the future.	
<i>Demographic and Economic Information (Schedules 13-14)</i>	126
These schedules offer demographic and economic indicators to help the reader understand the environment within which the District's financial activities take place.	
<i>Operating Information (Schedules 15-17)</i>	128
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.	

Direct District debt (PERS) ³

Sources:

Unless otherwise noted, the information in these schedules is derived from the Annual Comprehensive Financial Reports for the relevant year.

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

	Government-wide Activities			
	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>
Assets				
Current and other assets	\$ 864,448	\$ 1,006,320	\$ 1,235,971	\$ 866,018
Prepaid pension & other prepaid items	487	1,014	3,656	5,332
Net capital assets	<u>1,997,788</u>	<u>1,884,686</u>	<u>1,629,666</u>	<u>1,384,060</u>
Total assets	<u>2,862,723</u>	<u>2,892,020</u>	<u>2,869,293</u>	<u>2,255,410</u>
Deferred Outflows of Resources				
Pension & OPEB	<u>412,658</u>	<u>283,060</u>	<u>395,025</u>	<u>574,645</u>
Liabilities				
Other current liabilities	301,441	563,426	499,840	351,179
Other long-term liabilities	1,360,611	1,166,839	1,306,558	985,621
Limited tax pension bonds payable	510,330	578,650	640,890	679,186
Pension	371,938	100,951	207,899	273,296
Other post employment benefits	<u>78,398</u>	<u>78,365</u>	<u>80,123</u>	<u>75,893</u>
Total liabilities	<u>2,622,718</u>	<u>2,488,231</u>	<u>2,735,310</u>	<u>2,365,175</u>
Deferred Inflows of Resources				
Pension & OPEB	<u>215,771</u>	<u>254,394</u>	<u>253,532</u>	<u>320,993</u>
Net Position				
Net investment in capital assets	1,040,680	795,530	641,228	590,231
Restricted	54,390	187,531	186,014	188,616
Unrestricted	<u>(658,178)</u>	<u>(550,606)</u>	<u>(551,766)</u>	<u>(634,960)</u>
Total Net Position	<u>\$ 436,892</u>	<u>\$ 432,455</u>	<u>\$ 275,476</u>	<u>\$ 143,887</u>

Government-wide Activities

<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017-restated</u>	<u>2016</u>
\$ 1,092,171	\$ 941,719	\$ 590,288	\$ 715,738	\$ 364,732	\$ 487,394
5,098	6,200	3,377	884	1,080	1,628
1,173,371	917,372	735,002	594,103	506,612	382,401
<u>2,270,640</u>	<u>1,865,291</u>	<u>1,328,667</u>	<u>1,310,725</u>	<u>872,424</u>	<u>871,423</u>
<u>249,580</u>	<u>158,473</u>	<u>207,186</u>	<u>173,727</u>	<u>163,562</u>	<u>3,200</u>
328,566	298,341	298,417	278,587	181,480	121,321
1,131,855	854,165	467,836	591,262	359,702	453,679
314,159	336,062	348,223	360,172	372,249	384,075
527,419	312,349	353,090	290,058	215,080	17,185
78,581	81,319	82,302	70,784	78,390	29,933
<u>2,380,580</u>	<u>1,882,236</u>	<u>1,549,868</u>	<u>1,590,863</u>	<u>1,206,901</u>	<u>1,006,193</u>
<u>101,191</u>	<u>111,145</u>	<u>64,329</u>	<u>30,419</u>	<u>12,845</u>	<u>6,062</u>
492,345	585,214	477,058	379,871	297,914	260,146
199,303	681,328	353,527	486,336	172,880	283,176
(653,199)	(1,236,159)	(908,929)	(1,003,037)	(654,554)	(680,955)
<u>\$ 38,449</u>	<u>\$ 30,383</u>	<u>\$ (78,344)</u>	<u>\$ (136,830)</u>	<u>\$ (183,760)</u>	<u>\$ (137,633)</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>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>
Expenses				
Instruction	\$ 578,290	\$ 508,240	\$491,393	\$470,945
Support services	458,016	431,367	414,298	359,554
Enterprise and community services	32,536	30,189	33,374	29,283
Facilities services	3,482	9,520	4,845	9,576
Interest and fees on long-term debt	56,942	67,158	54,988	63,084
Total expenses	<u>1,129,266</u>	<u>1,046,474</u>	<u>998,898</u>	<u>932,442</u>
Program Revenues				
Charges for services:				
Instruction	489	373	363	77
Support services	3,104	5,128	1,997	1,195
Enterprise and community services	1,122	2,920	3,352	725
Operating grants and contributions:				
Instruction	104,548	121,399	126,269	112,774
Support services	73,064	78,449	78,664	61,135
Enterprise and community services	3,859	4,114	10,142	10,672
Capital grants and contributions:				
Facilities services	20,498	13,203	2,110	1,978
Total program revenues	<u>206,684</u>	<u>225,586</u>	<u>222,897</u>	<u>188,556</u>
Net Expenses	<u>(922,582)</u>	<u>(820,888)</u>	<u>(776,001)</u>	<u>(743,886)</u>
General Revenues:				
Property taxes levied for general purposes	353,972	346,636	318,131	304,451
Property taxes levied for debt service	159,609	159,193	146,376	141,897
Construction excise tax	1,728	1,786	4,190	5,437
Local option taxes levied for general purposes	104,672	107,807	110,005	105,314
State School Fund - general support	268,519	274,366	265,672	259,314
State Common School Fund - general support	6,605	6,415	6,362	5,693
County and intermediate sources - general support	15,533	9,401	11,067	15,566
Investment earnings	42,930	56,177	28,912	984
Other	15,390	16,086	16,875	10,668
Total general revenues	<u>968,958</u>	<u>977,867</u>	<u>907,590</u>	<u>849,324</u>
Change in Net Position	<u>\$ 46,376</u>	<u>\$ 156,979</u>	<u>\$131,589</u>	<u>\$105,438</u>

Government-wide Activities

<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
\$465,995	\$429,149	\$428,454	\$421,311	\$380,939	\$364,964
376,660	324,513	310,546	283,984	272,816	241,016
23,731	21,821	22,785	24,218	20,712	21,326
10,844	3,492	6,030	8,531	12,672	1,230
54,640	45,409	44,166	46,416	39,094	40,116
<u>931,870</u>	<u>824,384</u>	<u>811,981</u>	<u>784,460</u>	<u>726,233</u>	<u>668,652</u>
288	251	749	406	533	996
1,472	4,095	4,818	4,741	4,424	3,157
154	3,925	4,239	4,006	3,471	4,521
56,627	57,806	56,796	57,116	57,608	58,619
52,678	29,504	30,196	22,871	22,758	22,356
4,530	2,762	2,969	3,019	2,934	3,085
<u>1,319</u>	<u>11,368</u>	<u>4,500</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>117,068</u>	<u>109,711</u>	<u>104,267</u>	<u>92,159</u>	<u>91,728</u>	<u>92,734</u>
<u>(814,802)</u>	<u>(714,673)</u>	<u>(707,714)</u>	<u>(692,301)</u>	<u>(634,505)</u>	<u>(575,918)</u>
286,437	273,860	262,657	248,281	242,899	233,548
131,791	126,343	125,486	116,468	49,384	48,985
3,446	4,291	5,991	8,201	7,542	5,886
101,539	98,033	95,173	88,163	83,853	76,467
263,622	266,607	225,135	239,804	207,182	211,253
5,628	5,012	5,493	5,155	6,191	5,810
17,185	19,072	17,362	17,662	17,270	15,772
3,107	12,534	20,229	3,473	4,007	3,140
10,113	17,648	8,674	12,024	17,501	12,120
<u>822,868</u>	<u>823,400</u>	<u>766,200</u>	<u>739,231</u>	<u>635,829</u>	<u>612,981</u>
<u>\$ 8,066</u>	<u>\$108,727</u>	<u>\$ 58,486</u>	<u>\$ 46,930</u>	<u>\$ 1,324</u>	<u>\$ 37,063</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>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>
General Fund				
Nonspendable	\$ 712	\$ 666	\$ 886	\$ 2,589
Restricted	-	-	-	-
Assigned	43,611	85,412	94,984	96,215
Unassigned	-	-	9,627	-
Total general fund	<u>44,323</u>	<u>86,078</u>	<u>105,497</u>	<u>98,804</u>
All Other				
Governmental Funds				
Nonspendable	938	1,605	4,207	3,832
Restricted	446,924	502,525	753,818	551,563
Committed	38,931	32,127	26,008	21,314
Assigned	-	-	10,370	4,716
Unassigned	<u>(1,081)</u>	<u>(1,794)</u>	<u>(8,885)</u>	<u>(10,812)</u>
Total all other governmental funds	485,712	534,463	785,518	570,613
Total Governmental Fund Balances	<u><u>\$530,035</u></u>	<u><u>\$620,541</u></u>	<u><u>\$891,015</u></u>	<u><u>\$669,417</u></u>

Governmental Activities					
<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
\$ 945	\$ 511	\$ 570	\$ 343	\$ 360	\$ 386
-	-	-	-	-	-
87,746	63,963	39,317	37,939	19,744	37,449
-	-	-	-	-	-
<u>88,691</u>	<u>64,474</u>	<u>39,887</u>	<u>38,282</u>	<u>20,104</u>	<u>37,835</u>
5,664	6,940	3,383	1,017	1,417	2,286
788,139	671,974	347,179	484,006	170,614	281,089
20,246	18,921	18,185	19,116	17,454	16,400
10,204	14,785	10,470	10,400	7,164	6,182
(12,768)	-	(29)	-	-	-
811,485	712,620	379,188	514,539	196,649	305,957
<u>\$900,176</u>	<u>\$777,094</u>	<u>\$419,075</u>	<u>\$552,821</u>	<u>\$216,753</u>	<u>\$343,792</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>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>
Revenues				
Property and other taxes	\$ 518,615	\$ 508,659	\$ 468,529	\$ 452,027
State School Fund	268,519	274,366	265,672	259,314
State Common School Fund	6,605	6,415	6,362	5,693
Federal and state support	168,941	191,530	204,165	175,128
Local option taxes	105,580	108,408	110,472	106,124
County and intermediate sources	15,533	9,401	11,067	15,566
Charges for services	88,741	87,278	85,530	78,343
Extracurricular activities	6,775	6,308	5,727	4,020
Investment earnings	42,686	55,912	28,748	969
Other	16,975	20,810	21,032	17,540
Total revenues	<u>1,238,970</u>	<u>1,269,087</u>	<u>1,207,304</u>	<u>1,114,724</u>
Expenditures				
Current:				
Instruction	518,979	500,785	471,504	460,824
Support services	438,272	456,599	432,422	379,062
Enterprise and community services	32,973	32,129	34,878	30,630
Facilities acquisition and construction	167,508	310,350	285,448	256,688
PERS UAL lump sum payment	-	-	-	398,666
Debt Service:				
Principal	195,347	176,254	148,555	129,626
Interest and fiscal charges	66,035	76,911	79,370	90,940
Total expenditures	<u>1,419,114</u>	<u>1,553,028</u>	<u>1,452,177</u>	<u>1,746,436</u>
Excess (deficit) of revenues over expenditures	<u>(180,144)</u>	<u>(283,941)</u>	<u>(244,873)</u>	<u>(631,711)</u>
Other Financing Sources (Uses)				
Transfers in	1,023	1,505	1,901	1,825
Transfers out	(11,262)	(1,505)	(1,901)	(1,825)
PERS Bond Proceeds	-	-	-	399,390
Proceeds from the sale of capital assets	94	115	66	114
Issuance of debt, including premium/discount	79,480	-	420,000	-
Issuance of refunding bonds	-	-	-	-
Premium on issuance of debt	149	-	44,832	1,449
Issuance of leases	-	-	958	-
Issuance of subscriptions	1,568	3,052	615	-
Proceeds from insurance recovery	18,585	10,300	-	-
Total other financing sources (uses)	<u>89,637</u>	<u>13,467</u>	<u>466,471</u>	<u>400,953</u>
Net change in fund balances	<u>\$ (90,506)</u>	<u>\$ (270,474)</u>	<u>\$ 221,598</u>	<u>\$ (230,759)</u>
Debt service as a percentage of noncapital expenditures	20.9%	20.4%	19.5%	20.2%

Governmental Activities					
<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
\$ 421,602	\$ 403,864	\$ 398,930	\$ 377,578	\$ 298,114	\$ 287,036
263,622	266,607	225,135	239,804	207,182	211,253
5,628	5,012	5,493	5,155	6,191	5,810
108,683	90,493	81,482	69,771	70,667	71,022
102,417	98,789	97,188	89,663	84,106	76,593
17,185	19,072	17,362	17,663	17,270	15,772
57,059	59,597	56,311	56,836	52,953	49,312
1,237	4,914	7,191	7,304	7,489	7,905
3,018	12,400	19,954	3,392	3,930	3,097
14,628	12,717	13,074	15,471	22,414	16,214
<u>995,079</u>	<u>973,465</u>	<u>922,120</u>	<u>882,637</u>	<u>770,316</u>	<u>744,013</u>
417,112	408,759	394,080	386,975	369,841	362,126
347,414	319,604	300,421	278,758	266,961	248,378
23,914	21,936	22,830	22,961	22,838	21,924
287,538	207,452	164,764	113,043	149,868	127,490
-	-	-	-	-	-
119,759	117,984	114,537	109,874	50,065	47,020
72,016	59,750	59,304	57,598	46,867	46,610
<u>1,267,753</u>	<u>1,135,485</u>	<u>1,055,936</u>	<u>969,209</u>	<u>906,440</u>	<u>853,549</u>
<u>(272,674)</u>	<u>(162,020)</u>	<u>(133,816)</u>	<u>(86,572)</u>	<u>(136,124)</u>	<u>(109,536)</u>
2,466	1,931	6,125	6,997	16,141	7,407
(2,466)	(1,931)	(6,125)	(6,997)	(16,141)	(7,407)
-	-	-	-	-	-
152	10,517	70	740	37	117
365,465	509,522	-	421,900	9,048	-
53,965	-	-	-	-	-
31,205	-	-	-	-	-
-	-	-	-	-	-
(55,031)	-	-	-	-	-
-	-	-	-	-	-
<u>395,756</u>	<u>520,039</u>	<u>70</u>	<u>422,640</u>	<u>9,085</u>	<u>117</u>
<u>\$ 123,082</u>	<u>\$ 358,019</u>	<u>\$ (133,746)</u>	<u>\$ 336,068</u>	<u>\$ (127,039)</u>	<u>\$ (109,420)</u>
19.6%	19.2%	19.5%	19.6%	12.8%	12.9%

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		
2025	\$ 67,359,137	\$ 2,342,234	\$ 15,544	\$ 2,669,806	\$	72,386,721
2024	65,382,386	3,113,097	13,408	2,743,259		71,252,150
2023	63,253,507	2,405,740	24,540	2,696,487		68,380,274
2022	60,776,757	2,359,964	24,851	2,485,712		65,647,284
2021	58,784,786	2,344,506	22,738	2,437,442		63,589,472
2020	56,156,552	2,472,239	22,330	2,177,977		60,829,098
2019	53,550,558	2,212,720	23,701	2,194,854		57,981,833
2018	52,196,539	2,009,538	22,243	1,913,350		56,141,671
2017	49,437,875	1,943,596	23,198	1,799,222		53,203,891
2016	47,216,863	1,838,347	23,782	1,710,931		50,789,923

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 2016-2025: Oregon Property Tax Statistics Supplement for the appropriate fiscal year. Values are the *combined* total for the taxing district, "Portland 1J School", in Multnomah, Clackamas and Washington counties.

<https://www.oregon.gov/dor/gov-research/pages/research-reports-and-statistics.aspx>

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

Add: Non- Profit Housing	Less: Urban Renewal Excess	Total Net Assessed Value	Total Direct Tax Rate	Amount tax rate will raise	Less: Reduction and Adjustments	Total Taxes Imposed (Net Levy)
\$ 25,114	\$ 1,359,910	\$ 71,051,925	9.6019	\$ 682,233	\$ 39,283	\$ 642,950
24,556	2,270,130	69,006,576	9.6509	665,976	29,979	635,997
24,101	5,910,772	62,493,603	9.5681	597,945	5,407	592,538
23,660	6,056,382	59,614,562	9.6016	572,395	5,011	567,384
23,246	7,567,172	56,045,546	9.6698	541,949	5,578	536,371
22,459	7,148,348	53,703,209	9.6734	519,493	4,575	514,918
22,055	6,891,397	51,112,491	9.7571	498,710	3,065	495,645
21,662	6,457,719	49,705,614	9.6863	481,463	4,666	476,797
23,566	5,882,588	47,344,869	8.3304	394,402	7,687	386,715
22,880	5,237,111	45,575,692	8.3632	381,159	12,569	368,590

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						
2025	\$	5.2781	\$	1.9900	\$	2.3338	\$	9.6019				
2024		5.2781		1.9900		2.3828		9.6509				
2023		5.2781		1.9900		2.3000		9.5681				
2022		5.2781		1.9900		2.3335		9.6016				
2021		5.2781		1.9900		2.4017		9.6698				
2020		5.2781		1.9900		2.4053		9.6734				
2019		5.2781		1.9900		2.4890		9.7571				
2018		5.2781		1.9900		2.4182		9.6863				
2017		5.2781		1.9900		1.0623		8.3304				
2016		5.2781		1.9900		1.0951		8.3632				
Fiscal Year	Multnomah County		Port of Portland	Metro	#	City of Portland	Portland Community College	Multnomah Education Service District				
2025	\$	4.3434	\$	0.0701	\$	0.0966	# \$	4.5770	\$	0.2828	\$	0.4576
2024		4.3434		0.0701		0.0966		4.5770		0.2828		0.4576
2023		4.3434		0.0701		0.0966		4.5770		0.2828		0.4576
2022		4.3434		0.0701		0.0966		4.5770		0.2828		0.4576
2021		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
2019		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
2017		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

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	2024 ¹			2015		
	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value
Pacifcorp (PP&L)	\$ 718,237	1	1.04 %	\$ 299,787	1	0.69 %
Portland General Electric Co	535,158	2	0.78	254,208	3	0.58
Weston Investment Co LLC	313,915	3	0.45	231,629	4	0.53
Port of Portland	279,848	4	0.41	213,083	6	0.49
Comcast Corporation	234,428	5	0.34	257,204	2	0.59
Fred Meyer Sores Inc	195,763	6	0.28	-	-	-
111 SW 5th Avenue Investors LLC	195,184	7	0.28	155,136	10	0.36
Daimler Trucks North America	181,460	8	0.26	-	-	-
Schnitzer Steel Industries LLC	162,014	9	0.23	-	-	-
AAT Lloyd District LLC	160,791	10	0.23	-	-	-
Evraz Inc NA	-	-	-	218,465	5	0.50
AT&T Inc	-	-	-	170,140	8	0.39
Capref Lloyd Center LLC	-	-	-	173,304	7	0.40
CenturyLink	-	-	-	167,056	9	0.38
Subtotal of Ten Largest Taxpayers	2,976,798		4.30	2,140,012		4.91
All Other Taxpayers	66,029,778		95.70	41,496,776		95.09
Total All Taxpayers	<u>\$ 69,006,576</u>		<u>100.00 %</u>	<u>\$ 43,636,788</u>		<u>100.00 %</u>

Notes

¹ 2025 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	2024 ¹			2015		
	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value
Portland General Electric Co	\$ 886,258	1	0.92 %	\$ 423,066	3	0.67 %
Pacifcorp (PP&L)	809,106	2	0.84	335,313	4	0.53
Port of Portland	806,553	3	0.84	571,028	1	0.90
Boeing Company	552,334	4	0.57	-		-
Comcast Corporation LLC	365,000	5	0.38	469,303	2	0.74
Alaska Airlines Inc	362,298	6	0.38	277,695	5	0.44
Weston Investment Co LLC	359,265	7	0.37	267,709	6	0.42
Fred Meyer Sores Inc	243,151	8	0.25	-		-
Northwest Natural Gas Co	223,997	9	0.23	-		-
Kaiser Foundation	215,531	10	0.22	-		-
Evrax Inc NA	-	-	-	218,465	7	0.34
Centurylink	-	-	-	197,090	8	0.31
AT&T Inc	-	-	-	191,761	9	0.30
Capref Lloyd Center LLC	-	-	-	173,304	10	0.27
Subtotal of Ten Largest Taxpayers	4,823,493		5.00	3,124,734		4.92
All Other Taxpayers	91,651,348		95.00	60,394,967		95.08
Total All Taxpayers	\$ 96,474,841		100.00 %	\$ 63,519,701		100.00 %

Notes

¹ 2025 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
2025	\$ 642,950	\$ 609,415	94.78%	\$ -	\$ 609,415	94.78%
2024	635,997	603,722	94.93	4,098	607,820	95.57
2023	592,538	565,245	95.39	5,443	570,688	96.31
2022	567,384	544,882	96.03	6,293	551,175	97.14
2021	536,371	512,270	95.51	7,945	520,215	96.99
2020	514,918	490,715	95.30	8,968	499,683	97.04
2019	495,645	474,602	95.75	7,909	482,511	97.35
2018	476,797	451,059	94.60	7,954	459,013	96.27
2017	386,715	368,085	95.18	6,635	374,720	96.90
2016	368,590	350,212	95.01	7,015	357,227	96.92

Notes

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

¹ The net levy is the actual imposed tax after adjustments and constitutional property tax limitations due to the passing of Measure 5 in 1990 and Measure 50 in 1997. Additional information can be found on Schedule 5. Note that the Net Taxes Levied in Schedule 5 is based on the Assessed Value, while data for this schedule is based on the actual Net Taxes Levied.

² Collections in subsequent years includes current year revenue received for taxes levied in prior years.

Sources

Multnomah, Washington and Clackamas Counties, Division of Assessment and Taxation

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

General Bonded Debt							
Fiscal Year	General Obligation Bonds	Less Amount Available for Repayment	Net Unamortized Premium (Discount)	Net General Obligation Bonds Outstanding	Percentage of Assessed Taxable Value of Property ¹	Per Student ²	General Obligation Debt Per Capita ⁴
2025	1,167,405	(5,930)	137,471	1,298,946	1.83%	29,464	N/A
2024	1,212,240	(12,491)	146,737	1,346,486	1.95%	30,075	1,692
2023	1,323,490	(15,516)	156,056	1,464,030	2.34%	32,208	1,843
2022	1,011,460	(11,780)	117,985	1,117,665	1.87%	24,566	1,406
2021	1,105,125	(10,482)	125,762	1,220,405	2.18%	25,794	1,496
2020	832,405	(13,568)	106,051	924,888	1.72%	18,693	1,134
2019	495,390	(10,552)	41,224	526,062	1.03%	10,617	647
2018	593,880	(4,229)	43,937	633,588	1.27%	12,785	780
2017	276,870	(3,301)	35,507	309,076	0.65%	6,283	383
2016	311,720	(2,698)	37,726	346,748	0.76%	7,066	433
2015	343,575	(1,363)	39,974	382,186	0.92%	7,946	492
2014	108,890	(361)	10,209	118,738	0.28%	2,499	155
2013	144,840	-	13,347	158,187	0.39%	3,329	206

Other Governmental Activities Debt					
Fiscal Year	Limited Tax Pension Bonds ⁵	Full Faith & Credit Obligations	Recovery Zone Bond	Qualified Zone Academy Bond (QZAB)	Leases and Subscriptions Payable
2025	510,330	2,638	-	2,400	2,164
2024	578,650	2,973	-	2,600	3,373
2023	640,890	3,298	-	2,800	2,585
2022	679,186	3,613	607	3,000	-
2021	314,159	3,918	1,700	3,200	-
2020	336,062	4,213	2,761	3,400	-
2019	348,222	4,503	3,790	3,600	-
2018	360,172	7,402	4,789	3,800	-
2017	372,250	10,200	5,757	4,000	-
2016	384,074	7,601	6,698	-	-

Notes

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

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

² Student enrollment data can be found in Schedule 17.

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

⁴ Per capita is calculated using the estimated District population from the US Department of Commerce, Bureau of Economic Analysis as reported in Schedule 13. Data for 2024 and 2025 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.

⁶ Population data is found at: <https://www2.census.gov/programs-surveys/popest/tables/2020-2024/counties/totals/>

Total Net
Assessed
Value

71,051,925
69,006,576
62,493,603
59,614,562
56,045,546
53,703,299
51,112,491
49,705,614
47,344,869
45,575,692
43,636,787
41,746,866
40,341,885

Net Unamortized Premium (Discount)	Total District ³	Per Student ²	Per Capita ⁴
(85)	1,822,408	41,338	-
(96)	1,946,573	43,478	2,446
(108)	2,129,119	46,839	2,681
1,259	1,815,851	39,939	2,284
(131)	1,553,864	32,839	1,904
(142)	1,284,892	25,966	1,575
(153)	896,729	18,094	1,103
(165)	1,013,980	20,458	1,249
(176)	704,584	14,320	872
(187)	747,819	15,234	933

Schedule 11
SCHOOL DISTRICT NO.1J, MULTNOMAH COUNTY, OREGON
Direct and Overlapping Governmental Activities Debt
June 30, 2025
(dollars in thousands)

Overlapping Issuer	Net Property-tax Backed Debt ¹	Percent Overlapping	Overlapping Debt ²
Burlington Water District	\$ 913	100.00 %	\$ 913
City of Beaverton	27,525	1.66	457
City of Lake Oswego	78,360	4.13	3,233
City of Milwaukie	51,835	0.73	381
City of Portland	369,220	85.18	314,494
Clackamas County	88,690	0.10	86
Clackamas Cty RFPD 1	19,635	0.13	25
Clackamas Soil & Water Conservation	4,643	0.10	4
Metro	904,080	34.64	313,201
Mt Hood Community College	65,925	0.06	41
Multnomah County	440,658	72.81	320,843
Multnomah Cty RFPD 10	90	0.18	-
Multnomah ESD	58,416	72.22	42,187
Port of Portland	-	31.56	-
Portland Community College	569,075	43.88	249,708
Tualatin Hills Park & Rec District	32,064	1.16	373
Tualatin Valley Fire & Rescue District	42,025	1.66	700
Urban Flood Safety & Water Quality District	15,137	73.38	11,108
Valley View Water District	704	100.00	704
Washington County	112,639	0.55	623
Subtotal, overlapping debt			<u>1,259,081</u>
Direct District debt (SPITA) ³			\$ 2,164
Direct District debt (PERS) ³			510,330
Direct District debt (other) ³			<u>1,309,914</u>
Subtotal, Direct debt			<u>1,822,408</u>
Total direct and overlapping debt			<u><u>\$ 3,081,489</u></u>

Notes

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

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

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

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

Sources

Oregon State Treasury, Debt Management Division: Overlapping Debt Report

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

Legal Debt Margin Calculation for Fiscal Year 2024

Real Market Value	\$ 151,420,136
Debt Limit (7.95% of Real Market Value) ¹	\$ 12,037,901
Amount of Debt Applicable to Debt Limit:	
General Obligation Bonded Debt	1,304,876
Less: Amount Available in Debt Service Funds	(5,930)
Amount of Debt Applicable to Debt Limit	1,298,946
Legal Debt Margin	\$ 10,738,955

	Debt Limit	Total net debt applicable to limit	Legal debt margin	Total net debt applicable to the limit as a percentage of debt limit
2025	\$ 12,037,901	\$ 1,298,946	\$ 10,738,955	10.79%
2024	12,455,098	1,346,486	11,108,612	10.81
2023	12,487,714	1,464,030	11,023,684	11.72
2022	11,707,470	1,117,665	10,589,805	9.55
2021	11,149,825	1,220,405	9,929,420	10.95
2020	10,698,745	924,888	9,773,857	8.64
2019	10,472,898	526,062	9,946,836	5.02
2018	9,670,978	633,588	9,037,390	6.55
2017	8,501,342	309,076	8,192,266	3.64
2016	7,228,979	346,748	6,882,231	4.80

Allowable Percentage of Real Market Value:

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

Notes

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

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

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

Sources

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

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

Year	Population	Personal Income (thousands of dollars)	Per Capita Personal Income (dollars)	Unemployment Rate²
2025	- ¹	\$ - ¹	\$ - ¹	4.9%
2024	- ¹	- ¹	- ¹	3.7
2023	789,698	59,837,123	75,772	3.6
2022	795,083	55,618,917	69,954	3.9
2021	815,871	56,502,646	70,331	5.6
2020	815,637	52,080,033	63,852	11.6
2019	812,855	49,399,774	60,773	4.0
2018	811,880	46,966,887	57,850	4.0
2017	807,555	43,873,915	54,329	4.1
2016	801,539	41,735,341	52,069	4.9

Notes

¹ Data for 2024 and 2025 not available at time of printing.

² Oregon unemployment rates as of June 30 each year.

Sources As of July 2024, not seasonally adjusted.

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

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

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

Employer	2025			2016		
	Employees	Rank	Percentage of Total Employment	Employees	Rank	Percentage of Total Employment
Ten Largest Employers						
Intel	23,192	1	1.77 %	18,600	1	1.62 %
Oregon Health & Science University	20,917	2	1.59	14,963	3	1.31
Providence	20,700	3	1.58	16,139	2	1.41
Kaiser Permanente	13,086	4	1.00	11,898	4	1.04
Nike Inc	10,700	5	0.81	8,500	7	0.74
Fred Meyer Stores	7,638	6	0.58	10,813	5	0.94
Portland Public Schools	7,638	7	0.58	6,135	8	0.54
City of Portland	6,631	8	0.50	5,481	10	0.48
Multnomah County	5,626	9	0.43	5,995	9	0.52
Beaverton School District	5,432	10	0.41			
Legacy Health System				8,700	6	0.76
Subtotal of Ten Largest Employers	121,560		9.25	107,224		9.36
All Other Employers	1,192,108		90.75	1,037,976		90.64
Total Portland MSA ¹ Employment	1,313,668 ²		100.00 %	1,145,200		100.00 %

Notes

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

² As of May 2025, not seasonally adjusted. State of Oregon Employment Department

Sources

Portland Business Journal, Book of Lists, published September 2024

Oregon Employment Department, Workforce and Economic Research

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

Full-time Equivalent Employees for the Fiscal Year				
<u>Assignment/Function</u>	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>
Teachers	2,665.7	2,650.9	2,685.6	2,720.8
Educational Assistants	677.4	693.0	675.9	647.5
School Level Administration	167.2	169.5	179.0	184.5
District Level Administration ¹	4.0	4.0	4.0	7.0
Other Staff	<u>2,607.5</u>	<u>2,628.4</u>	<u>2,595.8</u>	<u>2,383.0</u>
Total FTE	<u><u>6,121.8</u></u>	<u><u>6,145.8</u></u>	<u><u>6,140.3</u></u>	<u><u>5,942.8</u></u>

Notes

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

Sources

Internal: System Planning and Performance - Analytics

2021	2020	2019	2018	2017	2016
2,749.2	2,709.3	2,697.3	2,684.2	2,737.7	2,632.5
640.1	688.5	647.1	680.8	674.3	667.8
174.5	172.5	165.5	167.3	166.5	151.0
4.0	4.0	16.0	19.2	21.0	22.0
<u>2,330.2</u>	<u>2,234.4</u>	<u>2,048.1</u>	<u>2,275.2</u>	<u>2,123.1</u>	<u>1,959.4</u>
<u><u>5,898.0</u></u>	<u><u>5,808.7</u></u>	<u><u>5,574.0</u></u>	<u><u>5,826.7</u></u>	<u><u>5,722.6</u></u>	<u><u>5,432.7</u></u>

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

	2025		2024		2023		2022	
Nutrition Services								
Number of Meals Served ¹								
Paid Meals	2,161,999	40%	1,985,084	36%	2,036,421	37%	-	0%
Reduced Meals	-	0%	34,306	1%	46,519	1%	-	0%
Free Meals	3,292,929	60%	2,830,463	52%	2,354,745	43%	4,651,199	100%
Total meals served	5,454,928	100%	4,849,853	100%	4,437,685	100%	4,651,199	100%
Average Daily Breakfast Served	10,675		8,611		7,627		6,712	
Average Daily Lunch Served	20,588		17,555		17,188		18,437	
Student Participation ²	49.12%		41.19%		39.87%		45.25%	

Transportation								
Number of buses	316		312		286		220	
Total miles traveled	3,938,789		3,575,635		3,429,840		2,744,944	
Cost per mile	\$ 11.96		\$ 13.07		\$ 12.33		\$ 11.68	
Area encompassed by District (sq mi)	160		160		160		160	

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

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

	2017		2016	
Nutrition Services				
Number of Meals Served ¹				
Paid Meals ³	1,372,455	29%	1,114,504	20%
Reduced Meals ³	180,707	4%	209,753	4%
Free Meals	3,225,700	67%	4,141,824	76%
Total meals served	4,778,862	100%	5,466,081	100%
Average Daily Breakfast Served	9,831		10,724	
Average Daily Lunch Served	18,173		19,083	
Student Participation ²	42.00%		44.40%	

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

Notes

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

² *Student participation is based on the average daily lunch count during the school year divided by the number of students enrolled at the sites where we serve meals. Number of enrolled students is pulled from the SY 2024-2025 RAA enrollment reports.

³ Per USDA guidance, free meals were available to all students during the 2020-2021 & 2021-2022 school years.

⁴ Due to COVID and Comprehensive Distance Learning, fewer students were transported to school sites during the 2020-2021 & 2021-2022 school years.

Sources

Internal: District Nutrition Services and Transportation departments

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

School or Program Type	BUILDING			STUDENT ENROLLMENT									
	Year	Age	Square Footage	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Abernethy	1924	101	45,464	284	330	353	374	451	507	520	516	519	513
Ainsworth	1912	113	53,483	584	585	563	553	594	644	625	638	605	600
Alameda	1921	104	72,748	496	521	538	525	623	704	730	734	747	730
Arleta	1929	96	98,245	252	274	256	269	485	526	490	454	457	456
Astor	1949	76	29,472	408	375	368	393	394	416	434	425	455	493
Atkinson	1953	72	53,170	373	366	337	342	390	391	419	420	432	435
Beach	1928	97	82,155	295	325	346	351	382	436	428	442	464	631
Beverly Cleary	1911	114	96,900	535	560	604	657	692	742	782	897	884	859
Boise-Eliot / Humboldt	1926	99	93,629	315	338	356	340	334	343	325	499	532	540
Bridger ²	1951	-	75,786	-	-	329	337	514	516	504	531	500	476
Bridger Creative Science ²	1951	74	75,786	474	515	-	-	-	-	-	-	-	-
Bridlemile	1956	69	54,157	419	446	458	435	437	508	518	535	511	480
Buckman	1922	103	99,875	308	371	395	400	446	427	450	474	459	481
Capitol Hill	1917	108	49,621	318	361	333	324	346	416	443	442	448	437
César Chávez	1928	97	104,371	454	481	467	485	544	549	550	540	551	522
Chapman	1923	102	78,102	349	344	350	341	375	484	484	532	584	643
Chief Joseph	1948	77	43,215	275	265	261	269	305	351	358	363	326	604
Clark ²	1955	70	48,651	331	341	-	-	-	-	-	-	-	-
Creative Science School ²	1955	-	48,651	-	-	423	419	450	468	466	479	492	476
Creston	1948	77	77,144	241	238	260	250	385	375	361	372	356	392
Duniway	1926	99	104,760	387	409	422	436	468	512	504	499	519	494
East Sylvan (Odyssey)	1932	93	24,875	211	227	225	219	244	-	-	-	-	-
Faubion	2017	8	133,576	589	643	684	703	740	786	767	710	532	479
Forest Park	1998	27	59,634	303	321	328	333	348	402	418	443	455	449
Glencoe	1923	102	61,457	356	372	394	373	395	449	451	489	492	500
Grout	1927	98	87,080	294	302	316	340	350	370	382	392	384	376
Harrison Park ³	1955	-	107,735	-	-	575	529	601	637	658	638	676	729
Hayhurst	1954	71	48,918	314	335	350	351	380	640	629	592	552	499
Irvington	1932	93	67,340	249	235	2,514	248	320	325	339	459	446	493
James John	1929	96	67,638	367	348	337	332	316	351	347	368	405	429
Kelly	1952	73	75,233	385	376	2,830	372	419	476	498	532	604	610
King	1925	100	153,475	312	343	334	315	324	341	321	389	386	400
Laurelhurst	1923	102	56,555	656	659	674	649	688	698	692	698	684	691
Lee	1952	73	61,161	257	295	276	236	262	269	276	425	447	456
Lent	1948	77	73,479	256	308	284	277	476	475	507	530	523	564
Lewis	1952	73	45,745	264	298	320	337	368	410	390	389	412	382
Llewellyn	1928	97	74,326	373	393	415	395	460	509	484	489	517	531
Maplewood	1948	77	37,713	295	301	310	291	347	374	383	378	384	359
Markham	1950	75	76,805	341	402	426	424	416	430	445	456	418	377
Marysville	1921	104	51,553	320	394	313	248	402	383	392	403	381	390
Peninsula	1952	73	59,957	235	234	225	201	237	265	267	279	266	374
Richmond	1908	117	82,254	530	537	539	551	600	627	632	647	649	629
Rieke	1959	66	32,886	278	288	300	313	329	368	379	386	410	402
Rigler	1931	94	78,199	301	255	223	237	268	307	308	441	472	451
Rosa Parks	2006	19	65,697	172	198	197	214	266	280	276	272	298	329
Rose City Park	2018	7	69,082	446	464	468	464	529	538	532	-	-	-
Roseway Heights	1921	-	99,825	-	-	-	-	-	-	-	661	643	697
Sabin	1927	98	66,567	293	302	312	340	360	418	452	551	524	568
Scott	1949	76	65,425	494	500	453	429	460	485	459	521	512	473
Sitton	1949	76	57,289	339	335	346	307	337	374	367	364	401	390
Skyline	1939	86	35,760	226	218	215	205	181	248	274	293	300	300
Stephenson	1964	61	39,652	285	310	307	320	322	371	347	352	340	322
Sunnyside Environmental	1925	100	76,671	461	447	465	469	522	549	581	604	602	574
Vernon	1931	94	88,010	563	578	555	517	569	607	545	522	471	407
Vestal	1929	96	111,481	257	264	232	207	228	249	272	341	381	412
Whitman	1954	71	55,559	198	180	153	152	185	220	254	283	287	271
Winterhaven	1930	95	61,453	322	316	313	292	291	299	321	354	353	350
Woodlawn	1926	99	99,840	306	299	288	283	315	327	354	346	342	426
Woodmere	1954	71	50,130	242	248	235	253	269	273	310	286	303	312
Woodstock	1955	70	63,752	394	451	491	479	526	543	548	552	527	496
Elementary Schools Total			4,209,172	19,582	20,421	27,805	20,705	23,265	24,988	25,248	26,627	26,620	27,159

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

School or Program Type	BUILDING			STUDENT ENROLLMENT									
	Year	Age	Square Footage	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Beaumont	1926	99	81,381	435	434	448	467	518	573	571	591	569	571
da Vinci	1928	97	72,063	427	407	434	415	443	450	456	457	461	458
George	1950	75	85,038	404	367	387	385	432	438	421	417	360	369
Gray	1951	74	82,744	438	472	483	478	509	566	542	536	546	566
Harriett Tubman	1952	73	83,673	328	320	361	388	443	430	491	-	-	-
Harrison Park ³	1955	70	107,735	372	321	-	-	-	-	-	-	-	-
Hosford	1925	100	74,964	537	517	566	629	676	651	588	621	631	640
Jackson	1964	61	218,118	715	711	793	752	803	793	746	659	597	606
Kellogg	2021	4	108,112	594	677	661	684	-	-	-	-	-	-
Lane	1926	99	79,824	418	391	336	363	416	432	433	454	443	481
Mt. Tabor	1952	73	84,785	467	503	607	645	721	724	741	718	730	694
Ockley Green	1925	100	66,338	410	428	483	485	487	487	505	531	626	-
Roseway Heights	1921	104	99,825	565	551	583	589	617	614	588	-	-	-
Sellwood	1913	112	81,470	576	567	563	553	549	588	612	589	583	560
West Sylvan	1953	72	96,171	670	722	759	727	802	833	822	876	911	966
Middle Schools Total			1,422,241	7,356	7,388	7,464	7,560	7,416	7,579	7,516	6,449	6,457	5,911
Benson	1917	108	412,855	896	818	827	895	1,005	1,055	1,035	1,026	994	914
Cleveland	1929	96	260,463	1422	1,474	1,547	1,623	1,581	1,560	1,651	1,586	1,609	1,600
Franklin	1915	110	292,223	1809	1,811	1,968	2,014	2,010	1,936	1,856	1,745	1,612	1,570
Grant	1923	102	328,425	2149	2,178	2,159	2,126	1,965	1,813	1,638	1,512	1,476	1,481
Ida B. Wells-Barnett	1954	71	274,040	1650	1,652	1,558	1,597	1,540	1,558	1,535	1,512	1,413	1,324
Jefferson	1909	116	330,332	459	525	607	588	620	641	656	677	590	524
Lincoln	2022	3	295,912	1686	1,579	1,528	1,462	1,481	1,588	1,698	1,705	1,703	1,696
Leodis V McDaniel	1955	70	315,482	1615	1,650	1,443	1,369	1,173	1,079	1,157	1,146	1,070	1,134
Marshall	1959	66	283,343	-	-	-	-	-	-	-	-	-	-
Roosevelt	1921	104	274,942	1452	1,457	1,488	1,376	1,292	1,195	994	859	881	940
High Schools Total			3,068,017	13,138	13,144	13,125	13,050	12,667	12,425	12,220	11,768	11,348	11,183
PPS Alternative Programs Total			302,529	1,554	1,352	1,553	1,795	1,243	1,632	1,631	1,659	1,760	1,817
School and Alternative Programs Total			9,001,959	41,630	42,305	49,947	43,110	44,591	46,624	46,615	46,503	46,185	46,070
Community-Based			-	794	759	683	637	872	973	912	1,035	968	964
Special Services Total			89,443	356	376	456	455	408	496	529	455	451	451
Public Charter Schools Total			16,755	1,306	1,331	1,294	1,295	1,443	1,385	1,494	1,564	1,585	1,590
Total All			9,108,157	44,086	44,771	52,380	45,497	47,314	49,478	49,550	49,557	49,189	49,075
Enrollment and Square Footage Summary by Category													
Regular Programs			Square Footage	2025	2024	2023	2023	2021	2022	2019	2018	2017	2016
Elementary Schools			4,209,172	19,582	20,421	27,805	20,705	23,265	24,988	25,248	26,627	26,620	27,159
Middle Schools			1,422,241	7,356	7,388	7,464	7,560	7,416	7,579	7,516	6,449	6,457	5,911
High Schools			3,068,017	13,138	13,144	13,125	13,050	12,667	12,425	12,220	11,768	11,348	11,183
PPS Alternative Programs			302,529	1,554	1,352	1,553	1,795	1,243	1,632	1,631	1,659	1,760	1,817
Plus enrollment not normally within PPS facilities:													
Community Based Programs			-	794	759	683	637	872	973	912	1,035	968	964
Special Services			89,443	356	376	456	455	408	496	529	455	451	451
Public Charter Programs			16,755	1,306	1,331	1,294	1,295	1,443	1,385	1,494	1,564	1,585	1,590
Other or vacant facilities			1,156,926										
			10,265,083	44,086	44,771	52,380	45,497	47,314	49,478	49,550	49,557	49,189	49,075
				2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
ADMw ⁴				52,441	52,232	53,581	55,688	57,825	57,825	57,823	57,779	57,876	57,491
Age of Buildings													
Elementary Schools		<u>Median</u>	<u>Newest</u>										
		82	7										
Middle Schools		75	4										
High Schools		99	3										
Focus/Alternative Schools		92	72										
Inactive or Other Facilities		67	47										

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

² Creative Science School merged with Briger and became Bridger Creative Science School & Clark reopened in Fall 2023/2024

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

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



SINGLE AUDIT SECTION





Your peace of mind is our passion.

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*), the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of School District No. 1J, Multnomah County, Oregon (the District) as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated January 28, 2026.

Report on Internal Control Over Financial Reporting

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the 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 were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We identified a certain deficiency in internal control, described in the accompanying Schedule of Findings and Questioned Costs as item 2025-001, that we consider to be a significant deficiency.

Report on Compliance and Other Matters

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

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

District's Response to Findings

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

Purpose of This Report

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



Portland, Oregon
January 28, 2026



Your peace of mind is our passion.

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

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

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited School District No. 1J, Multnomah County, Oregon (the District's) compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on each of District's major federal programs for the year ended June 30, 2025. The District's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs.

In our opinion, the District complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2025.

Basis for Opinion on Each Major Federal Program

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

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

Responsibilities of Management for Compliance

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

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

Auditor's Responsibilities for the Audit of Compliance

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

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

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

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

Report on Internal Control Over Compliance

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

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

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiencies in internal control over compliance described in the accompanying Schedule of Findings and Questioned Costs as items 2025-001, 2025-002, 2025-003, 2025-004, 2025-005, and 2025-006, to be significant deficiencies.

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

Government Auditing Standards requires the auditor to perform limited procedures on District's response to the internal control over compliance findings identified in our compliance audit described in the accompanying schedule of findings and questioned costs. The District's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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.



Portland, Oregon
January 28, 2026

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ALN/ Grant	Grant Description	Pass-Thru/ Grantor's No.	Period Covered	Direct or Pass-Thru	Award Amount	Expenditures	Agency Total
Department of Agriculture							
Food and Nutrition Service							
Child Nutrition Cluster							
10.553	School Breakfast Program						
202	School Breakfast Program	N/A	07/01/2024-06/30/2025	Pass-Thru		\$3,489,063	
10.555	National School Lunch Program						
202	Donated Foods		07/01/2024-06/30/2025	Pass-Thru		1,480,909	
202	National School Lunch Program	N/A	07/01/2024-06/30/2025	Pass-Thru		11,242,466	
10.559	Summer Food Service Program for Children						
202	Donated Foods		07/01/2024-06/30/2025	Pass-Thru		981	
202	Summer Food Service Program for Children	N/A	07/01/2024-06/30/2025	Pass-Thru		238,935	
10.582	Fresh Fruit and Vegetable Program						
202	Fresh Fruit and Vegetable Grants	Multiple	07/01/2024-06/30/2025	Pass-Thru		144,761	
Total Child Nutrition Cluster						16,597,116	
Pass-Thru from Oregon Department of Education						16,597,116	
Department of Agriculture Total							\$16,597,116
Department of Education							
Office of Career, Technical, and Adult Education							
84.048	Career and Technical Education - Basic Grants to States						
G2295	FED- Carl Perkins	76387	07/01/2023-09/30/2024	Pass-Thru	471,245	10,682	
G2374	FED- Carl Perkins	81257	07/01/2024-09/30/2025	Pass-Thru	470,328	433,750	
						444,432	
Office of Elementary and Secondary Education							
84.01	Title I Grants to Local Educational Agencies						
G2230	FED- Title IA- School Budgets	72595	07/01/2022-09/30/2023	Pass-Thru	9,931,724	13,261	
G2231	FED- Title IA- Central	72595	07/01/2022-09/30/2023	Pass-Thru	9,931,724	4,978	
G2236	FED-Title ID	73063	07/01/2022-09/30/2023	Pass-Thru	216,786	60,811	
G2273	FED- Title IA- School Budgets	76560	07/01/2023-09/30/2024	Pass-Thru	11,212,457	94,063	
G2274	FED- Title IA- Central	76560	07/01/2023-09/30/2024	Pass-Thru	11,212,457	1,376,919	
G2275	FED- Title IA- Focus/Priority	76560	07/01/2023-09/30/2024	Pass-Thru	11,212,457	34,950	
G2279	FED- Title ID	76926	07/01/2023-09/30/2024	Pass-Thru	134,498	128,719	
G2287	FED - ESSA 2023-24	79401	11/01/2022 - 09/30/2024	Pass-Thru	1,507,230	178,250	
G2317	FED- Title IA- Equitable Share	76560	07/01/2023-09/30/2024	Pass-Thru	644,362	164,938	
G2336	FED- Title IA- School Budgets	82244	07/01/2024-09/30/2025	Pass-Thru	8,377,836	7,684,240	
G2337	FED- Title IA- Central	82244	07/01/2024-09/30/2025	Pass-Thru	529,274	305,345	
G2338	FED- Title IA- Focus/Priority	82244	07/01/2024-09/30/2025	Pass-Thru	1,390,482	760,636	
G2339	FED- Title IA- Equitable Share	82244	07/01/2024-09/30/2025	Pass-Thru	471,110	234,084	
G2343	FED- Title ID	82085	07/01/2024-09/30/2025	Pass-Thru	168,212	121,812	
G2351	FED - ESSA 2024-25	SB135770	07/01/2024-09/30/2025	Pass-Thru	928,884	746,186	
						11,909,192	
84.011	Migrant Education State Grant Program						
G2234	FED- Title IC- Migrant Ed Pres	73265	07/01/2022-09/30/2023	Pass-Thru	8,311	44	
G2235	FED- Title IC- Migrant Ed Summ	75620	07/01/2022-09/30/2023	Pass-Thru	128,276	36,637	
G2276	FED- Title IC- Migrant Educati	77043	07/01/2023-09/30/2024	Pass-Thru	516,525	73,481	
G2277	FED- Title IC- Migrant Ed PreK	76960	07/01/2023-09/30/2024	Pass-Thru	11,490	5,253	
G2278	FED- Title IC- Migrant Ed Summ	80391	07/01/2023-09/30/2024	Pass-Thru	71,995	25,788	
G2340	FED- Title IC- Migrant Educati	82769	07/01/2024-09/30/2025	Pass-Thru	432,176	408,971	
G2341	FED- Title IC- Migrant Ed Pres	82788	07/01/2024-09/30/2025	Pass-Thru	9,592	1,026	
G2342	FED- Title IC- Migrant Ed Summ	84395	07/01/2024-09/30/2025	Pass-Thru	52,934	18,490	
						569,692	
84.013	Title I State Agency Program for Neglected and Delinquent Children and Youth						
G2300	FED- DART Title IND	35391	07/01/2023-06/30/2025	Pass-Thru	677,292	195,855	
84.06	Indian Education Grants to Local Educational Agencies						
G2349	FED- Indian Education (Title V	S060A240938	07/01/2024-06/30/2025	Direct	155,339	155,339	
						155,339	
84.184	School Safely National Activities</						

SCHOOL DISTRICT NO. 1J, MULTNOMAH COUNTY, OREGON
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2025

ALN/ Grant	Grant Description	Pass-Through Grantor's No.	Period Covered	Direct or Pass-Thru	Award Amount	Expenditures	Agency Total
Office Of Special Education and Rehabilitative Services							
Special Education Cluster (IDEA)							
84.027	Special Education Grants to States						
G2302	FED- DART IDEA	35391	07/01/2023-06/30/2025	Pass-Thru	179,195	53,632	
G2303	FED- IDEA Sec 611	78043	07/01/2023-09/30/2025	Pass-Thru	9,750,508	1,361,643	
G2309	FED- CRP - 611	11046	07/01/2023-06/30/2025	Pass-Thru	15,669,010	9,233,278	
G2310	FED- CRP - Audiology	11046	07/01/2023-06/30/2025	Pass-Thru	919,212	548,137	
G2311	FED- CRP - TBI	11046	07/01/2023-06/30/2025	Pass-Thru	43,125	21,875	
G2333	FED- IDEA Sec 611	83432	07/01/2024-09/30/2026	Pass-Thru	8,856,878	7,203,328	
G2314	FED- Providence Nursing	37739	07/01/2023-06/30/2025	Pass-Thru	50,266	17,399	
						18,439,293	
84.173	Special Education Preschool Grants						
G2304	FED- IDEA Sec 619	77858	07/01/2023-09/30/2025	Pass-Thru	83,484	69,336	
G2313	FED- CRP - 619	11046	07/01/2023-06/30/2025	Pass-Thru	71,082	71,082	
G2334	FED- IDEA Sec 619	83624	07/01/2024-09/30/2026	Pass-Thru	80,308	32,467	
						172,885	
Total Special Education (IDEA) Cluster						18,612,178	
84.126	Rehabilitation Services Vocational Rehabilitation Grants to States						
G2307	FED- YTP Summer Work Program	182910	04/22/2024-04/01/2025	Pass-Thru	141,669	128,522	
G2331	FED- Youth Transition Program	182994	07/01/2024-09/30/2025	Pass-Thru	485,568	282,199	
G2332	FED- OR Commission for the Bli	101-24	07/01/2024-09/30/2025	Pass-Thru	280,000	266,955	
						677,676	
84.326	Special Education Technical Assistance and Dissemination to Improve Services and Results for Children with Disabilities						
G1213	FED-Oregon Defblind Project	H326T230011	07/01/2023-09/30/2028	Direct	667,715	57,493	
COVID-19 Education Stabilization Fund							
Elementary and Secondary School Emergency Relief Fund							
G2094	FED - ESSER III	64968	03/13/2020-09/30/2024	Pass-Thru	73,869,717	623,132	
G2104	FED-ARP-HCY I	69308	07/01/2021-09/30/2024	Pass-Thru	62,142	14	
G2114	FED-ARP-HCY II	69389	04/23/2021-09/30/2024	Pass-Thru	351,648	4,496	
G2565	Education Stabilization Fund	75958	06/15/2023-09/30/2024	Direct	250,000	85,711	
G2566	Title VI Indian Ed - ESSER III	80410	02/15/2024-09/30/2024	Pass-Thru	97,800	51,408	
G2366	FED-HQIM Health and Ethnic Stu	80935	02/01/2024-09/30/2024	Pass-Thru	887,879	555,498	
						1,320,258	
Office of Postsecondary Education							
Gaining Early Awareness and Readiness for Undergraduate Programs							
G1827	FED-E3 Engage Empower Elevate	P334A180117	10/01/2018-09/30/2025	Direct	10,964,800	2,324,211	
						Direct Funding	3,636,642
						Pass-Thru from Oregon Department of Education	35,834,021
						Pass-Thru from Oregon Commission for the Blind	266,955
						Pass-Through from Oregon Department of Human Servic	410,721
Department of Education Total							\$40,148,339
Department of Health and Human Services							
Administration for Children and Families							
Head Start Cluster							
Head Start							
G2288	FED-Head Start Federal	10CH012375	11/01/2023-10/31/2024	Direct	6,382,217	1,174,863	
G2352	FED- Head Start	10CH012375-02	11/01/2024-10/31/2025	Direct	6,382,217	3,925,298	
						5,100,162	
Total Head Start Cluster						5,100,162	
93.658	Foster Care Title IV-E						
G2294	FED-Foster Care Transportation	IGA 35883	7/1/2023-9/30/2025	Pass-Thru	2,000,000	110,774	
Centers for Disease Control and Prevention							
Cooperative Agreements to Promote Adolescent Health through School-Based HIV/STD Prevention and School-Based Surveillance							
G1770	FED - SAY Wellness	NU87PS004369-05-04	08/01/2022-07/31/2024	Direct	837,531	145,926	
G2385	SAYWellness FY2025-29	1 NU87DP000004-01-00	08/01/2024-07/31/2029	Direct	425,000	216,653	
						362,578	
93.276	Drug-Free Communities Support Program Grants						
G2389	FED- CDC Drug Free Communities	1 NH28CE003732-01-00	9/30/2024-9/29/2029	Direct	124,828	32,896	
Substance Abuse and Mental Health Services Administration							
Opioid STR							
G1912	FED-Health for K-5	159879	04/15/2019-09/30/2025	Direct	65,180	65,180	
Office of Assistant Secretary for Health							
Teenage Pregnancy Prevention Program							
G1985	FED-MultCo Teen Pregnancy	HD-IGA-E-12731-2021	07/01/2020-06/30/2025	Pass-Thru	438,886	29,214	
Centers for Medicare and Medicaid Services							
Medicaid Cluster							
Medical Assistance Program							
G2023	FED-Medicaid-CRP Audiology	Medicaid	07/01/2020-N/A	Pass-Thru	104,215	54,027	
G2025	FED-Medicaid-Special Education	Medicaid	07/01/2020-N/A	Pass-Thru	212,288	204,396	
G2024	FED-Medicaid-DART LTCT	Medicaid	07/01/2020-N/A	Pass-Thru	334,952	320,036	
						578,459	
Total Medicaid Cluster						578,459	
						Direct Funding	5,495,636
						Pass-Thru from Multnomah County	29,214
						Pass-Thru from Oregon Health Authority	65,180
						Pass-Thru from Oregon Department of Human Services	689,234
Department of Health and Human Services Total							\$6,279,264

SCHOOL DISTRICT NO. 1J, MULTNOMAH COUNTY, OREGON
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2025

ALN/ Grant	Grant Description	Pass-Through Grantor's No.	Period Covered	Direct or Pass-Thru	Award Amount	Expenditures	Agency Total
Department of The Interior							
US Geological Survey							
15.808	US Geological Survey Research and Data Collection						
G2119	USGS - Mt Tabor	92396-IGAR	10/01/2021-06/15/2025	Direct	141,100	94,000	
G2564	USGS ShakeAlert STEM FY24	4500174137	09/15/2023-06/14/2025	Direct	155,000	89,303	
						183,303	
						Direct Funding	183,303
Department of The Interior Total							\$183,303
Department of Transportation							
Federal Highway Administration							
20.205	Highway Planning and Construction						
G2392	FED - ODOT Safe Routes to Schools 25-26	HU-25-10-27	10/01/2024-9/30/2026	Pass-Thru	150,000	15,348	
						Pass-Thru from Oregon Department of Transportation	15,348
Federal Highway Administration Total							\$15,348
National Science Foundation							
47.076	STEM Education						
G1923	FED - Developing Leaders	1906565	09/01/2019-08/31/2025	Direct	1,088,014	131,106	
						Direct Funding	131,106
National Science Foundation Total							\$131,106
Department of Homeland Security							
Federal Emergency Management Agency							
97.036	Disaster Grants - Public Assistance (Presidentially Declared Disasters)						
J0358	FED- Weather Related Incidents		7/1/2024-6/30/2025	Direct	750,000	750,000	
						Direct Funding	750,000
Department of Homeland Security Total							\$750,000
Grand Total							\$64,104,476

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



SCHOOL DISTRICT NO. 1J, MULTNOMAH COUNTY, OREGON
Notes to Schedule of Expenditures of Federal Awards
For the year ended June 30, 2025

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, 2025. 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, 2025.

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.

For the Year Ended June 30, 2025

SCHOOL DISTRICT NO.1J, MULTNOMAH COUNTY, OREGON

Schedule of Findings and Questioned Costs

For the Year Ended June 30, 2025

SECTION II — FINANCIAL STATEMENT FINDINGS

Finding 2025-001

Criteria: Under 2 CFR 200.510(b), the District is required to prepare a Schedule of Expenditures of Federal Awards (SEFA) for the period covered by the auditee's financial statements that includes the total federal awards expended as determined in accordance with 2 CFR 200.502. Additionally, the District has the responsibility for establishing and maintaining effective internal control over financial reporting and compliance.

Condition: A significant deficiency in internal controls over financial reporting was related to the District's preparation of the SEFA and the recording of grant-related balances. During our audit procedures, it was noted the SEFA misstated expenditures for various federal programs prior to being corrected. Additionally, the District had recorded unavailable revenue as federal grant revenue in the Capital Projects Fund and misclassified revenue between various federal and state grants in the Special Revenue Fund.

Cause: The cause appears to be related to staff turnover.

Effect or potential effect: The Schedule of Federal Awards misstated federal expenditures for various federal programs prior to being corrected. These adjustments impacted revenue in the Capital Projects Fund and the Special Revenue Fund. Additionally, there were misstatements of revenue related to state funds found during other audit procedures unrelated to the Schedule of Federal Awards.

Recommendation: Management should implement compensating controls over grant revenues, grant receivables, and unavailable grant revenue. Additionally, management should implement compensating controls over the preparation of the schedule of federal expenditures.

Views of responsible officials: The District understands and concurs with this finding.

SECTION III — FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

See Finding 2025-001.

Finding 2025-002

Award Year: 2024-2025

Federal program: U.S. Department of Agriculture – 10.553, 10.555, 10.559, 10.582 Child Nutrition Cluster

Pass-through entity: Oregon Department of Education

Criteria: Per 2 CFR 200.303, a non-Federal entity must “establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award.”

SCHOOL DISTRICT NO.1J, MULTNOMAH COUNTY, OREGON

Schedule of Findings and Questioned Costs

For the Year Ended June 30, 2025

Condition: The District could not provide documentation of review and approval of the indirect costs charged to the federal program. The deficiency in controls over compliance related to indirect costs is considered a significant deficiency.

Cause: The cause appears to be related to staff turnover.

Effect or potential effect: There is potential for indirect costs in excess of the allowed indirect cost rate to be charged to the federal program.

Questioned Costs: No questioned costs identified.

Context: The District appears to have not retained documentation of review and approval of the indirect costs charged to the federal program.

Recommendation: The District should ensure controls related to compliance with indirect cost requirements are implemented.

Views of responsible officials: The District understands and concurs with this finding.

Finding 2025-003

Award Year: 2024-2025

Federal program: U.S. Department of Education – 84.010 Title I Grants to Local Educational Agencies (Title 1, Part A of the ESEA)

Pass-through entity: Oregon Department of Education

Criteria: Per 2 CFR 200.303, a non-Federal entity must “establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award.”

Condition: The District could not provide documentation of review and approval of the indirect costs charged to the federal program. The deficiency in controls over compliance related to indirect costs is considered a significant deficiency.

Cause: The cause appears to be related to staff turnover.

Effect or potential effect: There is potential for indirect costs excess of the allowed indirect cost rate to be charged to the federal program.

Questioned Costs: No questioned costs identified.

Context: The District appears to have not retained documentation of review and approval of the indirect costs charged to the federal program.

Recommendation: The District should ensure controls related to compliance with indirect cost requirements are implemented.

Views of responsible officials: The District understands and concurs with this finding.

SCHOOL DISTRICT NO.1J, MULTNOMAH COUNTY, OREGON

Schedule of Findings and Questioned Costs

For the Year Ended June 30, 2025

Finding 2025-004

Award Year: 2024-2025

Federal program: U.S. Department of Education – 84.010 Title I Grants to Local Educational Agencies (Title 1, Part A of the ESEA)

Pass-through entity: Oregon Department of Education

Criteria: Per 2 CFR 200.303, a non-Federal entity must “establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award.”

Condition: The District could not provide documentation of time and effort certifications or an acceptable alternative for payroll charged to the federal program. The deficiency in controls over compliance related to reporting is considered a significant deficiency.

Cause: The cause appears to be related to staff turnover.

Effect or potential effect: Without adequate controls over allowable costs related to payroll, the District could charge unallowable costs to the grant.

Questioned Costs: No questioned costs identified.

Context: Out of a population of 5,107 payroll transactions, excluding related benefits, totaling \$6,240,176, a sample of 40 transactions, totaling \$42,514, was selected. Of the sample selected, the District could not provide documentation of time and effort certifications or an acceptable alternative for 10 transactions, totaling \$22,591.

Recommendation: The District should ensure controls related to compliance with allowable costs requirements related to payroll are implemented.

Views of responsible officials: The District understands and concurs with this finding.

Finding 2025-005

Award Year: 2024-2025

Federal program: U.S. Department of Education – 84.425 Education Stabilization Fund

Pass-through entity: Oregon Department of Education

Criteria: Per 2 CFR 200.303, a non-Federal entity must “establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award.”

Condition: The District could not provide documentation of review and approval of the indirect costs charged to the federal program. Additionally, indirect costs in excess of the allowed indirect cost rate of 4.51% were charged to the federal program prior to being corrected. The deficiency in controls over compliance related to indirect costs is considered a significant deficiency.

SCHOOL DISTRICT NO.1J, MULTNOMAH COUNTY, OREGON

Schedule of Findings and Questioned Costs

For the Year Ended June 30, 2025

Cause: The cause appears to be related to staff turnover and errors in the calculation to determine indirect costs originally charged to the federal program.

Effect or potential effect: Audit procedures identified indirect costs of \$1,603 in excess of the allowed indirect cost rate charged to the federal program prior to being corrected.

Questioned Costs: As the error was corrected, no questioned costs identified.

Context: Indirect costs for the fiscal year were recalculated based on total expenditures charged to the grant.

Recommendation: The District should ensure controls related to compliance with indirect cost requirements are implemented.

Views of responsible officials: The District understands and concurs with this finding.

Finding 2025-006

Award Year: 2024-2025

Federal program: U.S. Department of Education – 84.425 Education Stabilization Fund.

Pass-through entity: Oregon Department of Education

Criteria: Per 2 CFR 200.303, a non-Federal entity must “establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award.”

Condition: The District could not provide documentation of review and approval of the ESSER Annual Performance Report submitted to the Oregon Department of Education. The deficiency in controls over compliance related to reporting is considered a significant deficiency.

Cause: The cause appears to be related to staff turnover.

Effect or potential effect: Without adequate controls over reporting, the District could submit reports with errors or fail to comply with the reporting requirements of federal programs.

Questioned Costs: No questioned costs identified.

Context: For the one report the District was required to submit to the Oregon Department of Education, the District could not provide documentation of the review and approval of the report prior to being submitted.

Recommendation: The District should ensure controls related to compliance with reporting requirements are implemented.

Views of responsible officials: The District understands and concurs with this finding.



COMPLIANCE SECTION





Your peace of mind is our passion.

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

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

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of School District No. 1J, Multnomah County, Oregon (the District) as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated January 28, 2026. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States.

Compliance

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

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

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

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

- The District had expenditures on a budgetary basis which exceeded appropriations by \$4,147 thousand for General Fund – Instruction and by \$3,584 thousand for Special Revenue Fund – Support Services.

**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)**

- The District utilized the process for budget transfers rather than a supplemental budget for a reduction in appropriations.
- Out of a sample of 60 teachers selected, there were variances between the District's records and the years of experience reported to the Oregon Department of Education for four teachers.

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 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 were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We identified a certain deficiency in internal control, described in the accompanying Schedule of Findings and Questioned Costs as item 2025-001, that we consider to be a significant deficiency.

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

Purpose of This Report

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

Talbot, Kowala & Warwick, LLP

Portland, Oregon
January 28, 2026



Portland Public Schools Nondiscrimination Statement

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

Board of Education Policy 1.80.020-P

Contact Information for Civil Rights Matters

District Title VI: Gillian Murr	gmurr@pps.net
District Title IX: Liane O'Banion	lobanion@pps.net
District 504: James Loveland	jlovelan@pps.net
American Disabilities Act: Human Resources	hronline@pps.net

2024-25 ACFR Preparation

Prepared by the Finance Department

Myong Leigh, Interim Chief Financial Officer (July - December 2024)
Michelle Morrison, Chief Financial Officer (January - June 2025)

Appendix C

Book Entry Only System

**SAMPLE OFFERING DOCUMENT LANGUAGE
DESCRIBING BOOK-ENTRY-ONLY ISSUANCE**

(Prepared by DTC--bracketed material may apply only to certain issues)

1. The Depository Trust Company ("DTC"), New York, NY, will act as securities depository for the securities (the "Securities"). The Securities will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Security certificate will be issued for [each issue of] the Securities, [each] in the aggregate principal amount of such issue, and will be deposited with DTC. [If, however, the aggregate principal amount of [any] issue exceeds \$500 million, one certificate will be issued with respect to each \$500 million of principal amount, and an additional certificate will be issued with respect to any remaining principal amount of such issue.]

2. DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.6 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has a Standard & Poor's rating of: AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

3. Purchases of Securities under the DTC system must be made by or through Direct Participants, which will receive a credit for the Securities on DTC's records. The ownership interest of each actual purchaser of each Security ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Securities are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Securities, except in the event that use of the book-entry system for the Securities is discontinued.

4. To facilitate subsequent transfers, all Securities deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Securities with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Securities; DTC's records reflect only the identity of the Direct Participants to whose accounts such Securities are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

5. Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed

by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. [Beneficial Owners of Securities may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Securities, such as redemptions, tenders, defaults, and proposed amendments to the Security documents. For example, Beneficial Owners of Securities may wish to ascertain that the nominee holding the Securities for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.]

[6. Redemption notices shall be sent to DTC. If less than all of the Securities within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.]

7. Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Securities unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to Issuer as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts Securities are credited on the record date (identified in a listing attached to the Omnibus Proxy).

8. Redemption proceeds, distributions, and dividend payments on the Securities will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from Issuer or Agent, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, Agent, or Issuer, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of Issuer or Agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

[9. A Beneficial Owner shall give notice to elect to have its Securities purchased or tendered, through its Participant, to [Tender/Remarketing] Agent, and shall effect delivery of such Securities by causing the Direct Participant to transfer the Participant's interest in the Securities, on DTC's records, to [Tender/Remarketing] Agent. The requirement for physical delivery of Securities in connection with an optional tender or a mandatory purchase will be deemed satisfied when the ownership rights in the Securities are transferred by Direct Participants on DTC's records and followed by a book-entry credit of tendered Securities to [Tender/Remarketing] Agent's DTC account.]

10. DTC may discontinue providing its services as depository with respect to the Securities at any time by giving reasonable notice to Issuer or Agent. Under such circumstances, in the event that a successor depository is not obtained, Security certificates are required to be printed and delivered.

11. Issuer may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, Security certificates will be printed and delivered to DTC.

12. The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that Issuer believes to be reliable, but Issuer takes no responsibility for the accuracy thereof.

Appendix D

Form of Continuing Disclosure Certificate

FORM OF CONTINUING DISCLOSURE CERTIFICATE

§[Principal]
School District No. 1J, Multnomah County, Oregon
(Portland Public Schools)
Multnomah, Washington and Clackamas Counties, Oregon
General Obligation Bonds, Series 2026

This Continuing Disclosure Certificate (the “Certificate”) is executed and delivered by School District No. 1J, Multnomah County, Oregon (Portland Public Schools) located in Multnomah, Washington and Clackamas Counties, Oregon (the “Issuer”) in connection with the issuance of the above-captioned Bonds (the “Securities”).

Section 1. Purpose of Certificate. This Certificate is being executed and delivered by the Issuer and constitutes the Issuer’s written undertaking for the benefit of the Bondowners and to assist the underwriter of the Securities in complying with paragraph (b)(5) of the United States Securities and Exchange Commission Rule 15c2-12 (17 C.F.R. § 240.15c2-12) as amended (the “Rule”).

Section 2. Definitions. Unless the context otherwise requires, the terms defined in this Section shall, for purposes of this Certificate, have the meanings herein specified.

“Beneficial Owner” means any person who has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of any Securities, including persons holding Securities through nominees or depositories.

“Bondowners” means the registered owners of the Securities, as shown on the bond register maintained by the paying agent and registrar for the Securities, and any Beneficial Owners.

“Commission” means the United States Securities and Exchange Commission.

“EMMA” means the Electronic Municipal Market Access system for municipal securities disclosure established by the MSRB and accessible at <http://emma.msrb.org/>.

“MSRB” means the United States Municipal Securities Rulemaking Board or any successor to its functions.

“Official Statement” means the final official statement for the Securities dated _____, 2026.

“Rule” means the Commission’s Rule 15c2-12 under the Securities Exchange Act of 1934, as it has been and may be amended.

Section 3. Financial Information. The Issuer, as the “obligated person,” agrees to provide or cause to be provided to the MSRB, the following annual financial information and operating data:

- A. Issuer’s annual financial statements prepared in accordance with Oregon Local Budget Law (or any successor statute) and in accordance with generally accepted accounting principles so prescribed by the Governmental Accounting Standards

Board (or its successors) and generally of the type included in the Official Statement in Appendix B entitled “Financial Statements.”

- B. To the extent not included in its annual financial statements, the Issuer shall also provide information, of the type set forth in the Official Statement, containing: (1) the total real market value and total assessed value of taxable property within the Issuer (as indicated in the records of the county assessors), or other statement of property valuation that reflects then current Oregon statutes pertaining to property valuation; (2) the amount or rate of property taxes levied by the Issuer for the fiscal year for both operations and debt service, and the amount of property taxes the Issuer received during the fiscal year; (3) the total principal amount of general obligation bonds and other tax-supported obligations of the Issuer which are outstanding at the end of the fiscal year; (4) the major taxpayers for Multnomah County as presented in the Official Statement; and (5) ADMw, or a successor measurement of student enrollment that determines funding level, if any.

Section 4. Timing. The information described in Section 3 of this Certificate shall be provided by the Issuer for each of its fiscal years in which the Securities are outstanding. The Issuer shall provide that information on or before nine months after the end of each fiscal year, commencing no later than [March 31, 2026, for the fiscal year ended June 30, 2025.] The information described in Section 3 of this Certificate will be provided in the form of audited financial statements if they are then available, and otherwise will be provided in the form of unaudited financial statements. If the information described in Section 3 of this Certificate is initially provided in the form of unaudited financial statements, the Issuer shall provide audited financial statements promptly after they become publicly available. The Issuer's current fiscal year ends June 30. The Issuer may adjust its fiscal year by providing written notice of the change of fiscal year to the MSRB. In lieu of providing such annual financial information and operating data, the Issuer may cross-reference to other documents provided to the MSRB.

Section 5. Material Events. The Issuer agrees to provide or cause to be provided to the MSRB, in a timely manner not in excess of ten business days after the occurrence of the event, notice of any of the following events with respect to the Securities:

1. Principal and interest payment delinquencies;
2. Non-payment related defaults, if material;
3. Unscheduled draws on debt service reserves reflecting financial difficulties;
4. Unscheduled draws on credit enhancements reflecting financial difficulties;
5. Substitution of credit or liquidity providers or their failure to perform;
6. Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the security, or other material events affecting the tax status of the security;

7. Modifications to the rights of security holders, if material;
8. Bond calls, if material, and tender offers;
9. Defeasances;
10. Release, substitution or sale of property securing repayment of the Securities, if material;
11. Rating changes;
12. Bankruptcy, insolvency, receivership or similar event of the obligated person; (note: for the purposes of the event identified in this paragraph 12, the event is considered to occur when any of the following occur: The appointment of a receiver, fiscal agent or similar officer for an obligated person in a proceeding under the United States Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the obligated person, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the obligated person);
13. The consummation of a merger, consolidation, or acquisition involving an obligated person or the sale of all or substantially all of the assets of the obligated person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;
14. Appointment of a successor or additional trustee or the change of name of a trustee, if material;
15. Incurrence of a financial obligation of the obligated person if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the obligated person, any of which affect security holders, if material. For the purposes of this paragraph 15 and paragraph 16 below, “financial obligation” means a (i) debt obligation; (ii) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (iii) a guarantee of (i) or (ii); the term “financial obligation” shall not include municipal securities as to which a final official statement has been provided to the MSRB consistent with the Rule;
16. Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligation of the obligated person, any of which reflect financial difficulties.

The Issuer may from time to time choose to provide notice of the occurrence of certain other events, in addition to those listed above, if, in the judgment of the Issuer, such other event is material with respect to the Securities, but the Issuer does not undertake any commitment to provide such notice of any event except those events listed above.

Section 6. Failure to File Annual Financial Information. The Issuer agrees to provide or cause to be provided, in a timely manner, to the MSRB, notice of a failure by the Issuer to provide the annual financial information described in Section 3 of this Certificate on or prior to the time set forth in Section 4 of this Certificate.

Section 7. Termination. The Issuer's obligation under this Certificate shall terminate upon the legal defeasance, prior redemption or payment in full of all of the Securities. This Certificate, or any provision of this Certificate, shall be null and void if the Issuer (a) obtains an opinion of nationally recognized bond counsel to the effect that those portions of the Rule which require this Certificate, or any provision of this Certificate, are invalid, have been repealed retroactively or otherwise do not apply to the Securities; and (b) notifies the MSRB of such opinion and the termination of its obligations under this Certificate.

Section 8. Amendment. Notwithstanding any other provision of this Certificate, the Issuer may amend this Certificate under the following conditions:

A. If the amendment relates to the provisions of Sections 3 or 5 of this Certificate, it may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature or status of the Issuer, or type of business conducted; and,

B. If this Certificate, as amended, would, have complied with the requirements of the Rule at the time of the original issuance of the Securities, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

C. The amendment does not materially impair the interest of the Bondowners as determined either by parties unaffiliated with the Issuer (such as nationally recognized bond counsel) or by approving vote of the Bondowners pursuant to the terms of the governing instrument for the Securities as it is in effect at the time of the amendment.

In the event of any amendment of a provision of this Certificate, the Issuer shall describe such amendment in its next annual filing pursuant to Section 3 of this Certificate, and shall include, as applicable, a narrative explanation of the reason for the amendment and its impact on the type (or in the case of a change of accounting principles, on the presentation) of financial information or operating data being presented by the Issuer. In addition, if the amendment relates to the accounting principles to be followed in preparing financial statements, (i) notice of the amendment shall be given in the same manner as for a material event under Section 5 of this Certificate, and (ii) the annual filing pursuant to Section 3 of this Certificate for the first fiscal year that is affected by the change in accounting principles should present a comparison (in narrative form and also, if feasible, in quantitative form) between the financial statements as prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles.

Section 9. Bondowner's Remedies Under This Certificate. Bondowners may take such actions as may be necessary and appropriate, including seeking mandamus or specific performance by court order, to cause the Issuer to comply with its obligations under this Certificate. A default under this Certificate shall not be deemed a default or an event of default under the documents authorizing issuance of the Securities, and no monetary damages shall arise or be payable

hereunder, and the sole remedy under this Certificate in the event of any failure of the Issuer to comply with this Certificate shall be an action to compel performance.

Section 10. Form of Information. All information required to be provided under this certificate will be provided in an electronic format as prescribed by the MSRB.

Section 11. Submitting Information Through EMMA. So long as the MSRB continues to approve the use of EMMA, any information required to be provided to the MSRB under this Certificate may be provided through EMMA. As of the date of this Certificate, the web portal for EMMA is emma.msrb.org.

Section 12. Dissemination Agent. The Issuer may, from time to time, engage or appoint an agent to assist the Issuer in disseminating information hereunder (the “Dissemination Agent”). The Issuer may discharge any Dissemination Agent with or without appointing a successor Dissemination Agent.

Section 13. Choice of Law. This Certificate shall be governed by and construed in accordance with the laws of the State of Oregon, provided that to the extent this Certificate addresses matters of federal securities laws, including the Rule, this Certificate shall be construed in accordance with such federal securities laws and official interpretations thereof.

Dated as of the ____ day of _____, 2026.

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

Authorized Officer

Appendix E

State of Oregon Master Disclosure Certificate

MASTER DISCLOSURE CERTIFICATE

This Master Disclosure Certificate (the "Certificate"), dated December 28, 2023, is executed, and delivered by the State of Oregon, acting by and through its State Treasurer (the "State") in connection with implementation of the Oregon School Bond Guaranty Act (the "Act") by which the timely payment of principal and interest on certain General Obligation Bonds (the "Guaranteed Bonds") issued from time to time by Oregon school districts is guaranteed by the State pursuant to the provisions of the Act (the "Oregon School Bond Guaranty Program").

Section 1. Purpose of Certificate. This Certificate is being executed and delivered by the State for the benefit of registered and beneficial holders of Guaranteed Bonds and to assist Underwriters of such Guaranteed Bonds in complying with paragraph (b)(5) of Securities and Exchange Commission Rule 15c2-12 (17 C.F.R. § 240.15c2-12), as amended (the "Rule").

Section 2. Annual Comprehensive Financial Report. The State hereby agrees to provide or cause to be provided at least annually to the Municipal Securities Rulemaking Board (the "MSRB") through its EMMA ("Electronic Municipal Market Access") site, the Annual Comprehensive Financial Report (the "ACFR") of the State of Oregon for the prior fiscal year. The ACFR will be available no later than 9 months after the end of the State's fiscal year (presently June 30). The ACFR will include audited financial statements of the State prepared in accordance with generally accepted accounting principles as established by the Government Accounting Standards Board as in effect from time to time; provided, however, that if the ACFR is not available within 9 months after the end of the preceding fiscal year, unaudited financial statements will be provided with audited financial statements to follow when available. The ACFR may be provided by way of cross-reference to other documents previously provided to the MSRB. If the cross-referenced document is a final official statement within the meaning of the Rule, it shall be available from the MSRB EMMA site.

Section 3. Material Events. Subject to limitations of Section 8 below, the State agrees to provide or cause to be provided, in a timely manner, to the MSRB, within ten business days after the occurrence of the event, notice of the occurrence of the following events but only with respect to its guaranty of any Guaranteed Bonds:

- (1) principal and interest payment delinquencies;
- (2) non-payment related defaults, if material;
- (3) unscheduled draws on debt service reserves reflecting financial difficulties;
- (4) unscheduled draws on credit enhancements reflecting financial difficulties;
- (5) substitution of credit or liquidity providers, or their failure to perform;
- (6) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determination of taxability, Notices of Proposed Issue (IRS Form 5701-

TEB) or other material notices or determinations with respect to the tax-exempt status of the Guaranteed Bonds, or any other material events affecting the tax status of the Guaranteed Bonds;

- (7) modifications to rights of holders of the Guaranteed Bonds, if material;
- (8) bond calls, if material, and tender offers;
- (9) defeasances;
- (10) release, substitution, or sale of property securing repayment of the Guaranteed Bonds, if material;
- (11) rating changes;
- (12) bankruptcy, insolvency, receivership or other similar event of the State; (Note: For the purposes of the event identified in this paragraph 12, the event is considered to occur when any of the following occur: The appointment of a receiver, fiscal agent or similar officer for an obligated person in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the obligated person, or if such jurisdiction has been assumed by leaving the existing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the obligated person.);
- (13) the consummation of a merger, consolidation, or acquisition involving the State or the sale of all or substantially all of the assets of the State, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material and;
- (14) appointment of a successor or additional trustee or the change of name of a trustee, if material.
- (15) incurrence of a financial obligation of the State, if material, or agreement to covenants, events of defaults, remedies, priority rights, or other similar terms of financial obligation of the State, any of which affect security holders, if material; and
- (16) Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of the financial obligation of the State, any of which reflect financial difficulties.

“Financial Obligation” means a (a) debt obligation; (b) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (c) guarantee of a debt obligation or any such derivative instrument; provided that “financial obligation” shall not include municipal securities as to which a final official statement (as defined in the Rule) has been provided to the MSRB consistent with the Rule.

The State intends the words used in the immediately preceding paragraphs (15) and (16) and the definition of Financial Obligation in this Section to have the same meanings as when they are used in the Rule, as evidenced by SEC Release No. 34-83885, dated August 20, 2018.

Notice of events listed in (8) and (9) above need not be given any earlier than notice of the underlying event, if any, is required to be given to registered or beneficial owners of affected Guaranteed Bonds. The State may from time to time choose to provide notice of the occurrence of certain other events, in addition to those listed above, if, in the judgment of the State, such other event is material with respect to the Guaranteed Bonds, but the State does not undertake any commitment to provide such notice of any event except those events listed above.

Section 4. Failure to File ACFR. The State agrees to provide or cause to be provided, in a timely manner to the MSRB notice of a failure by the State to provide the ACFR on or prior to the time set forth in Section 2.

Section 5. Dissemination Agent. The State may, from time to time, engage or appoint an agent to assist the State in disseminating information hereunder (the "Dissemination Agent"). The State may discharge any Dissemination Agent with or without appointing a successor Dissemination Agent.

Section 6. Termination of Obligations. Pursuant to paragraph (b)(5)(iii) of the Rule, the State's obligation to provide annual financial information and notice of material events, as set forth above, shall terminate if and when the State no longer remains an obligated person with respect to the Guaranteed Bonds which shall occur upon either redemption in full of the Guaranteed Bonds, or legal defeasance of the Guaranteed Bonds. In addition, and notwithstanding the provisions of Section 9 below, the State may rescind its obligations under this Master Disclosure Certificate, in whole or in part, if those portions of the Rule that required the execution and delivery of this Master Disclosure Certificate are repealed or are declared invalid by a court of competent jurisdiction.

Section 7. Enforceability and Remedies. The State agrees that this Master Disclosure Certificate is intended to be for the benefit of registered and beneficial holders of the Guaranteed Bonds and shall be enforceable by or on behalf of any such holder; provided that, the right of any holder to challenge the adequacy of the information furnished hereunder shall be limited to an action by or on behalf of holders representing at least twenty-five percent (25%) of the aggregate outstanding principal amount of Guaranteed Bonds. Any failure by the State to comply with the provisions of this undertaking shall not be a default under the Act or under the documents pursuant to which any Guaranteed Bonds are issued. This Master Disclosure Certificate confers

no rights on any person or entity other than the State, holders of the Guaranteed Bonds, and any Dissemination Agent.

Section 8. Limitation on Scope of Undertaking. Notwithstanding anything expressed or implied to the contrary herein, the State makes no undertaking to provide financial information, operating data, or material events disclosure on behalf of or with respect to Oregon school districts participating in the Oregon School Bond Guaranty Program. Any such information will be provided according to the terms of separate continuing disclosure undertakings executed and delivered by such school districts. The State is not responsible for the adequacy, accuracy or timeliness of such information, and any failure by a school district to comply with its undertaking shall not constitute a breach by the State under this Master Disclosure Certificate. The State shall provide only the ACFR and material events disclosure relating to the State's guaranty of Guaranteed Bonds.

Section 9. Amendment. Notwithstanding any other provision of this Master Disclosure Certificate, the State may amend this Master Disclosure Certificate without the consent of holders of the Guaranteed Bonds under the following conditions:

- (1) The amendment may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature, or status of the obligated person or type of business conducted;
- (2) This Master Disclosure Certificate, as amended, would have complied with the requirements of the Rule at the time of the primary offering, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and
- (3) The amendment does not materially impair the interest of holders of the Guaranteed Bonds, as determined either by parties unaffiliated with the State (such as nationally recognized bond counsel), or by approving vote of holders representing at least sixty percent (60%) of the aggregate outstanding principal amount of the Guaranteed Bonds.

The State shall provide to the MSRB, notice of any amendment which changes the accounting principles followed by the State in preparation of its annual financial information. The initial annual financial information after the amendment shall explain, in narrative form, the reasons for the amendment and the effect of the change in the type of operating data or financial information being provided.

Section 10. Choice of Law. This Master Disclosure Certificate shall be governed by and construed in accordance with the laws of the State of Oregon, provided that to the extent this Master Disclosure Certificate addresses matters of federal securities laws, including the Rule, this Master Disclosure Certificate shall be construed in accordance with such federal securities laws and official interpretations thereof.

STATE OF OREGON

A handwritten signature in blue ink, appearing to read 'Jaime Alvarez', is written over a horizontal line.

By: _____
Jaime Alvarez, Director
Debt Management Division

Dated: December 28, 2023

Appendix F

Form of Bond Declaration

BOND DECLARATION

**School District No. 1J, Multnomah County, Oregon
(Portland Public Schools)
Multnomah, Washington and Clackamas Counties, Oregon
General Obligation Bonds, Series 2026**

**Executed on behalf of School District No. 1J, Multnomah County, Oregon
(Portland Public Schools)
Multnomah, Washington and Clackamas Counties, Oregon
as of [Closing Date], 2026**

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This table of contents is not a part of the bond declaration but is provided for reference only.

BOND DECLARATION

THIS BOND DECLARATION is executed as of [Closing Date], 2026, on behalf of School District No. 1J, Multnomah County, Oregon (Portland Public Schools), in Multnomah, Washington and Clackamas Counties, Oregon (the “District”) by its [District Official], acting as the “District Official” pursuant to the Resolution, as defined below. The Resolution authorizes the District Official to execute a bond declaration which contains the terms of the Bonds, and the covenants of the District relating to those Bonds.

Section 1. Definitions.

Unless the context clearly requires otherwise, the following terms shall have the following meanings:

“BEO” means “book-entry-only” and refers to a system for clearance and settlement of securities transactions through electronic book-entry changes, which eliminates the need for physical movement of securities.

“Bond Declaration” means this Bond Declaration, including any amendments made in accordance with Section 7 of this Bond Declaration.

“Bonds” means the General Obligation Bonds, Series 2026 issued by the District that are described in Section 2 of this Bond Declaration and that are authorized by the Resolution.

“Business Day” means any day except a Saturday, a Sunday, a legal holiday, a day on which the Paying Agent or offices of banks in Oregon, Washington, or New York are authorized or required by law or executive order to remain closed, or a day on which the New York Stock Exchange is closed.

“Code” means the Internal Revenue Code of 1986, as amended.

“District Official” means the Superintendent, Chief Financial Officer, Senior Director of Finance, or the person designated by any of those individuals to act under this Declaration pursuant to the Resolution.

“DTC” means The Depository Trust Company, New York, New York, the securities depository for the Bonds.

“Event of Default” refers to an Event of Default listed in Section 8(1) of this Bond Declaration.

“Government Obligations” means direct noncallable and nonprepayable obligations of the United States, or noncallable and nonprepayable obligations the principal of and interest on which are fully and unconditionally guaranteed by the United States.

“Outstanding” refers to all Bonds authorized and delivered pursuant to this Bond Declaration except Bonds which have been paid, canceled, or defeased pursuant to Section 9 of this Bond Declaration, and Bonds which have matured but have not been presented for payment for the payment of which adequate money has been transferred to the Paying Agent.

“Owner” means the person shown on the Bond register maintained by the Paying Agent as the registered owner of a Bond.

“Paying Agent” means the registrar and paying agent for the Bonds, which, at the time of execution of this Bond Declaration, is U.S. Bank Trust Company, National Association.

“Record Date” means the last Business Day of the month preceding a payment date.

“Resolution” means District Resolution No. 7223 adopted by the Board of Education on December 2, 2025, which authorizes the execution of this Bond Declaration and the issuance and sale of the Bonds.

Section 2. Bonds Authorized.

- (1) Pursuant to the authority granted by the voters of the District by Measure 26-215 from the November 3, 2020 election and by Measure 26-259 from the May 20, 2025 election, the Resolution, and the Oregon Constitution and relevant statutes, including Oregon Revised Statutes (“ORS”) Section 328.205 and the applicable provisions of ORS Chapter 287A, the District hereby authorizes the issuance, sale and delivery of the Bonds in accordance with this Bond Declaration and in an aggregate principal amount of \$[Par Amount]. The Bonds shall be dated [Closing Date], 2026, shall bear interest which is payable on June 15 and December 15 of each year commencing December 15, 2026. Interest is calculated based on 360 day year of twelve 30-day month. The Bonds shall mature as follows:

Due	Principal	Interest	CUSIP No.
<u>June 15</u>	<u>Amount (\$)</u>	<u>Rate (%)</u>	<u>([625517])</u>

- (2) Proceeds of the Bonds shall be applied as follows: \$[_____] to finance capital costs described in Measure 26-215 from the November 3, 2020 election and \$[_____] to finance capital costs described in Measure 26-259 from the May 20, 2025 election.

- (3) The District intends for the interest on the Bonds to be excluded from gross income for federal income tax purposes pursuant to Sections 103 and 141 through 150 of the Code, and the applicable Income Tax Regulations. The District covenants not to take any action, or knowingly omit to take any action within its control, that if taken or omitted would cause the interest on the Bonds to be includable in gross income for federal income tax purposes. Interest on the Bonds is also exempt from Oregon personal income taxation.

Section 3. Security for Bonds.

- (1) The District hereby pledges its full faith and credit and taxing power to pay the Bonds pursuant to ORS 287A.315. The District hereby covenants for the benefit of the Owners to levy annually, as necessary, a direct ad valorem tax upon all of the taxable property within the District which is sufficient, after taking into consideration discounts taken and delinquencies that may occur in the payment of such taxes and other legally available amounts, to pay all Bond principal and interest when due. This tax shall be in addition to all other taxes of the District, and this tax shall not be limited in rate, amount or otherwise, by Sections 11 or 11b of Article XI of the Oregon Constitution.
- (2) This Bond Declaration shall constitute a contract with the Owners and shall be enforceable by the Owners.

Section 4. Book Entry System

The Bonds shall be initially issued in BEO form, in the denomination of \$5,000 or any integral multiple thereof, and shall be governed by this Section 4. While Bonds are in BEO form no physical Bonds shall be provided to the Owners. A representative of the District has executed and delivered a Blanket Issuer Letter of Representations to DTC (the “Letter of Representations”). While the Bonds are in BEO form, registration and transfer of beneficial interests in the Bonds shall be governed by the Letter of Representations and the Operational Arrangements of DTC, as they may be amended from time to time. So long as Bonds are in BEO form:

- (1) DTC shall be treated as the Owner for all purposes, including payment and the giving of notices to Owners of Bonds. Bond payments shall be made, and notices shall be given, to DTC in accordance with the Letter of Representations. Any failure of DTC to advise any of its participants, or of any participant to notify the beneficial owner, of any such notice and its content or effect will not affect the validity of the redemption of Bonds or of any other action premised on such notice.
- (2) The District may discontinue maintaining the Bonds in the BEO form at any time. The District shall discontinue maintaining the Bonds in BEO form if DTC determines not to continue to act as securities depository for the Bonds, or fails to perform satisfactorily as depository, and a satisfactory substitute depository cannot reasonably be found.
- (3) If the District discontinues maintaining the Bonds in book-entry only form, the District shall cause the Paying Agent to authenticate and deliver replacement Bonds in fully registered form in authorized denominations in the names of the beneficial owners or their nominees; thereafter the provisions set forth in Section 6 below, regarding registration, transfer and exchange of Bonds shall apply.

- (4) The District and the Paying Agent shall have no responsibility or obligation to any participant or correspondent of DTC or to any beneficial owner on behalf of which such participants or correspondents act as agent for the beneficial owner with respect to:
 - (A) the accuracy of the records of DTC, the nominee or any participant or correspondent with respect to any beneficial owner's interest in the Bonds;
 - (B) the delivery to any participant or correspondent or any other person of any notice with respect to the Bonds, including any notice of prepayment;
 - (C) the selection by DTC of the beneficial interest in Bonds to be redeemed prior to maturity; or
 - (D) the payment to any participant, correspondent, or any other person other than the registered owner of the Bonds as shown in the registration books maintained by the Paying Agent, of any amount with respect to principal, any premium or interest on the Bonds.
- (E) The provisions of this Section 4 may be modified without the consent of the beneficial owners in order to conform this Section to the standard practices of DTC or any successor depository for Bonds issued in book-entry only form.

Section 5. Redemption of Bonds.

- (1) Optional Redemption of the Bonds. The Bonds are subject to optional redemption as set forth in the Official Statement for the Bonds.
- (2) [Mandatory Redemption of the Bonds. The Bonds are subject to mandatory redemption as set forth in the Official Statement for the Bonds.]
- (3) The District reserves the right to purchase Bonds in the open market.
- (4) Any notice of optional redemption given for the Bonds pursuant to this Section 5 may state that the optional redemption is conditional upon receipt by the Paying Agent of moneys sufficient to pay the redemption price of such Bonds or upon the satisfaction of any other condition, and/or that such notice may be rescinded upon the occurrence of any other event, and any conditional notice so given may be rescinded at any time before payment of such redemption price if any such condition so specified is not satisfied or if any such other event occurs. Notice of such rescission or of the failure of any such condition shall be given by the Paying Agent to affected owners of the Bonds as promptly as practicable.
- (5) So long as Bonds are in book-entry only form, and unless DTC consents to a shorter period the Paying Agent shall notify DTC of any early redemption not less than 20 days nor more than 60 days prior to the date fixed for redemption, and shall provide such information in connection therewith as required by the Letter of Representations. Unless waived by the Paying Agent, official written notice of redemption will be given by the District to the Paying Agent at least five calendar days prior to the date the notice is scheduled to be sent to DTC.

- (6) During any period in which the Bonds are not in book-entry only form, unless waived by any Owner of the Bonds to be redeemed, official notice of any redemption of Bonds shall be given by the Paying Agent on behalf of the District as provided in the alternative system established by the District pursuant to Section 6(4) of this Bond Declaration. Unless waived by the Paying Agent, official written notice of redemption will be given by the District to the Paying Agent at least five calendar days prior to the date the notice is scheduled to be sent to Owners of the Bonds. All such official notices of redemption shall be dated and shall state:
- (A) the redemption date,
 - (B) the redemption price,
 - (C) if less than all outstanding Bonds are to be redeemed, the identification (and, in the case of partial redemption, the respective principal amounts) of the Bonds to be redeemed,
 - (D) that on the redemption date the redemption price will become due and payable upon each such Bond or portion thereof called for redemption, and that interest thereon shall cease to accrue from and after said date, and
 - (E) the place where such Bonds are to be surrendered for payment of the redemption price, which place of payment shall be the principal office of the Paying Agent.

Section 6. Authentication, Registration and Transfer.

- (1) No Bond shall be entitled to any right or benefit under this Bond Declaration unless it shall have been authenticated by an authorized officer of the Paying Agent. The Paying Agent shall authenticate all Bonds to be delivered at closing of the Bonds, and shall additionally authenticate all Bonds properly surrendered for exchange or transfer pursuant to this Bond Declaration.
- (2) The ownership of all Bonds shall be entered in the Bond register maintained by the Paying Agent, and the District and the Paying Agent may treat the person listed as owner in the Bond register as the owner of the Bond for all purposes.
- (3) While the Bonds are in book-entry only form, the Paying Agent shall transfer Bond principal and interest payments in the manner required by DTC.
- (4) If the Bonds cease to be in book-entry only form, the District shall amend this Bond Declaration to provide for an alternative system of registration and payment for the Bonds that is of general acceptance in the municipal bond market. If no better system is then available, the District shall amend this Bond Declaration to provide that printed, registered Bonds shall be issued to beneficial owners of the Bonds, and shall give notice of those amendments to all Owners.
- (5) Bonds may be exchanged for an equal principal amount of Bonds of the same maturity which are in different denominations, and Bonds may be transferred to other Owners if the Owner submits the following to the Paying Agent:

- (A) written instructions for exchange or transfer satisfactory to the Paying Agent, signed by the Owner or attorney in fact and guaranteed or witnessed in a manner satisfactory to the Paying Agent and
- (B) the Bonds to be exchanged or transferred.
- (6) The Paying Agent shall not be required to exchange or transfer any Bonds submitted to it during any period beginning with a Record Date and ending on the next following payment date; however, such Bonds shall be exchanged or transferred promptly following that payment date.
- (7) The Paying Agent shall note the date of authentication on each Bond. The date of authentication shall be the date on which the Owner's name is listed on the Bond register.
- (8) For purposes of this Section 6, Bonds shall be considered submitted to the Paying Agent on the date the Paying Agent actually receives the materials described in Section 6(5), above.
- (9) The District may alter these provisions regarding registration and transfer by mailing notification of the altered provisions to all Owners. The altered provisions shall take effect on the date stated in the notice, which shall not be earlier than 45 days after notice is mailed.

Section 7. Amendment of Bond Declaration.

- (1) The District may amend this Bond Declaration without the consent of any Owner for any one or more of the following purposes:
 - (A) To cure any ambiguity or formal defect or omission in this Bond Declaration;
 - (B) To add to the covenants and agreements of the District in this Bond Declaration other covenants and agreements to be observed by the District which are not contrary to or inconsistent with this Bond Declaration as theretofore in effect;
 - (C) To confirm, as further assurance, any security interest or pledge created under this Bond Declaration;
 - (D) To provide for the alternative system of registration and payment for the Bonds pursuant to Section 6(4) of this Bond Declaration;
 - (E) To make any change which, in the reasonable judgment of the District, does not materially and adversely affect the rights of the Owners.
- (2) This Bond Declaration may be amended for any other purpose only upon consent of Owners representing not less than fifty-one percent (51%) in aggregate principal amount of the adversely affected Bonds then Outstanding. However, no amendment shall be valid which:
 - (A) Extends the maturity of any Bonds, reduces the rate of interest upon any Bonds, extends the time of payment of interest on any Bonds, reduces the amount of principal payable on

any Bonds, or reduces any premium payable on any Bonds, without the consent of the affected Owner; or

- (B) Reduces the percent of Owners required to approve amendments to this Bond Declaration.

Section 8. Default and Remedies.

- (1) The occurrence of one or more of the following shall constitute an Event of Default under this Bond Declaration:
 - (A) Failure by the District to pay Bond principal, interest or premium when due (whether at maturity, or upon redemption after a Bond has been properly called for redemption); or
 - (B) Failure by the District to observe and perform any covenant, condition or agreement on its part to be observed or performed for the benefit of Owners of Bonds, for a period of 60 days after written notice to the District by the Owners of fifty-one percent or more of the principal amount of Bonds then Outstanding specifying such failure and requesting that it be remedied; provided however, that if the failure stated in the notice cannot be corrected within such 60 day period, it shall not constitute an Event of Default so long as corrective action is instituted by the District within the 60 day period and diligently pursued, and the default is corrected as promptly as practicable after the written notice referred to in this Section 8(1)(B); or
 - (C) The District is adjudged insolvent by a court of competent jurisdiction, admits in writing its inability to pay its debts generally as they become due, files a petition in bankruptcy, or consents to the appointment of a receiver for the payments.
- (2) The Owners of fifty-one percent or more of the principal amount of Bonds then Outstanding may waive any Event of Default and its consequences, except an Event of Default described in Section 8(1)(A).
- (3) Upon the occurrence and continuance of any Event of Default hereunder the Owners of fifty-one percent or more of the principal amount of Bonds then Outstanding may take whatever action may appear necessary or desirable to enforce or to protect any of the rights of the Owners of Bonds, either at law or in equity or in bankruptcy or otherwise, whether for the specific enforcement of any covenant or agreement contained in this Bond Declaration or in aid of the exercise of any power granted in this Bond Declaration or for the enforcement of any other legal or equitable right vested in the Owners of Bonds by this Bond Declaration or by law. However, the Bonds shall not be subject to acceleration.
- (4) No remedy in this Bond Declaration conferred upon or reserved to Owners of Bonds is intended to be exclusive and every such remedy shall be cumulative and shall be in addition to every other remedy given under this Bond Declaration or now or hereafter existing at law or in equity. No delay or omission to exercise any right or power accruing upon any default shall be construed to be a waiver thereof, but any such right and power may be exercised from time to time and as often as may be deemed expedient. To entitle the Owners of Bonds to exercise any remedy reserved to them, it shall not be necessary to

give any notice other than such notice as may be required by this Bond Declaration or by law.

Section 9. Defeasance.

The District shall be obligated to pay Bonds which are defeased pursuant to this Section solely from the money and Government Obligations deposited with an independent trustee or escrow agent, and the District shall have no further obligation to pay the defeased Bonds from any source except the amounts deposited in the escrow. Bonds shall be deemed defeased if the District:

- (1) irrevocably deposits money or noncallable Government Obligations in escrow with an independent trustee or escrow agent, which are calculated to be sufficient without reinvestment for the payment of Bonds which are to be defeased; and
- (2) files with the escrow agent or trustee a report from an independent, certified public accountant or registered municipal advisor to the effect that the money and the principal and interest to be received from the Government Obligations are calculated to be sufficient, without further reinvestment, to pay the defeased Bonds when due; and
- (3) files with the escrow agent or trustee an opinion of nationally recognized bond counsel that the proposed defeasance will not, in and of itself, cause interest on the Bonds to become includable in gross income under the Code.

Section 10. Form of Bonds.

The Bonds shall be issued in substantially the form attached to this Bond Declaration as Exhibit A, with any changes that are approved by a District Official.

Section 11. Rules of Construction.

In determining the meaning of provisions of this Bond Declaration, the following rules shall apply unless the context clearly requires application of a different meaning:

- (1) References to section numbers shall be construed as references to sections of this Bond Declaration unless otherwise indicated.
- (2) References to one gender shall include all genders.
- (3) References to the singular shall include the plural, and references to the plural shall include the singular.

[The remainder of this page is left blank intentionally.]

Dated as of the ____ day of _____, 2026.

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

By: _____
District Official

Exhibit A - Form of Bond

No. R-

\$

United States of America
State of Oregon
Counties of Multnomah, Washington and Clackamas
School District No. 1J, Multnomah County, Oregon
(Portland Public Schools)
General Obligation Bonds, Series 2026

Dated Date: [Closing Date], 2026

Interest Rate Per Annum: []%

Maturity Date: June 15,

CUSIP Number: [625517]

Registered Owner: -----Cede & Co.-----

Principal Amount: ----- Dollars-----

PAYMENT OF THE PRINCIPAL OF AND INTEREST ON THIS BOND WHEN DUE IS GUARANTEED BY THE FULL FAITH AND CREDIT OF THE STATE OF OREGON UNDER THE PROVISIONS OF THE OREGON SCHOOL BOND GUARANTY ACT (ORS 328.321 TO 328.356).

School District No. 1J, Multnomah County, Oregon (Portland Public Schools), in Multnomah, Washington, and Clackamas Counties, Oregon, a municipal corporation of the State of Oregon (the "District"), for value received, acknowledges itself indebted and hereby promises to pay to the Registered Owner hereof, or registered assigns, the Principal Amount indicated above on the Maturity Date indicated above together with interest thereon from the date hereof at the Interest Rate Per Annum indicated above, computed on the basis of a 360-day year of twelve 30-day months. Interest is payable semiannually on the fifteenth days of June and December in each year until maturity or prior redemption, commencing December 15, 2026. Payment of each installment of principal or interest shall be made to the Registered Owner hereof whose name appears on the registration books of the District maintained by the District's paying agent and registrar, which is currently U.S. Bank Trust Company, National Association (the "Paying Agent") as of the last business day of the month immediately preceding the applicable interest payment date. For so long as this Bond is subject to a book-entry-only system, principal and interest payments shall be payable in same-day funds on each payment date to the nominee of the securities depository for the Bonds. On the date of issuance of this Bond, the securities depository for the Bonds is The Depository Trust Company, New York, New York ("DTC"), and Cede & Co. is the nominee of DTC. Such payments shall be made payable to the order of "Cede & Co."

This Bond is one of a duly authorized series of bonds of the District aggregating \$[Par Amount] in principal amount and designated as General Obligation Bonds, Series 2026 (the "Bonds"). The Bonds are issued pursuant to the authority granted by the voters of the District at the elections held on November 3, 2020 and May 20, 2025, Resolution No. 7223 adopted by the Board of Education on December 2, 2025, and a Bond Declaration dated as of [Closing Date], 2026 (collectively, the "Resolution") and under the authority of and in full compliance with the Constitution and Statutes of the State of Oregon.

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

The Bonds are initially issued as a book-entry-only security issue with no certificates provided to the beneficial owners. Records of ownership of beneficial interests in the Bonds will be maintained by DTC and its participants. Should the book-entry-only security system be discontinued, the District shall cause the Paying Agent to authenticate and deliver replacement Bonds in fully registered form in authorized denominations in the names of the beneficial owners or their nominees, and the District shall amend the Resolution to provide for an alternative

system of registration and payment for the Bonds that is of general acceptance in the municipal bond market, as described in the Resolution.

The Bonds shall mature and be subject to redemption as described in the Resolution and the final Official Statement for the Bonds.

The Bonds are subject to conditional notice of redemption as described in the Resolution.

Any exchange or transfer of this Bond must be registered, as provided in the Resolution, upon the Bond register kept for that purpose by the Paying Agent. The exchange or transfer of this Bond may be registered only by surrendering it, together with a written instrument of exchange or transfer which is satisfactory to the Paying Agent and which is executed by the registered owner or duly authorized attorney. Upon registration, a new registered Bond, of the same series and maturity and in the same aggregate principal amount, shall be issued to the transferee as provided in the Resolution. The District and the Paying Agent may treat the person in whose name this Bond is registered on the Bond register as its absolute owner for all purposes, as provided in the Resolution.

Unless this Bond is presented by an authorized representative of DTC to the District or the Paying Agent for registration of transfer, exchange or payment, and any Bond issued is registered in the name of Cede & Co. or such other name as is requested by an authorized representative of DTC (and any payment is made to Cede & Co. or to such other entry as is requested by an authorized representative of DTC), ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL inasmuch as the registered owner hereof, Cede & Co., has an interest herein.

This Bond shall remain in the Paying Agent's custody subject to the provisions of the FAST Balance Certificate Agreement currently in effect between the Paying Agent and DTC.

It is hereby certified, recited and declared that all acts, conditions and things required by the Constitution and Statutes of the State of Oregon to exist, to have happened and to have been performed precedent to and in the issuance of this Bond to exist, have happened and have been performed in due time, form and manner as prescribed by law, and that the amount of this Bond, together with all other obligations or indebtedness of the District, does not exceed any constitutional or statutory limitations of indebtedness.

IN WITNESS WHEREOF, School District No. 1J, Multnomah County, Oregon (Portland Public Schools), in Multnomah, Washington and Clackamas Counties, Oregon, by its Board of Education, has caused this Bond to be executed in its name with the facsimile signatures of its [District Official], an authorized District Official under the Resolution, all as of the date indicated above.

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

_____, [District Official]

THIS BOND SHALL NOT BE VALID UNLESS PROPERLY AUTHENTICATED BY THE PAYING AGENT IN THE SPACE INDICATED BELOW.

CERTIFICATE OF AUTHENTICATION

This Bond is one of the \$[Par Amount] aggregate principal amount of School District No. 1J, Multnomah County, Oregon (Portland Public Schools), in Multnomah, Washington and Clackamas Counties, Oregon, General Obligation Bonds, Series 2026, and is authorized to be issued under the terms of the Resolution described herein.

Date of authentication: [Closing Date], 2026.

U.S. Bank Trust Company, National Association, as Paying Agent

Authorized Officer

ASSIGNMENT

FOR VALUE RECEIVED, the undersigned sells, assigns and transfers unto _____

(Please insert social security or other identifying number of assignee)

this Bond and does hereby irrevocably constitute and appoint _____ as attorney to transfer this Bond on the books kept for registration thereof with the full power of substitution in the premises.

Dated: _____

NOTICE: The signature to this assignment must correspond with the name of the registered owner as it appears upon the face of this Bond in every particular, without alteration or enlargement or any change whatever.

NOTICE: Signature(s) must be guaranteed by a member of the New York Stock Exchange or a commercial bank or trust company

Signature Guaranteed

(Bank, Trust Company or Brokerage Firm)

Authorized Officer

The following abbreviations, when used in the inscription on the face of this Bond, shall be construed as though they were written out in full according to applicable laws or regulations.

TEN COM -- tenants in common

TEN ENT -- as tenants by the entireties

JT TEN -- as joint tenants with right of survivorship

and not as tenants in common

OREGON CUSTODIANS use the following

_____ CUST UL OREG _____ MIN

as custodian for

(name of minor)

OR UNIF TRANS MIN ACT

under the Oregon Uniform Transfer to Minors Act

Additional abbreviations may also be used though not in the list above.