

COMPETITIVE SALE—The Bonds will be sold pursuant to a competitive sale held at 9:00 a.m. (Pacific Time) on Wednesday, May 7, 2025, as further described in the Notice of Sale attached hereto.

PRELIMINARY OFFICIAL STATEMENT DATED APRIL 25, 2025

\$80,000,000⁽¹⁾

**School District No. 1J, Multnomah County, Oregon
(Portland Public Schools)
Multnomah, Washington, and Clackamas Counties, Oregon
General Obligation Bonds, Series 2025 (Federally Taxable)**

DATED: May 21, 2025 (estimated "Date of Delivery")

DUE: June 15, as shown below

PURPOSE— The \$80,000,000⁽¹⁾ General Obligation Bonds, Series 2025 (Federally Taxable) (the "Bonds") are being issued by the School District No. 1J, Multnomah County, Oregon (Portland Public Schools) (the "District"), located in Multnomah, Washington, and Clackamas Counties, Oregon. The Bonds are being issued to finance capital costs for the District. See "Purpose and Use of Proceeds" herein.

S&P GLOBAL RATINGS—"A-1+" short term rating (corporate scale). The District's rating on its outstanding long-term general obligation bonds is "AA-". See "Rating" herein.

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, 2025 and June 15, 2026. 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 (the "Record Date") of the month preceding a payment date.

MATURITY SCHEDULE —

Due		Interest		CUSIP®
June 15	Amount ⁽¹⁾	Rate	Yield	625517
2026	\$ 80,000,000			

REDEMPTION— The Bonds are not subject to optional redemption prior to maturity.

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.

TAX MATTERS— *In the opinion of Hawkins Delafield & Wood LLP, Bond Counsel to the District ("Bond Counsel"), under existing law interest on the Bonds (i) is included in gross income for federal income tax purposes pursuant to the Internal Revenue Code of 1986, as amended (the "Code") and (ii) is exempt from Oregon personal income tax. 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 to prospective purchasers and others. 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)
501 North Dixon Street
Portland, Oregon 97227
(503) 916-2000**

Board of Education

Edward (Eddie) Wang	Chair
Michelle DePass	Vice-Chair
Julia Brim-Edwards ⁽¹⁾	Director
Herman Greene ⁽¹⁾	Director
Gary Hollands ⁽¹⁾	Director
Christy Splitt ⁽¹⁾	Director
Patte Sullivan	Director

School Administrative Staff

Dr. Kimberlee Armstrong	Superintendent
Deborah Kafoury	Chief of Staff
Michelle Morrison	Chief Financial Officer
Dan Jung	Chief Operating Officer

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

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

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

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.

(1) Terms expire June 30, 2025. Herman Greene and Christy Splitt are running for re-election. Julia Brim-Edwards and Gary Hollands are not running for re-election. The District does not expect to update this Official Statement with the outcome of the election.

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Official Notice of Sale
\$80,000,000⁽¹⁾
School District No. 1J, Multnomah County, Oregon
(Portland Public Schools)
Multnomah, Washington, and Clackamas Counties, Oregon
General Obligation Bonds, Series 2025 (Federally Taxable)

NOTICE IS HEREBY GIVEN that bids will be received 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 the purchase of the above-captioned General Obligation Bonds, Series 2025 (Federally Taxable) (the “Bonds”) on:

Bid Date:	Wednesday, May 7, 2025
Bid Time:	9:00 a.m., Prevailing Pacific Time
Electronic Bids:	PARITY Bidding System (“Parity”)

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, OR ANY POLITICAL SUBDIVISION THEREOF OTHER THAN THE DISTRICT.

Rating

The District has received a rating on the Bonds of “A-1+” short term rating (corporate scale) from S&P Global Ratings and will pay the cost thereof. The District’s rating on its outstanding long-term general obligation bonds is “AA-”. See “Rating” in the Preliminary Official Statement.

Interest Payments and Maturity

Interest on the Bonds is payable on December 15, 2025, and June 15, 2026. The Bonds will be dated with their date of delivery, will be issued in the aggregate principal amount of \$80,000,000⁽¹⁾, and will mature on June 15, 2026:

Due	
June 15	Amount ⁽¹⁾
2026	\$ 80,000,000

Adjustment of Par Amount

The Bonds will be awarded based on the maturity schedule above. However, the District reserves the right to increase or decrease the total principal amount of the Bonds by an amount not to exceed ten percent (10.0%) of

(1) Preliminary, subject to change.

the total following the opening of the bids. Notice of any adjustment will be given to the winning bidder after bid opening. The underwriter's spread will be preserved at the same percentage as bid.

Optional Redemption

The Bonds are not subject to optional redemption prior to maturity.

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 measure for the Bonds was approved by a majority of the District's voters at the November 3, 2020, election. See "Authorization for Issuance" in the Preliminary Official Statement. Under and in accordance with State laws and provisions, specifically ORS Chapter 287A and Section ORS 328.205, the Bonds are being issued pursuant to an authorizing vote of the electors of the District at the November 3, 2020, election, Resolution No. 6209 (the "Resolution") adopted by the District's Board of Education (the "Board") on November 17, 2020, and a Bond Declaration for the Bonds dated as of the Date of Delivery.

Bidding Constraints

All bids will be subject to the terms and conditions of this Official Notice of Sale. All bids for the Bonds must comply with the following conditions: (1) the interest rate must be a multiple of 1/1,000th of one percent; (2) the Bonds must bear interest from their date to their stated maturity date at the interest rate specified in the bid; (3) all 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 two and five tenths percent (102.50%) of the principal amount of the Bonds; and (5) no bid will be considered that does not offer to purchase all of the Bonds.

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 Official Notice of Sale. To the extent any instructions or directions set forth in **PARITY** conflict with this Official Notice of Sale, the terms of this Official Notice of Sale 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 Bonds will 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 Bonds to May 21, 2025 (the estimated closing date of the Bonds), and the price bid for the Bonds. Each bidder is requested to supply the total interest cost and the true interest cost that the District will pay on the Bonds if the bid is accepted.

Good Faith Deposit

The winning bidder will be required to provide a good faith deposit in the amount of \$800,000 in immediately available funds wired to the District not later than 2:00 p.m. (Prevailing Pacific Time) on May 7, 2025. The District or the District's Municipal Advisor will provide the wire information immediately upon the award of the bid. If

the good faith 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 the sale.

The good faith deposit 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 Bonds are awarded withdraws its bid or fails to complete its purchase of the Bonds in accordance with this Official Notice of Sale and its bid.

Interest earnings on the good faith deposit will be the property of the District and will not be credited against the purchase price of the Bonds. The successful bidder shall pay the balance of the purchase price of the 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.

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 purchaser.

Federally Taxable Status

Interest on the Bonds is included in gross income for federal income tax purposes. 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" in the Preliminary Official Statement for the Bonds.

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 May 21, 2025.

CUSIP

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

A CUSIP identification number will appear on the Bonds, but neither the failure to insert such number on the Bonds nor any error with respect thereto shall constitute cause for a failure or refusal by the purchaser thereof to accept delivery of and pay for the Bonds in accordance with the terms of this Official Notice of Sale.

Continuing Disclosure

The District will undertake to provide continuing disclosure for the benefit of the Bond Owners in compliance with SEC Rule 15c2-12. 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 successful 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 successful 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 successful 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 Bonds may not be conditioned upon obtaining insurance or any other credit enhancement. The District does not intend to qualify the 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 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 Bonds pursuant to its bid.

Closing Certificates

At the time of payment for the delivery of the Bonds, the District will furnish the successful 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 Official Notice of Sale) 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 -

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

\$80,000,000⁽¹⁾
General Obligation Bonds, Series 2025 (Federally Taxable)

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 \$80,000,000⁽¹⁾ aggregate principal amount of General Obligation Bonds, Series 2025 (Federally Taxable) (the “Bonds”), dated the Date of Delivery. This Official Statement, which includes the cover page, inside cover page, Notice of Sale, attachments, 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 to such terms in “Appendix E – Form of Bond Declaration” which is attached hereto and incorporated by reference herein (the “Declaration”). Certain portions of the Declaration are summarized in this Official Statement, however the summaries of and references to all documents, statutes, reports, and other instruments referred to herein do not purport to be complete, comprehensive or definitive, and each such summary and reference is qualified in its entirety by reference to each such document, statute, report, or instrument.

Description of the Bonds

Authorization for Issuance

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

Official Voter Tally

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

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

The ballot measure authorized the issuance of \$1.208 billion aggregate principal amount of general obligation bonds in one or more series and with each series to mature within 30 years of issuance. The District issued \$365,465,000 of the authorized amount in December 2020; and \$420,000,000 of the authorized amount in April

(1) Preliminary, subject to change.

2023. This issue is for \$80,000,000⁽¹⁾ of the authorized amount. The District plans to issue the balance of \$342,535,000⁽¹⁾ as funds are needed.

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. 6209 (the “Resolution”) adopted by the District’s Board of Education (the “Board”) on November 17, 2020, and the Declaration.

Principal Amount, Date, Interest Rates and Maturities

The Bonds will be issued in the aggregate principal amount posted on the cover of this Official Statement and will be dated and bear interest from the Date of Delivery. The Bonds will mature on June 15, 2026 as set forth on the cover of this Official Statement. Interest on the Bonds is payable December 15, 2025 and June 15, 2026 and will be computed on the basis of a 360-day year comprised of twelve 30-day months.

Paying Agent and Registration Features

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

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

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

No Redemption Prior to Maturity

The Bonds are not subject to redemption prior to maturity.

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; 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. 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);

(1) Preliminary, subject to change.

- 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 continue financing capital costs under the 2020 ballot title (the "Project").

Specifics on the Project 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 Wilson; 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.

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	\$ 80,000,000 ⁽²⁾
Original Issue Premium/(Discount)	
Total Sources of Funds	<u>\$</u>
Uses of Funds⁽¹⁾	
Available for the Project	\$
Underwriting, Credit Enhancement (if any) 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 "Counties"), the State, or any political subdivision thereof other than the District.

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 2025) ⁽¹⁾	\$ 151,420,135,851
Debt Capacity	
General Obligation Debt Capacity (7.95% of Real Market Value)	\$ 12,037,900,800
Less: Outstanding Debt Subject to Limit	(1,292,240,000) ⁽²⁾
Remaining General Obligation Debt Capacity	\$ 10,745,660,800
Percent of Capacity Issued	10.73%

- (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 districts are not authorized to levy additional taxes to make pension bond payments. **The Bonds are not pension bonds.**

Revenue Bonds. Pursuant to ORS 287A.150 school districts 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. ORS 287A.180 provides that school districts 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	\$ 97,090,000
Series 2017B	08/10/17	06/15/44	241,890,000	169,745,000
Series 2020	04/14/20	06/15/37	441,320,000	267,390,000
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	47,545,000
Series 2023	04/27/23	06/15/49	420,000,000	363,215,000
Series 2025 ⁽³⁾	05/21/25	06/15/26	80,000,000	80,000,000
Total General Obligation Bonds				<u>1,292,240,000</u>
<i>Full Faith and Credit Obligations:</i>				
QZAB 2016	08/04/16	08/04/36	4,000,000	2,600,000
Series 2016	11/09/16	12/01/31	5,048,000	2,638,000
Total Full Faith and Credit Obligations				<u>5,238,000</u>
<i>Pension Obligations</i> ⁽²⁾ :				
Series 2002	10/31/02	06/30/28	210,103,857	88,580,000
Series 2003	04/21/03	06/30/28	281,170,040	127,705,000
Series 2021	07/15/21	06/30/40	399,390,000	362,365,000
Total Pension Obligations				<u>578,650,000</u>
Total Long-Term Debt				<u>\$ 1,876,128,000</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, 2024.

**General Obligation Bonds
Projected Debt Service Requirements**

Fiscal Year	Outstanding Bonds		The Bonds⁽¹⁾		Total Debt Service⁽¹⁾
	Principal	Interest	Principal	Interest	
2025	\$ 124,315,000	\$ 46,220,125	\$ -	\$ -	\$ 170,535,125
2026	55,205,000	40,133,225	80,000,000	3,897,950	179,236,175
2027	60,690,000	37,509,025	-	-	98,199,025
2028	66,345,000	34,801,225	-	-	101,146,225
2029	72,460,000	31,720,725	-	-	104,180,725
2030	51,055,000	28,432,425	-	-	79,487,425
2031	55,605,000	26,266,388	-	-	81,871,388
2032	60,320,000	24,005,800	-	-	84,325,800
2033	65,220,000	21,636,930	-	-	86,856,930
2034	42,965,000	19,474,525	-	-	62,439,525
2035	46,320,000	17,993,375	-	-	64,313,375
2036	49,850,000	16,391,275	-	-	66,241,275
2037	53,565,000	14,661,575	-	-	68,226,575
2038	37,365,000	12,797,425	-	-	50,162,425
2039	40,080,000	11,590,563	-	-	51,670,563
2040	42,945,000	10,274,250	-	-	53,219,250
2041	45,960,000	8,856,088	-	-	54,816,088
2042	33,120,000	7,296,425	-	-	40,416,425
2043	35,055,000	6,462,963	-	-	41,517,963
2044	37,110,000	5,543,088	-	-	42,653,088
2045	38,570,000	4,567,488	-	-	43,137,488
2046	23,830,000	3,477,988	-	-	27,307,988
2047	23,030,000	2,971,600	-	-	26,001,600
2048	24,735,000	2,050,400	-	-	26,785,400
2049	26,525,000	1,061,000	-	-	27,586,000
	<u>\$ 1,212,240,000</u>	<u>\$ 436,195,893</u>	<u>\$ 80,000,000</u>	<u>\$ 3,897,950</u>	<u>\$ 1,732,333,843</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 February 25, 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	85.67%	605,810,727	343,508,700
Multnomah County	73.93%	376,643,227	376,643,227
Multnomah ESD	73.35%	52,551,347	42,847,301
Portland Community College	45.11%	294,511,967	278,426,392
Metro	35.75%	276,383,642	273,271,944
Port of Portland	32.62%	10,506,870	0
City of Lake Oswego	4.25%	8,597,122	3,395,267
City of Beaverton	1.67%	482,776	482,776
Tualatin Valley Fire & Rescue District	1.66%	894,889	814,489
Tualatin Hills Park & Rec District	1.19%	478,737	478,737
City of Milwaukie	0.66%	363,998	353,298
Washington County	0.58%	775,916	775,916
Multnomah Cty RFPD 10	0.19%	454	454
Clackamas Cty RFPD 1	0.13%	39,236	28,849
Clackamas County	0.09%	93,535	93,535
Clackamas Soil & Water Conservation	0.09%	4,683	4,683
Mt Hood Community College	0.06%	52,980	39,949
		<u>\$ 1,629,809,531</u>	<u>\$ 1,322,782,942</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 2025)	\$ 177,375,749,171	
Estimated Population	502,773	
Per Capita Real Market Value	\$ 352,795	
Debt Information	Gross Direct Debt ⁽²⁾	Net Direct Debt ⁽³⁾
District Direct Debt ⁽⁴⁾	\$ 1,876,128,000	\$ 1,876,128,000
Overlapping Direct Debt	1,629,809,531	1,322,782,942
Total Direct Debt ⁽⁴⁾	<u>\$ 3,505,937,531</u>	<u>\$ 3,198,910,942</u>
Bonded Debt Ratios ⁽⁴⁾		
District Direct Debt to Real Market Value	1.06%	1.06%
Total Direct Debt to Real Market Value	1.98%	1.80%
Per Capita District Direct Debt	\$ 3,732	\$ 3,732
Per Capita Total Direct Debt	\$ 6,973	\$ 6,363

(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 Departments 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 February 25, 2025; and School District No. 1J, Multnomah County, Oregon (Portland Public Schools) Audited Financial Reports for the Fiscal Year Ended June 30, 2024.

Debt Payment Record

The District has promptly met principal and interest payments on borrowings when due.

Future Financings

Long-term Borrowings. Other than the remaining authorization of \$342,535,000⁽¹⁾ from general obligation bonds approved at the 2020 election, the District has no authorized but unissued borrowings. The District has submitted a ballot measure for \$1.83 billion of additional general obligation bond authorization at the May 20, 2025 election; the District does not expect to update this Official Statement with the outcome of that election. The District anticipates borrowing up to \$88 million in general obligation bonds within the next twelve months.

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

The District

Public School Districts

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

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

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) may be 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 rotation renewal cycles of five to ten years. If the charter agreements were terminated with the District, the District would have no direct claim to any assets of the relevant Charter School, but 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.

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

General Description

The District was established in 1851. It is located in Multnomah, Washington and Clackamas Counties, and includes portions of the cities of Portland, Lake Oswego, Beaverton and Milwaukie and unincorporated areas within its boundaries. The District encompasses approximately 152 square miles and has an estimated population of 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⁾		Portland Public Schools		
	Charters and Portland Public Schools	Charter Enrollment ⁽²⁾	Enrollment ⁽²⁾	Teaching Staff ⁽³⁾	Student to Teacher Ratio
2026 ⁽⁴⁾	51,182	1,389	42,648	2,595.3	16.4
2025 ⁽⁴⁾	52,324	1,306	42,780	2,685.0	15.9
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
2020 ⁽⁵⁾	57,825	1,383	48,653	2,711.8	17.9

- (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.
- (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. In July 2024, the District commissioned Portland State Population Research Center to prepare an enrollment forecast through Fiscal Year 2034. The study was based on October 2023 enrollment data and indicates the District may experience additional enrollment decline in future years of, approximately 400-700 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. However, according to the Oregon Department of Education, enrollment across the State has declined approximately seven percent over the last five years which will also impact the distribution of funds; see "Revenue Sources – State Revenue Sources" herein. The District is preparing for potential declines by instituting cost savings measures to allow for a smoother reduction plan; see "Financial Factors" herein.

Staff

As of March 18, 2025, the District had 5,006 full-time employees and 3,392 part-time employees.

Bargaining Units

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

- (1) The District and Amalgamated Transit Union have begun negotiations for the contracts expiring in June 2025 and are expected to complete the process prior to the end of the current contract period.
- (2) In November 2023, the District experienced a strike by PAT, which was settled in the form of a new three-year collective bargaining agreement.
- (3) Additional 716 Athletic Coaches are part of PAT, however most are not certified.

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 ⁽¹⁾
Edward (Eddie) Wang	Chair	Educator/Business Owner	July 1, 2023	June 30, 2027
Michelle DePass	Vice Chair	Climate Change Analyst, City of Portland Bureau of Planning and Sustainability	July 1, 2023	June 30, 2027
Julia Brim-Edwards	Director	Commissioner, Multnomah County	July 1, 2021	June 30, 2025
Herman Greene	Director	Pastor/Community Leader	July 1, 2021	June 30, 2025
Gary Hollands	Director	Business Owner/Non-Profit Director	July 1, 2021	June 30, 2025
Christy Splitt	Director	Public Policy	January 1, 2025	June 30, 2025
Patte Sullivan	Director	Retired Educator	July 1, 2023	June 30, 2027

- (1) Terms expiring June 30, 2025 will be filled at the May 20, 2025 election. The filing deadline for candidates running for office in the May 20, 2025 election was March 20, 2025. The term for Board members elected will be from July 1, 2025 through June 30, 2029. Herman Greene and Christy Splitt are running for re-election. Julia Brim-Edwards and Gary Hollands are not running for re-election. The District does not expect to update this Official Statement to reflect the outcome of the May 2025 election.

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 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.

Dan Jung, Chief Operating Officer. Dan has worked for the District for approximately 15 years and as COO for six years. He oversees the Office of School Modernization, Facilities, Maintenance and Operations, Planning and Asset Management, Facilities Project Management and Student Transportation. Dan is a graduate of Portland State University, where he earned a BA in Architecture.

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").

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 Revenue Sources" 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, and anticipates receiving approximately \$109.8 million in Fiscal Year 2025 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 2023-25 biennium \$7,291,463 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 2025, there was \$8,354,870 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 \$34,276,605 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⁾
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	4.5%	140,249,375,294	4.2%	63,612,718,068	4.5%	7,567,171,920	56,045,546,148
2020	162,891,019,566	---	134,575,991,606	---	60,851,556,260	---	7,148,347,709	53,703,208,551

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⁾
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	4.5%	139,492,582,767	4.2%	63,180,725,200	4.5%	7,567,171,920	55,613,553,280
2020	162,153,362,966	---	133,838,335,006	---	60,436,455,630	---	7,148,347,709	53,288,107,921

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⁾
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	5.9%	670,975,592	3.0%	384,468,126	4.1%	-	384,468,126
2020	651,357,231	---	651,357,231	---	369,378,301	---	-	369,378,301

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⁾
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	-0.6%	85,816,935	-0.6%	47,524,742	3.9%	-	47,524,742
2020	86,299,369	---	86,299,369	---	45,722,329	---	-	45,722,329

- (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 2025, 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 2024, the District reported a loss of \$14.062 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 2025 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. 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 2025 Representative Levy Rate

Multnomah County (Rates per \$1,000 of Assessed Value)

	Permanent Rate	Bond or UR Special ⁽¹⁾ Rate	Portland Fire Police Disability Rate ⁽²⁾	Local Option Rate ⁽³⁾	Consolidated Rate	Urban Renewal Portion of the Consolidated Rate ⁽⁴⁾
General Government						
Port of Portland	\$ 0.0701	\$ 0.0000	\$ 0.0000	\$ 0.0000	\$ 0.0701	\$ 0.0013
City of Portland	4.5770	0.3952	2.9545	1.2026	9.1293	0.1637
Metro	0.0966	0.3807	0.0000	0.0960	0.5733	0.0093
East Multnomah Solid and Water	0.1000	0.0000	0.0000	0.0000	0.1000	0.0008
Urban Flood and Water Quality District	0.0000	0.0142	0.0000	0.0000	0.0142	0.0002
Multnomah County	4.3434	0.5401	0.0000	0.0500	4.9335	0.1010
Multnomah County Library District	1.2200	0.0000	0.0000	0.0000	1.2200	0.0253
Total General Government	10.4071	1.3302	2.9545	1.3486	16.0404	0.3016
Education						
Multnomah County Education Service District	0.4576	0.0000	0.0000	0.0000	0.4576	0.0095
Portland Community College	0.2828	0.3727	0.0000	0.0000	0.6555	0.0120
Portland School District	5.2781	2.3338	0.0000	1.9900	9.6019	0.1445
Total Education	6.0185	2.7065	0.0000	1.9900	10.7150	0.1660
Total Tax Rate	\$ 16.4256	\$ 4.0367	\$ 2.9545	\$ 3.3386	\$ 26.7554	\$ 0.4676

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 "Property Taxes – Tax Rate Limitation – Measure 5" herein).

- (1) Some urban renewal areas that existed when Measure 50 was adopted are authorized to impose taxes throughout the boundaries of their creating city or county. Special urban renewal levies are subject to Tax Rate Compression. The City of Portland has five urban renewal areas with this taxing authority.
- (2) 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 a prescribed amount. For Fiscal Year 2025, the City of Portland certified \$243,377,602 as the amount needed to fund the FPDR.
- (3) Local Option Levies are voter-approved serial levies. They are limited by ORS 280.060 to five years for operations or ten years for capital construction. Local Option Levy rates compress to zero before there is any compression of overlapping jurisdictions' Permanent Rates (see "Property Taxes – Tax Rate Limitation – Measure 5" herein).
- (4) A portion of a taxing district's consolidated rate is contributed to the Portland Development Commission, the urban renewal agency of the City of Portland, through tax increment financing.

Source: Multnomah County Department of Assessment and Taxation. Note that there are 39 tax codes in Multnomah County that overlap the District and Tax Code 201 (represented in the table above) has the highest property value of these tax codes. Total tax levies in the District range from \$17.0278 to \$26.7304 per \$1,000 of assessed property value.

Tax Collection Record⁽¹⁾

Multnomah County

Fiscal Year	Percent Collected as of	
	Levy Year ⁽²⁾	6/30/2024 ⁽³⁾
2024	98.40%	98.40%
2023	98.60%	99.36%
2022	98.85%	99.68%
2021	98.66%	99.84%
2020	98.47%	99.95%

Washington County

Fiscal Year	Percent Collected as of	
	Levy Year ⁽²⁾	6/30/2024 ⁽³⁾
2024	98.90%	98.90%
2023	98.83%	99.62%
2022	99.05%	99.81%
2021	99.65%	99.93%
2020	99.81%	99.97%

Clackamas County

Fiscal Year	Percent Collected as of	
	Levy Year ⁽²⁾	6/30/2024 ⁽³⁾
2024	98.13%	98.13%
2023	98.53%	99.37%
2022	98.01%	99.64%
2021	98.48%	99.86%
2020	98.40%	99.95%

- (1) Percentage of total tax levy collection in Multnomah, Washington, and Clackamas Counties. Pre-payment discounts are considered to be collected when outstanding taxes are calculated. The tax rates are before offsets.
- (2) The percentage of taxes collected in the "year of the levy" represents taxes collected in a single levy year, beginning July 1 and ending June 30.
- (3) The percentage of taxes shown in the column represents taxes collected cumulatively from July 1 of a given levy year through June 30, 2024.

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

Major Taxpayers
(As of Fiscal Year 2025)
School District No. 1J, Multnomah County, Oregon (Portland Public Schools)

Taxpayer	Business/Service	Assessed Value ⁽¹⁾	Percent of Value	Tax ⁽²⁾
Pacificorp	Electrical Utility	\$ 718,237,100	1.02%	\$ 13,616,607
Portland General Electric Co.	Electrical Utility	535,157,500	0.76%	10,180,120
Weston Investment Co LLC	Real Estate	313,914,810	0.44%	7,889,087
Port of Portland ⁽³⁾	Airport, Marine, Property Mgmt.	279,847,590	0.40%	7,978,360
Comcast Corporation	Telecommunications	234,427,510	0.33%	5,796,601
Fred Meyer Stores Inc	Grocery Stores	195,762,880	0.28%	4,272,892
Daimler Trucks North America	Manufacturing	181,459,660	0.26%	4,217,800
AAT Lloyd District LLC	Multi-Family Housing	160,790,500	0.23%	3,914,435
111 SW 5th Ave Investors LLC	Commercial Office Space	195,184,030	0.28%	3,733,817
Adidas America Inc.	Shoes and Apparel	139,704,330	0.20%	3,477,341
Subtotal - ten of District's largest taxpayers		2,954,485,910	4.19%	
All other District's taxpayers		67,606,798,039	95.81%	
Total District		<u>\$ 70,561,283,949</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.	\$ 806,552,630	0.79%	\$ 20,979,204
Portland General Electric Co.	Electrical Utility	886,258,490	0.86%	16,411,544
Pacificorp	Electrical Utility	809,105,810	0.79%	15,207,730
Boeing Company	Manufacturing	552,333,660	0.54%	9,359,215
Weston Investment Co LLC	Real Estate	359,265,090	0.35%	8,829,656
Comcast Corporation	Telecommunications	365,000,360	0.36%	8,302,346
Alaska Airlines Inc.	Airline	362,298,200	0.35%	6,169,178
Fred Meyer Stores Inc	Grocery Stores	243,150,830	0.24%	5,144,553
Kaiser Foundation Health Plan Inc	Health Insurance	215,530,800	0.21%	4,685,662
Daimler Trucks North America	Manufacturing	181,628,220	0.18%	4,220,710
Subtotal - ten of County's largest taxpayers		4,781,124,090	4.66%	
All other County's taxpayers		97,882,867,470	95.34%	
Total County		<u>\$ 102,663,991,560</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) 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 2025 is limited to: (i) \$1.63 per square foot on residential construction and (ii) 82¢ per square foot on non-residential construction up to the lesser of \$40,800 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.

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
2025 ⁽¹⁾	\$ 2,001,000
2024	1,786,000
2023	4,190,000
2022	5,437,000
2021	3,446,000
2020	4,291,000

(1) Budgeted. District has collected \$861,879 as of February 28, 2025.

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 and distributed through the Oregon Department of Education (“ODE”). ODE funding supports pre-kindergarten through 12th grade education, including funding for operation for the State’s 197 school districts and 19 education service districts, through the State School Fund (“SSF”). The SSF is funded primarily by State General Fund revenues. 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), 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) \$2,388.10 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. The District does not have plans to withdraw from the ESD.

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 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.

Charter Schools. Per ORS 338.155, students attending a public charter school shall be considered to be residents of the school district in which the public charter school is located for purposes of distribution of State School Fund ("SSF") revenue. A school district shall contractually establish, with any public charter school that is sponsored by the board of the school district, payment for provision of educational services to the public charter school's students. The payment shall 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 October 1, 2024, 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. In 2019, the Legislature approved the Student Success Act (the "SSA"). The SSA imposes a tax on certain taxable commercial activity (the "Corporate Activity Tax") and designates the revenues be

deposited in the newly created Fund for Student Success. SSA funds were 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 will be allocated to an Early Learning Account, up to 30 percent will be allocated to the Statewide Education Initiatives Account and at least 50 percent is to be allocated to a Student Investment Account, for which districts are required to apply for through a non-competitive grant process. Each program has rules on how funds will be distributed to districts; some are based on a per-student formula, and others are subject to the submission of an application by each district. The Student Investment Account provides the largest amount of funds directly to school districts on a per-student formula following the submission of a grant application.

School Finance Grants. The State provides 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 of approximately \$800 annually to each Oregon high school student for purposes of 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 2023-2025 biennium, the state legislature appropriated \$324.7 million to M98.

The high cost disability grant (\$110.0 million statewide in the 2021-23 biennium) is distributed on a pro-rata basis to all qualifying districts and is equal to the approved costs of providing special education and related services to a resident pupil with disabilities in excess of \$30,000. For costs in excess of \$30,000 the district is eligible to apply for reimbursement from the fund. Reimbursements are prorated depending on the number of claims if requests are in excess of the fund's capacity. For the 2023-2025 biennium the state legislature appropriated \$110.0 million.

The 2023 Legislative Assembly approved House Bill 3198, the "Early Literacy Success Initiative," and allocated \$90 million of 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.

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 administered by Oregon State University. For the 2023-2025 biennium, the State legislature appropriated \$56.4 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 up to \$6 million for most districts, and some districts may receive up to \$12 million in matching grants. The legislature appropriated \$160 million for OSCIM grants for the 2023-2025 biennium.

State Legislature and Current Funding

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

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

State K-12 Education Budget. SSF funding is set biennially in the State budget adopted by the Legislative Assembly in odd-numbered years (the “Legislatively Adopted Budget”). The State budget covers two fiscal years (a biennium) beginning July 1 of an odd-numbered year to June 30 of the next odd-numbered year, 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.

Revenue Forecasts. On February 26, 2025, the OEA released the March 2025 Revenue Forecast (the “March 2025 Forecast”). The March 2025 Forecast for gross General Fund revenues for the 2023-25 biennium was \$28.008 billion, up \$2.7483 billion from the Close of Session (2023) Forecast and down \$90.3 million from the December 2024 Forecast. According to the March 2025 Forecast, personal income tax return data for tax years 2023 and 2024 indicates stronger taxable wage and salary growth, resulting in an increase in the personal income tax forecast over the next few years according to OEA. Although actual tax receipts are down relative to the December 2024 forecast, resulting in slight decreases to the personal and corporate income tax forecasts for the current biennium, total available resources in the current 2023-25 biennium have increased by \$3.277 billion since the Close of Session (2023) Forecast.

For the 2025-27 biennium, although the OEA projects a somewhat smaller beginning balance in the General Fund to be carried forward from the current biennium, it is projecting an overall increase by \$350.1 million to a total of \$38.2 billion.

Outside of the General Fund, the major revenue sources are the Corporate Activity Tax and Lottery. Corporate Activity Tax revenues have been revised downward from the December 2024 Forecast by \$31.6 million for 2023-25, and down \$9.5 million in 2025-27. Lottery earnings are reduced \$19.8 million in the current biennium and \$65.6 million in 2025-27. The sizable reduction next biennium includes a correction to the unclaimed prize calculation and milder growth expectations for video lottery earnings.

In the March 2025 Forecast, the OEA states that Oregon’s economy is currently demonstrating moderate health. Oregon’s output growth is lagging the national statistics but is showing some signs of reacceleration. Net job creation remains positive, but job creation is concentrated in just a few industry categories. Additionally, the

March 2025 Forecast predicts that Oregon economic activity will be highly vulnerable to national priorities relating to tariffs, immigration and federal expenditures.

The next Revenue Forecast is due to be released on May 14, 2025 (the “May 2025 Forecast”). The District does not expect to update this Official Statement to reflect the information included in the May 2025 Forecast.

State General Fund Forecast Summary
(\$ in Millions)

	2023-25 Biennium Revenue Forecast			March 2025 Forecast Change From	
	Close of Session	December 2024	March 2025	December 2024	Close of Session
Structural Revenues					
Personal Income Tax	\$ 21,019.7	\$ 22,690.8	\$ 22,570.0	\$ (120.8)	\$ 1,550.3
Corporate Income Tax	2,228.9	3,253.4	3,222.1	(31.4)	993.1
All Other Revenues	2,011.3	2,154.2	2,216.2	61.9	204.9
Gross General Fund Revenues	25,259.9	28,098.5	28,008.2	(90.3)	2,748.3
Beginning Fund Balance	7,493.5	8,082.5	8,082.5	0.0	589.0
Offsets, Transfers and Actions	(437.0)	(497.8)	(496.8)	1.0	(59.8)
Net Available Resources	\$ 32,316.4	\$ 35,683.2	\$ 35,593.9	\$ (89.3)	\$ 3,277.5

Source: Oregon Office of Economic Analysis, “Oregon Economic and Revenue Forecast, March 2025.” February 26, 2025.

Income Tax Rebate. When total actual revenue collections in the General Fund (excluding corporate income tax receipts) exceed the Close of Session forecast by two percent or more, the collections above the forecasted amount are returned to individual income taxpayers, commonly known as the “kicker.” Any kicker recorded in one biennium is provided as a credit in the following biennium, reducing revenues available in that subsequent biennium. A personal tax kicker of \$5.6 billion was generated for the 2021-23 biennium. The personal tax kicker was distributed as a refundable income tax credit on taxpayer’s 2023 tax returns filed in 2024. According to the March 2025 Forecast, as a result of the growth in personal income taxes and other General Fund revenues, it is now expected that non-corporate General Fund revenues will end the biennium 7.4 percent above the Close of Session forecast. Should this be the case, a kicker credit of \$1,726.6 million will 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. However, there is no guarantee that future Legislatures will allocate budgets such that total K-12 spending is increased by the amount of revenue generated by any corporate tax kicker. According to the March 2025 Forecast, the corporate kicker now stands at an expected \$993.1 million and will be retained in the General Fund and spent on education next 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 with the Rainy Day Fund is capped at 7.5 percent of General Fund revenues for the prior biennium.

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

The March 2025 Forecast indicates that the Rainy Day Fund and the Education Stability Fund balances were \$1.906 billion and \$1.009 billion, respectively. The funds were projected to end the 2023-25 biennium with balances of \$2.539 billion and \$1.242 billion, respectively.

2023-25 Biennium State Budget. The budget adopted by the Legislature for the 2023-25 biennium (the "2023-25 Legislatively Approved Budget") includes \$121.264 billion total funds, a 3.6 percent decrease from the 2021-23 Legislatively Approved Budget. The 2023-25 Legislatively Approved Budget is comprised of planned expenditures of \$31.876 billion in General Funds, \$1.617 billion Lottery Funds, \$49.870 billion Other Funds, and \$37.901 billion Federal Funds. The combined General Fund and Lottery Funds figure is up by 17.2 percent over the 2021-23 Legislatively Approved Budget.

2025-27 Biennium State Budget – Governor's Budget. The Governor proposed a budget for the 2025-27 biennium (the "2025-27 Governor's Budget") as of December 2, 2024, which includes \$137.745 billion in expenditures, representing an approximate 10.4 percent increase over the 2023-25 Legislatively Approved Budget. Given uncertainties in forecasted revenues, the State has been proactively funding reserves to weather a potential downturn; see "Revenue Sources - State Legislature and Current Funding – State Reserve Funds" herein.

The 2025-27 Governor's Budget includes proposed expenditures of \$37.429 billion in General Funds, \$1.862 billion Lottery Funds, \$41.132 billion Federal Funds, and \$57.322 billion Other Funds. Education is one of the Governor's three priorities; for the 2025-27 biennium, \$11.36 billion is allocated to the State School Fund (a 14.7 percent increase from the 2023-25 biennium), \$1.2 billion to the Student Investment Account (an 11 percent increase from the 2023-25 biennium), and \$340.8 million to the Measure 98/High School Success Act (a 3.3 percent increase from the 2023-25 biennium).

2025-27 Biennium State Budget – Co-Chairs' Budget. On March 19, 2025 the Co-Chairs of the Legislature's Ways and Means Committee released their budget framework for the 2025-27 biennium (the "2025-27 Co-Chair's Budget"). The document notes that although the March 2025 Forecast showed a moderate increase in overall resources, downward revisions in corporate income and other consumption-based taxes, combined with elevated economic risks, require prudent budget planning. The 2025-27 adopted budget will be based on the Revenue Forecast released in May. The 2025-27 Co-Chair's Budget includes \$38.042.7 billion in total expenditures of General and Lottery Funds. The 2025-27 Co-Chair's Budget includes \$11.36 billion total funds for the SSF, comprised of \$10.468 billion of General (including the corporate income tax rebate) and Lottery Fund revenues with the balance funded by corporate activity tax, marijuana tax and other revenues.

Development of the budget for the 2025-27 biennium is occurring 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. The Legislative Assembly convened on January 21, 2025. Legislative committees will review the 2025-27 Governor's Budget and pass a Legislatively Adopted Budget for the biennium before the Close of Session in June 2025. The Legislature may choose to accept the Governor's recommendations or make revisions in whole or in part.

State School Fund Appropriations. The Legislature appropriated a combined total of \$10.2 billion for the SSF in the 2023-25 biennium, representing a \$900 million increase over the 2021-23 Legislatively Approved Budget of \$9.3 billion and the highest funding level ever placed into the fund. However, the Oregon Association of School Business Officials ("OASBO") calculated a current service level cost of \$10.3 billion. Despite the increase in SSF appropriations, the District is having to make cuts or use reserves due to falling enrollment, increasing staff costs

and 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 2025 and Fiscal Year 2026 is included in “Financial Factors – Budgetary Process.”

The 2025-27 Governor’s Budget and 2025-27 Co-Chair’s Budget include a proposed \$11.36 billion appropriation for the SSF, an 11 percent increase from the 2023-25 biennium. With input from education stakeholders, the Governor’s budget analysts adopted changes to the calculation of the current service level (the “CSL”) which are considered a more accurate estimate of schools’ cost growth. The changes increased the CSL by \$515 million. The 2025-27 Co-Chair’s Budget notes that the amount assumes accountability measures are adopted to improve measurable outcomes and support student success. The District is in the process of preparing its budget for Fiscal Year 2026 and will use the latest estimates available (\$11.36 billion) to estimate resources.

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

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

Biennium	Fiscal Year	Budget Appropriation
2025-27 ⁽¹⁾	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

(1) Preliminary, subject to change. Based on \$11.36 billion appropriation included in the 2025-27 Governor’s Budget and 2025-27 Co-Chair’s Budget, see “Revenue Sources – State School Funding – State School Fund Appropriations” above.

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

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	52,324.1	51,182.1
Prior Fiscal Year Estimated ADMw	52,866.6	52,207.2
Extended ADMw (greater of Current or Prior Year)	<u>52,866.6</u>	<u>52,207.2</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	6,137,526
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>\$ 335,541,177</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 =	\$ 555,975,023	\$ 580,911,758
Total Formula Revenue:		
General Purpose Grant + Transportation Grant =	\$ 589,781,523	\$ 615,561,758
State School Fund Grant:		
Total Formula Revenue - Local Revenue =	\$ 266,424,537	\$ 280,020,581

Source: Oregon Department of Education, School Finance Office, Fiscal Year 2025 data as of March 5, 2025 and Fiscal Year 2026 data as of March 3, 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 \$191.53 million of federal funds in Fiscal Year 2024. Of this amount, \$28,000 was reported in the District's General Fund, \$188.599 million in the Special Revenue Fund, and \$2.903 million 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), IDEIA (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 upcoming 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 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 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. The District’s Finance Department will implement additional internal controls and review procedures to ensure the material weakness identified is remediated. 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 2024 Fiscal Year.

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

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

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

Assets	2020	2021	2022	2023	2024
Cash & cash equivalents	\$ 256,374	\$ 357,945	\$ 164,820	\$ 373,934	\$ 388,580
Cash & cash equivalents-restricted	-	-	-	4,735	19,678
Cash & cash equivalents held by fiscal agents	5,798	5,121	25,265	718,175	5,192
Investments	622,781	662,435	571,766	96,170	476,225
Accounts and other receivables	34,776	45,172	73,168	15,241	79,378
Property taxes and other taxes receivable	13,962	13,721	12,410	7,751	17,397
Leases receivable	-	-	7,970	1,812	7,516
Inventories	1,551	1,811	1,464	3,656	1,632
Prepaid items	6,200	5,098	5,332	-	1,014
Other	77	-	-	-	-
Noncurrent assets:					
Net OPEB asset-RHIA	6,400	5,966	9,155	18,153	10,722
Capital assets, not depreciated:					
Land	9,174	9,174	9,174	9,174	9,174
Construction in progress	272,766	498,505	343,471	565,187	601,250
Capital assets, net of accumulated depreciation:					
Buildings and capital improvements	625,145	656,573	973,070	992,178	1,223,040
Vehicles and equipment	10,287	9,119	58,345	48,144	39,247
Right-of-use lease	-	-	-	878	686
Right-of-use subscriptions	-	-	-	14,105	11,289
Total Assets	<u>1,865,291</u>	<u>2,270,640</u>	<u>2,255,410</u>	<u>2,869,293</u>	<u>2,892,020</u>
Deferred Outflows of Resources					
OPEB Contributions	18,846	18,992	16,642	24,454	24,582
Pension plan	139,627	230,588	558,003	370,571	258,478
Total Deferred Outflows of Resources	<u>158,473</u>	<u>249,580</u>	<u>574,645</u>	<u>395,025</u>	<u>283,060</u>
Liabilities					
Accounts payable	55,886	63,356	56,786	76,357	101,290
Accrued wages and benefits payable	85,696	104,361	99,035	102,289	114,495
Unearned revenue	898	2,044	10,796	122,521	129,393
Claims payable	6,853	5,574	7,129	7,676	7,929
Non-current liabilities:					
Due within one year					
Accrued compensated absences	2,703	3,578	3,537	4,085	4,024
Accrued bond interest payable	20,486	23,052	18,666	2,412	1,966
Bonds	125,819	126,601	155,230	183,322	202,477
Lease payable	-	-	-	186	192
Subscription payable	-	-	-	992	1,660
Due in more than one year					
Accrued compensated absences	2,583	3,248	2,927	2,937	3,341
Bonds	1,158,931	1,427,132	1,661,880	1,943,104	1,740,627
Accrued bond interest payable	28,713	15,634	-	-	-
Lease payable	-	-	-	711	519
Subscription payable	-	-	-	696	1,002
Net pension liability	312,349	527,419	273,296	207,899	100,951
Net OPEB	81,319	78,581	75,893	80,123	78,365
Total Liabilities	<u>1,882,236</u>	<u>2,380,580</u>	<u>2,365,175</u>	<u>2,735,310</u>	<u>2,488,231</u>
Deferred Inflows of Resources					
Deferred Lease Resources	-	-	7,753	7,342	6,930
OPEB	3,112	4,771	5,721	13,327	7,944
Pension Plan	108,033	96,420	307,519	232,863	239,520
Total Deferred Inflows of Resources	<u>111,145</u>	<u>101,191</u>	<u>320,993</u>	<u>253,532</u>	<u>254,394</u>
Net Position					
Net investment in capital assets	585,214	717,881	590,231	641,228	795,530
Restricted for:					
Capital projects	642,574	757,216	139,609	125,058	136,945
Grants	10,486	12,879	14,764	15,710	18,635
Student body activities	4,930	5,074	5,135	4,858	4,844
Nutrition services	416	2,488	5,491	3,479	-
Debt service	16,522	13,353	14,462	18,756	16,385
Net OPEB asset-RHIA	6,400	5,966	9,155	18,153	10,722
Unrestricted (deficit)	<u>(1,236,159)</u>	<u>(1,476,408)</u>	<u>(634,960)</u>	<u>(551,766)</u>	<u>(550,606)</u>
Total Net Position	\$ 30,383	\$ 38,449	\$ 143,887	\$ 275,476	\$ 432,455

Source: District Audited Financial Statements.

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

Revenues:	2020	2021	2022	2023	2024
Program Revenues:					
Charges for services	\$ 8,271	\$ 1,914	\$ 1,997	\$ 5,712	\$ 8,421
Operating grants and contributions ⁽¹⁾	90,072	113,835	184,581	215,075	203,962
Capital grants and contribution	11,368	1,319	1,978	2,110	13,203
General Revenues:					
Property taxes	400,203	418,228	446,348	464,507	505,829
Construction excise tax	4,291	3,446	5,437	4,190	1,786
Local option taxes	98,033	101,539	105,314	110,005	107,807
State school fund - general support	266,607	263,622	259,314	265,672	274,366
State Common School Fund	5,012	5,628	5,693	6,362	6,415
County and intermediate sources	19,072	17,185	15,566	11,067	9,401
Investment earnings	12,534	3,107	984	28,912	56,177
Other	17,648	10,113	10,668	16,875	16,086
Total Revenues	<u>933,111</u>	<u>939,936</u>	<u>1,037,880</u>	<u>1,130,487</u>	<u>1,203,453</u>
Expenses:					
Instruction	429,149	465,995	470,945	491,393	508,240
Support services	324,513	376,660	359,554	414,298	431,367
Enterprise and community services	21,821	23,731	29,283	33,374	30,189
Facilities services	3,492	10,844	9,576	4,845	9,520
Interest and fees on long-term debt	45,409	54,640	63,084	54,988	67,158
Total Expenses	<u>824,384</u>	<u>931,870</u>	<u>932,442</u>	<u>998,898</u>	<u>1,046,474</u>
Increase (decrease) in net position	108,727	8,066	105,438	131,589	156,979
Net position- July 1	<u>(78,344)</u>	<u>30,383</u>	<u>38,449</u>	<u>143,887</u>	<u>275,476</u>
Total Net Position	<u>\$ 30,383</u>	<u>\$ 38,449</u>	<u>\$ 143,887</u>	<u>\$ 275,476</u>	<u>\$ 432,455</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 2023-2024.

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	2020	2021	2022	2023	2024
Cash & cash equivalents-unrestricted ⁽¹⁾	\$ 132,150	\$ 158,611	\$ 24,582	\$ 101,077	\$ 135,775
Cash & cash equivalents held by fiscal agents	5,074	4,664	4,780	4,341	4,683
Investments ⁽¹⁾	-	-	109,824	24,914	19,913
Prepaid items	252	628	2,216	347	96
Accounts receivable	1,459	1,519	6,626	2,703	1,456
Leases receivable	-	-	7,970	7,751	7,516
Property taxes and other taxes receivable	10,656	10,509	9,433	11,684	13,065
Due from other funds ⁽²⁾	25,063	40,975	60,760	82,060	51,034
Inventories	259	317	373	539	570
Other	47	-	-	-	-
Total Assets and Other Debits	174,960	217,223	226,564	235,416	234,108
Liabilities, Deferred Inflow of Resources, and Fund Balances					
Liabilities:					
Accounts payable	15,181	20,567	18,772	17,506	22,847
Accrued wages and benefits	85,096	98,076	92,034	94,256	104,651
Due to other funds	744	744	744	744	744
Unearned revenues	-	-	-	-	1,228
Total Liabilities:	101,021	119,387	111,550	112,506	129,470
Deferred Inflow of Resources:					
Unavailable leases revenue	-	-	7,753	10,071	6,930
Unavailable revenue - property taxes	9,465	9,145	8,457	7,342	11,630
Total Deferred Inflow of Resources:	9,465	9,145	16,210	17,413	18,560
Fund Balances:					
Nonspendable	511	945	2,589	886	666
Assigned	-	-	96,215	94,984	85,412
Unassigned	63,963	87,746	-	9,627	-
Total Fund Balances	64,474	88,691	98,804	105,497	86,078
Total Liabilities, Deferred Inflow of Resources and Fund Balance	\$ 174,960	\$ 217,223	\$ 226,564	\$ 235,416	\$ 234,108

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

(2) Due from other funds includes grants.

Source: District Audited Financial Statements.

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

Revenues	2020	2021	2022	2023	2024
Property and other taxes	\$ 273,159	\$ 286,029	\$ 304,228	\$ 318,222	\$ 348,010
State School Fund	266,607	263,622	259,314	265,672	274,366
State Common School Fund	5,012	5,628	5,693	6,362	6,415
Federal and state support	84	18	21	21	28
Local option taxes	98,789	102,417	106,124	110,472	108,408
County and intermediate sources	13,775	14,381	12,793	8,987	7,228
Charges for services	3,838	1,642	1,724	2,626	2,813
Investment earnings	3,162	544	782	8,367	11,687
Other	4,761	5,681	7,938	9,481	8,809
Total Revenues	<u>669,187</u>	<u>679,962</u>	<u>698,617</u>	<u>730,210</u>	<u>767,764</u>
Expenditures					
Instruction	359,881	363,865	373,758	376,733	411,658
Support services	281,918	285,719	312,766	343,006	370,633
Enterprise and community services	1,507	5,115	893	3,114	4,123
PERS UAL lump sum payment ⁽¹⁾	-	-	398,666	-	-
Debt Service	-	-	2,167	406	1,102
Total Expenditures	<u>643,306</u>	<u>654,699</u>	<u>1,088,250</u>	<u>723,259</u>	<u>787,516</u>
Excess (deficiency) of revenues over expenditures	<u>25,881</u>	<u>25,263</u>	<u>(389,633)</u>	<u>6,951</u>	<u>(19,752)</u>
Other Financing Sources (Uses)					
Transfers in	-	-	-	-	-
Transfers out	(1,311)	(1,198)	(1,207)	(1,282)	(887)
PERS Bond Proceeds ⁽¹⁾	-	-	399,390	66	-
Premium on issuance of debt	-	-	1,449	-	-
Proceeds from the sale of capital assets	17	152	114	-	115
Issuance of leases	-	-	-	958	-
Issuance of subscriptions	-	-	-	-	1,105
Total Other Financing Sources (Uses)	<u>(1,294)</u>	<u>(1,046)</u>	<u>399,746</u>	<u>(258)</u>	<u>333</u>
Change in fund balance	<u>24,587</u>	<u>24,217</u>	<u>10,113</u>	<u>6,693</u>	<u>(19,419)</u>
Fund balance at beginning of year	<u>39,887</u>	<u>64,474</u>	<u>88,691</u>	<u>98,804</u>	<u>105,497</u>
Ending fund balance	<u>\$ 64,474</u>	<u>\$ 88,691</u>	<u>\$ 98,804</u>	<u>\$ 105,497</u>	<u>\$ 86,078</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.

Fiscal Year 2025 Estimate. The District currently projects Fiscal Year 2025 General Fund revenues of approximately \$767,256,000, expenditures of approximately \$813,538,000 and an ending balance of approximately \$40,856,000. Board policy is to maintain General Fund operating contingency ranging from 5% to 10% of annual General Fund revenues. The District intentionally targeted a reduction in fund balance which allowed for investment in services for students, while maintaining compliance with the Board policy.

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 Budget
(Fiscal Years, \$ in thousands)

Resources	Adopted 2025	Proposed 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
All Other Resources	50	23,960
Total Resources	\$ 854,394	\$ 868,530
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 2025 Budget and Proposed Fiscal Year 2026 Budget.

The District has begun preparation of the Fiscal Year 2026 Budget. The Proposed Budget was presented on April 22, 2025 and is scheduled for Board approval on May 20, 2025. Adoption by the Board is expected to follow prior to the end of the current Fiscal Year on June 30, 2025. The District does not expect to update this Official Statement to reflect the approved or adopted budgets.

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.

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.

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, 2021 (the “2021 Valuation”), and those rates will extend through June 30, 2025, including the rates for the District. The December 31, 2023 System-wide Valuation Results (the “2023 System Valuation”) was released in October 2024. The 2023 System Valuation provides System, School Pool and SLGRP rates for the 2025-27 biennium. The 2023 System Valuation shows that rates on both a System-wide basis and for the pool in which the District participates are projected to rise. See “Actuarial Assumptions” and “Employer Contribution Rates” herein.

Valuation Date	Release Date	Rates Effective
December 31, 2019	October 2020	July 1, 2021 - June 30, 2023
December 31, 2020	December 2021	Advisory only for July 1, 2023 – June 30, 2025
December 31, 2021	October 2022	Current Rates: 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	July 1, 2025 – June 30, 2027

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. Beginning with the 2022 Valuation, payrolls shall be assumed to grow at an additional two percent above the 3.40 percent base assumption for the next two years.

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.

Beginning with the 2023-25 biennium, 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 2023 System Valuation, the UAL for the System as of December 31, 2023, was \$29.4 billion, and the funded status, excluding Side Accounts for the System, was approximately 72 percent. This is an increase in UAL and decrease in funded status from the 2022 Valuation, which estimated that the UAL for the System was \$28.6 billion and the funded status was approximately 73 percent, excluding side accounts, due to investment underperformance in 2023 and changes in salary growth assumptions.

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 2023 was 5.98 percent, which was lower than the assumed earnings rate of 6.90 percent and will lead to rate increases (see District Contribution Rates herein). The annual rate of return in 2024 was 5.71 percent. Year-to-date return in 2025 through February was 1.54 percent, which is also lower than the current assumed earnings rate. Total returns in 2024 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 2024 and 2025 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
12/31/23	\$ 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%
12/31/19	24,600.0	72.0%	7,900.0	74.0%

(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 has issued pension bonds (the “Pension Bonds”) and used other cash resources to make lump sum payments to PERS. These lump sum payments have been deposited into “side accounts” (the “Side Accounts”) that are amortized over a fixed period and used to reduce the contribution rates of the District. 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 2023 Valuation	Source of Funds	End Date of Rate Credits
10/31/02	\$ 208,027,676	\$ 132,642,923	Bonds	12/31/27
04/21/03	278,589,933	178,821,831	Bonds	12/31/27
12/13/19 ⁽¹⁾	9,521,706	13,377,331	Cash	12/31/37
07/15/21	398,665,572	372,690,954	Bonds	12/31/39
Total	\$ 894,804,887	\$ 697,533,040		

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

Source: 2023 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
2025	\$ 68,320,000	\$ 19,625,489	\$ 87,945,489
2026	76,755,000	16,446,834	93,201,834
2027	83,940,000	12,817,892	96,757,892
2028	50,670,000	8,811,131	59,481,131
2029	18,495,000	6,686,405	25,181,405
2030	19,660,000	6,381,238	26,041,238
2031	20,890,000	6,037,188	26,927,188
2032	22,185,000	5,661,168	27,846,168
2033	23,610,000	5,184,190	28,794,190
2034	25,180,000	4,593,940	29,773,940
2035	26,820,000	3,964,440	30,784,440
2036	28,445,000	3,387,810	31,832,810
2037	30,165,000	2,747,798	32,912,798
2038	31,995,000	2,038,920	34,033,920
2039	33,920,000	1,271,040	35,191,040
2040	17,600,000	440,000	18,040,000
	<u>\$ 578,650,000</u>	<u>\$ 106,095,483</u>	<u>\$ 684,745,483</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, 2020 (advisory only) (the "2020 District Valuation"), December 31, 2021 (2023-25 rate setting valuation) (the "2021 District Valuation"), December 31, 2022 (advisory only) (the "2022 District Valuation") and as of December 31, 2023 (2025-27 rate setting valuation) (the "2023 District Valuation") is shown in the following table.

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

	2020 Valuation	2021 Valuation	2022 Valuation	2023 Valuation
Allocated pooled T1/T2 UAL	\$ 860,401,509	\$ 572,480,660	\$ 775,461,989	\$ 775,022,452
Allocated pooled OPSRP UAL	78,158,345	51,506,785	114,885,069	131,392,642
District Side Account	<u>(481,034,714)</u>	<u>(898,198,306)</u>	<u>(774,516,416)</u>	<u>(697,533,040)</u>
Net unfunded pension actuarial accrued liability/(surplus)	<u>\$ 457,525,140</u>	<u>\$ (274,210,861)</u>	<u>\$ 115,830,642</u>	<u>\$ 208,882,054</u>

Source: District Valuations.

District Contribution Rates. The District's prior contribution rates for the 2021-23 biennium under the 2019 District Valuation, current contribution rates for the 2023-25 biennium under the 2021 District Valuation and future rates for the 2025-27 biennium under the 2023 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		
	<u>2023-25 Biennium</u>			<u>2025-27 Biennium</u>		
	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
T1/T2 UAL rate	14.10	14.10	14.10	14.01	14.01	14.01
OPSRP UAL rate	1.69	1.69	1.69	2.69	2.69	2.69
Side account rate relief ⁽¹⁾	(28.53)	(28.53)	(28.53)	(21.10)	(21.10)	(21.10)
Member redirect offset ⁽²⁾	(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
Total net contribution rate (%)⁽⁴⁾	<u>0.00</u>	<u>0.00</u>	<u>1.29</u>	<u>8.60</u>	<u>5.42</u>	<u>10.69</u>

- (1) In the 2021-23 biennium, the District's rate credit reflects a cash deposit associated with the issuance of Full Faith and Credit Pension Bond, Series 2021A which occurred after publication of the 2019 Valuation (see "Financial Factors - Pension System - Side Accounts and Pension Bonds" above for details). The rate credit was provided by PERS at the time of issuance and was first applied beginning in September 2021.
- (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) 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.

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, 2024 was \$21,573,000. The District anticipates using \$12 million in Fiscal Year 2026 to offset PERS future 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
(Fiscal Years, \$ in thousands)

Fiscal Year	District Contribution ⁽¹⁾	Pension Bond Debt Service	Total
2025 ⁽²⁾	\$ -	\$ 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
2020	24,834	38,779	63,613

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

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
6/30/2023	0.51%	\$ 95,458,325	\$ 11,976,645
6/30/2022	1.32%	201,913,983	49,890,596
6/30/2021	2.24%	267,827,732	31,760,231
6/30/2020	2.39%	521,328,629	129,776,703
6/30/2019	1.77%	306,139,721	78,044,931

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 2023 Valuation, this program had a surplus of approximately \$400.2 million as of December 31, 2023. 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 2023 District Valuation, the District’s allocated share of the RHIA program’s surplus was \$ 12,831,832.

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)

	2020	2021	2022	2023	2024
Service cost	\$ 2,842	\$ 3,141	\$ 3,105	\$ 3,200	\$ 2,727
Interest	3,128	2,818	1,720	1,630	2,814
Change in benefit terms	-	722	-	-	-
Differences between expected and actual experience	-	(2,676)	-	11,881	-
Changes of assumptions or other inputs	1,744	1,151	212	(5,227)	(504)
Benefit payments	(8,697)	(7,894)	(7,725)	(7,254)	(6,794)
Net change in total OPEB liability	(983)	(2,738)	(2,688)	4,230	(1,757)
Total OPEB liability - beginning	82,302	81,319	78,581	75,893	80,123
Total OPEB liability - ending	<u>\$ 81,319</u>	<u>\$ 78,581</u>	<u>\$ 75,893</u>	<u>\$ 80,123</u>	<u>\$ 78,366</u>
Covered-employee payroll	\$ 375,041	\$ 386,877	\$ 435,531	\$ 435,224	\$ 496,863
Total OPEB liability as a % of covered payroll	21.7%	20.3%	17.4%	18.4%	15.8%

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)

	2020	2021	2022	2023	2024
Service cost	\$ 188	\$ 207	\$ 180	\$ 185	\$ 150
Interest	250	209	128	113	203
Change in benefit terms	-	264	-	-	-
Differences between expected and actual experience	-	145	-	1,285	-
Changes of assumptions or other inputs	79	(69)	9	(274)	(21)
Benefit payments	(1,132)	(875)	(939)	(792)	(824)
Net change in total OPEB liability	(615)	(119)	(622)	517	(492)
Total OPEB liability - beginning	6,824	6,209	6,090	5,468	5,985
Total OPEB liability - ending ⁽¹⁾	<u>\$ 6,209</u>	<u>\$ 6,090</u>	<u>\$ 5,468</u>	<u>\$ 5,985</u>	<u>\$ 5,493</u>
Covered-employee payroll	\$ 58,067	\$ 68,456	\$ 28,623	\$ 80,482	\$ 104,776
Total OPEB liability as a % of covered payroll	10.7%	8.9%	19.1%	7.4%	5.2%

(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 2024 for more information.

Paid Leave

In 2019, the Legislature adopted House Bill 2005 (“HB 2005”) to create a family and medical leave insurance program to provide to employees and certain other individuals compensated time off from work for up to 12 weeks to: (1) care for a child following birth or adoption; (2) care for a family member with a serious health condition; or (3) recover from an individual’s own serious health condition. Unless employers have an equivalent program in place, they are required to withhold and contribute 0.6 percent of each worker’s wages as the employee contribution to the fund. For larger organizations – with 25 or more employees – the employer is also responsible for contributing on behalf of each of their workers. In those cases, the employer contribution is 0.4 percent of wages. The program has a ceiling for annual wages at \$132,900 for each employee. The Oregon Employment Department began collecting these contributions January 1, 2023. Employees were able to apply for leave benefits beginning September 3, 2023. The required contributions are not expected to have a material impact on the District’s finances.

Risk Management

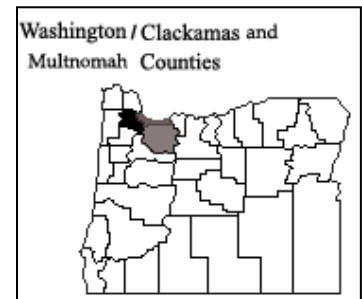
The District is exposed to various risks of loss. A description of the risks is provided in the District’s audited financial statements. The audited financial statement for Fiscal Year 2024 is attached hereto as Appendix B. See also “Certain Investment Considerations” herein.

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⁾
2024	4,263,385	800,227	611,389	426,567	639,448	N/A
2023	4,250,027	799,282	607,144	424,305	638,624	502,773
2022	4,233,291	798,859	602,660	421,690	639,126	506,185
2021	4,218,425	798,856	598,576	419,705	639,230	511,433
2020	4,237,174	812,723	600,167	421,547	652,498	510,430
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.

(2) Source: United States Census Bureau Small Area Income and Poverty Estimates. District estimates are released December of the following year. Most recent estimate for 2023 released December 2024.

(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 March 2025, transportation and utilities accounts for 17.6 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 Multnomah County and the State are shown below:

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
2024 ⁽¹⁾	N/A	N/A	N/A	N/A	\$ 305,794,700	\$ 61,945,500	\$ 71,524	\$ 14,489
2023	\$ 59,837,123	\$ 12,860,323	\$ 75,772	\$ 16,285	287,182,452	59,305,789	67,838	14,009
2022	57,089,807	11,676,609	71,851	14,696	271,773,249	53,717,257	64,107	12,671
2021	56,326,074	10,370,270	69,943	12,877	265,378,893	49,556,905	62,347	11,643
2020	52,053,380	9,115,579	63,751	11,164	240,173,697	44,203,203	56,577	10,413
2019	48,296,666	9,409,377	59,434	11,579	220,029,440	43,081,993	52,189	10,219

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

(1) Data for fourth quarter; preliminary and subject to change. Data released March 28, 2025.

Source: U.S. Department of Commerce, Bureau of Economic Analysis; data as of November 14, 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)**

	2020	2021	2022	2023	2024	2025 ⁽²⁾	2025 Change from				
							2020	2021	2022	2023	2024
Civilian Labor Force	1,324,902	1,337,182	1,356,170	1,357,909	1,358,048	1,382,118	57,216	44,936	25,948	24,209	24,070
Unemployment	102,526	67,630	50,679	48,879	56,367	67,078	-35,448	-552	16,399	18,199	10,711
Percent of Labor Force	7.7%	5.1%	3.7%	3.6%	4.2%	4.9%	---	---	---	---	---
Total Employment	1,222,376	1,269,552	1,305,491	1,309,030	1,301,681	1,315,040	92,664	45,488	9,549	6,010	13,359

Non-Agricultural Wage & Salary Employment ⁽³⁾

	2020	2021	2022	2023	2024	2025 ⁽²⁾	2025 Change from				
							2020	2021	2022	2023	2024
Total Nonfarm Payroll Employment	1,145,200	1,172,300	1,225,800	1,244,900	1,247,200	1,252,100	106,900	79,800	26,300	7,200	4,900
Total Private	999,700	1,026,800	1,075,900	1,090,000	1,088,500	1,081,200	81,500	54,400	5,300	-8,800	-7,300
Mining, logging and construction	75,400	78,000	81,800	83,100	82,600	79,100	3,700	1,100	-2,700	-4,000	-3,500
Manufacturing	121,200	121,800	127,000	125,700	123,300	117,800	-3,400	-4,000	-9,200	-7,900	-5,500
Trade, transportation, and utilities	216,200	222,600	226,200	225,900	224,100	220,600	4,400	-2,000	-5,600	-5,300	-3,500
Information	25,300	26,400	27,600	27,300	26,000	27,100	1,800	700	-500	-200	1,100
Financial activities	73,300	73,900	74,700	73,500	70,900	70,700	-2,600	-3,200	-4,000	-2,800	-200
Professional and business services	182,500	188,100	199,400	199,500	195,000	194,500	12,000	6,400	-4,900	-5,000	-500
Private education and health services	177,600	179,100	183,600	192,800	203,700	210,800	33,200	31,700	27,200	18,000	7,100
Leisure and hospitality	90,200	97,800	114,200	119,300	118,900	115,700	25,500	17,900	1,500	-3,600	-3,200
Other services	38,000	39,100	41,300	42,900	44,000	44,900	6,900	5,800	3,600	2,000	900
Government	145,500	145,600	149,900	154,900	158,700	162,800	17,300	17,200	12,900	7,900	4,100

- (1) Civilian labor force includes employed and unemployed individuals 16 years and older by place of residence. Employed includes nonfarm payroll employment, self-employed, unpaid family workers, domestics, agriculture and labor disputants. Data are adjusted for multiple job-holding and commuting.
- (2) Data for month of March, preliminary subject to change.
- (3) Nonfarm payroll data are based on the 1987 Standard Industrial Classification manual. The data are by place of work. Persons working multiple jobs are counted more than once. The data excludes the self-employed, volunteers, unpaid family workers, and domestics.

Source: State of Oregon Employment Department.

Major Employers in the Portland PMSA

Company	Service	Location	No. Employees
Oregon Health & Science University	Education and health care	Portland	20,917
Providence Health System ⁽¹⁾	Health care services	Portland	20,700
Intel Corporation ⁽²⁾	Semiconductor integrated circuits	Hillsboro	20,000
U.S. Government ⁽³⁾⁽⁴⁾	Government	Regional	18,700
State Government ⁽³⁾	Government	Regional	14,200
Kaiser Permanente	Health Care	Portland	13,086
Nike, Inc.	Sports shoes and apparel	Beaverton	10,700
Fred Meyer Stores	Grocery/retail	Portland	9,000
Portland Public Schools ⁽⁵⁾	Education	Portland	7,638
City of Portland	Government	Portland	6,631
Multnomah County	Government	Portland	5,626
Beaverton School District ⁽⁶⁾	Education	Beaverton	5,432
U.S. Postal Service	Government	Regional	3,724
Portland State University	Education	Portland	3,599
Tri-Met	Mass Transit	Portland	3,400
Vancouver Public Schools ⁽⁷⁾	Education	Vancouver	3,264
Portland Community College	Education	Portland	3,108
U.S. Bank	Finance	Portland	3,070
Daimler Trucks NA (Freightliner Corporation)	Heavy duty trucks	Portland	3,000
Precision Castparts Corp.	Manufacturing	Portland	2,800
Hillsboro School District ⁽⁶⁾	Education	Hillsboro	2,523
Lam Research Corp.	Wafer Fabrication	Tualatin	2,500
Clackamas County	Government	Oregon City	2,426
Portland General Electric	Utility	Portland	2,423
Vancouver Clinic	Health care services	Vancouver	2,305
North Clackamas Schools ⁽⁶⁾	Education	Milwaukie	2,232
Washington County	Government	Hillsboro	2,196
Wells Fargo	Finance	Portland	2,044

- (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) Intel reduced headcount in Oregon by approximately 3,000 positions in 2024 through layoffs, buyouts and attrition, 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. Intel announced financial results on April 24, 2025; sales continue to decline and the company plans to cut operating expenses by \$500 million in 2025 and \$1 billion in 2026. Job cuts are anticipated, however, the number and location have not been announced. *Source: Oregonlive.com and Intel.*
- (3) For month of March 2025. *Source: State of Oregon Employment Department.*
- (4) The Federal government has announced more than 280,000 layoffs across the country over the last two months. Updated numbers for the Portland metro area are not yet available. *Source: CNN.*
- (5) The District estimates that budget reductions in Fiscal Year 2026 will likely result in the loss of approximately 183 positions. Refer to "Budgetary Process" herein. *Source: The District.*
- (6) Have reported budget shortfalls in Fiscal Year 2026 which could lead to staff reduction. *Source: Each school district.*
- (7) Vancouver Public Schools cut approximately 262 positions in their current Fiscal Year which ends August 31, 2025. *Source: KGW.*

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

Source: Portland Business Journal "The List: Largest Metro-Area Employers" published September 13, 2024.

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

**City of Portland
Residential Building Permits**

Year	<u>New Single Family</u>		<u>New Multi Family</u>			<u>Total</u>	
	Number	Construction Cost	Number	Units	Construction Cost	Construction Cost	
2025 ⁽¹⁾	149	\$ 46,637,908	7	130	\$ 14,757,049	\$	61,394,957
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 February.

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.

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, or 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 faces 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 communities, which could have an adverse impact on the District's ability to make payments of principal 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 off the coast. The scientific consensus is that the Pacific Northwest region is subject to periodic great earthquakes along the Cascadia Subduction Zone, a large fault that runs offshore from Northern California to British Columbia. Historically, the Pacific Northwest has experienced 8.7 to 9.1 magnitude earthquakes every 300 to 400 years, and such seismic event has not occurred since at least 1700. Such an earthquake would cause widespread damage to structures and infrastructure in affected portions of the State, and potentially catastrophic damage in coastal areas inundated by a possible accompanying tsunami. The District cannot predict how such seismic activity could impact its revenue sources. This kind of regional disaster could result in a significant, and perhaps permanent, loss of population and business as well as significant damage to both property and infrastructure. The Bonds are unlimited tax general obligation bonds 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). 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).

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

Drought. Areas of the State have experienced varying levels of drought conditions in recent years, and may experience extended drought conditions in the future. The Governor has not declared a drought emergency in the Counties within the last five years. As of April 27, 2025, the U.S. Drought Monitor reports that areas within Multnomah County are not experiencing drought 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 most 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 “Appendix E: Form of Bond Declaration.”

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.

In addition, the District has 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, which implicates one of the newly-implemented executive orders. The District expects to provide a response by the April 28, 2025 deadline, and believes that it has been compliant with Oregon law, Ninth Circuit precedent, and the Department of Education guidelines of the prior administration. The District cannot, however, 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.

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	Initiatives that were Approved
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, Elections Division.

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 that is not described in the section entitled Federal and State Actions.

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

Personal Injury and Death Claim. The liability of a local public body and its officers, employees and agents acting within the scope of their employment or duties, to any single claimant for covered personal injury or death claims (and not property claims) arising out of a single accident or occurrence may not exceed \$855,200, for causes of action arising on or after July 1, 2024, and before July 1, 2025. 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 \$1,710,200 for causes of action arising on or after July 1, 2024, and before July 1, 2025.

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, 2024: (a) \$140,300, adjusted as described below, to any single claimant, and (b) \$701,300, adjusted as described below, to all claimants.

For causes of action arising on or after July 1, 2025, 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 (Federally Taxable)

Opinion of Bond Counsel

In the opinion of Hawkins Delafield & Wood LLP, Bond Counsel to the District ("Bond Counsel"), interest on the Bonds (i) is included in gross income for federal income tax purposes pursuant to the Internal Revenue Code of 1986, as amended (the "Code") and (ii) is exempt, under existing statutes, from personal income taxes imposed by the State of Oregon.

The following discussion is a brief summary of the principal United States federal income tax consequences of the acquisition, ownership and disposition of Bonds by original purchasers of the Bonds who are "U.S. Holders", as defined herein. This summary (i) is based on the Code, Treasury Regulations, revenue rulings and court decisions, all as currently in effect and all subject to change at any time, possibly with retroactive effect; (ii) assumes that the Bonds will be held as "capital assets"; and (iii) does not discuss all of the United States federal income tax consequences that may be relevant to a U.S. Holder in light of its particular circumstances or to U.S. Holders subject to special rules, such as insurance companies, financial institutions, tax-exempt organizations, dealers in securities or foreign currencies, persons holding the Bonds as a position in a "hedge" or "straddle", U.S. Holders whose functional currency (as defined in Section 985 of the Code) is not the United States dollar, U.S. Holders who acquire Bonds in the secondary market, or individuals, estates and trusts subject to the tax on unearned income imposed by Section 1411 of the Code.

Certain taxpayers that are required to prepare certified financial statements and file financial statements with certain regulatory or governmental agencies may be required to recognize income, gain and loss with respect to the Bonds at the time that such income, gain or loss is taken into account on such financial statements instead of under the rules described below. 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.

U.S. Holders of Bonds should consult with their own tax advisors concerning the United States federal income tax and other consequences with respect to the acquisition, ownership and disposition of the Bonds as well as any tax consequences that may arise under the laws of any state, local or foreign tax jurisdiction.

Original Issue Discount

In general, if Original Issue Discount ("OID") is greater than a statutorily defined *de minimis* amount, a U.S. Holder of a Bond having a maturity of more than one year from its date of issue must include in federal gross income (for each day of the taxable year, or portion of the taxable year, in which such U.S. Holder holds such Bond) the daily portion of OID, as it accrues (generally on a constant-yield method) and regardless of the U.S. Holder's method of accounting. "OID" is the excess of (i) the "stated redemption price at maturity" over (ii) the "issue price". For purposes of the foregoing: "issue price" means the first price at which a substantial amount of the Bond is sold to the public (excluding bond houses, brokers, or similar persons or organizations acting in the capacity of underwriters, placement agents or wholesalers); "stated redemption price at maturity" means the sum of all payments, other than "qualified stated interest", provided by such Bond; "qualified stated interest" is stated interest that is unconditionally payable in cash or property (other than debt instruments of the issuer) at least annually at a single fixed rate; and "*de minimis* amount" is an amount equal to 0.25 percent of the Bond's stated redemption price at maturity multiplied by the number of complete years to its maturity. A U.S. Holder may irrevocably elect to include in gross income all interest that accrues on a Bond using the constant-yield method, subject to certain modifications.

[Acquisition Discount on Short-Term Taxable Bonds

Each U.S. Holder of a Bond with a maturity not longer than one year (a “Short-Term Taxable Bond”) is subject to rules of Sections 1281 through 1283 of the Code, if such U.S. Holder is an accrual method taxpayer, bank, regulated investment company, common trust fund or among certain types of pass-through entities, or if the Short-Term Taxable Bond is held primarily for sale to customers, is identified under Section 1256(e)(2) of the Code as part of a hedging transaction, or is a stripped bond or coupon held by the person responsible for the underlying stripping transaction. In any such instance, interest on, and “acquisition discount” with respect to, the Short-Term Taxable Bond accrue on a ratable (straight-line) basis, subject to an election to accrue such interest and acquisition discount on a constant interest rate basis using daily compounding. “Acquisition discount” means the excess of the stated redemption price of a Short-Term Taxable Bond at maturity over the holder’s tax basis therefor.

A U.S. Holder of a Short-Term Taxable Bond not described in the preceding paragraph, including a cash-method taxpayer, must report interest income in accordance with the U.S. Holder’s regular method of tax accounting, unless such U.S. Holder irrevocably elects to accrue acquisition discount currently.]

Bond Premium

In general, if a Bond is originally issued for an issue price (excluding accrued interest) that reflects a premium over the sum of all amounts payable on the Bond other than “qualified stated interest” (a “Taxable Premium Bond”), that Taxable Premium Bond will be subject to Section 171 of the Code, relating to bond premium. In general, if the U.S. Holder of a Taxable Premium Bond elects to amortize the premium as “amortizable bond premium” over the remaining term of the Taxable Premium Bond, determined based on constant-yield principles (in certain cases involving a Taxable 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 highest yield on such bond), the amortizable premium is treated as an offset to interest income; the U.S. Holder will make a corresponding adjustment to the U.S. Holder’s basis in the Taxable Premium Bond. Any such election is generally irrevocable and applies to all debt instruments of the U.S. Holder (other than tax-exempt bonds) held at the beginning of the first taxable year to which the election applies and to all such debt instruments thereafter acquired. Under certain circumstances, the U.S. Holder of a Taxable Premium Bond may realize a taxable gain upon disposition of the Taxable Premium Bond even though it is sold or redeemed for an amount less than or equal to the U.S. Holder’s original acquisition cost.

Disposition and Defeasance

Generally, upon the sale, exchange, redemption, or other disposition (which would include a legal defeasance) of a Bond, a U.S. Holder generally will recognize taxable gain or loss in an amount equal to the difference between the amount realized (other than amounts attributable to accrued interest not previously includable in income) and such U.S. Holder’s adjusted tax basis in the Bond.

The District may cause the deposit of moneys or securities in escrow in such amount and manner as to cause the Bonds to be deemed to be no longer outstanding (a “defeasance”). For federal income tax purposes, such defeasance could result in a deemed exchange under Section 1001 of the Code and a recognition by such owner of taxable income or loss, without any corresponding receipt of moneys. In addition, the character and timing of receipt of payments on the Bonds subsequent to any such defeasance could also be affected.

Information Reporting and Backup Withholding

In general, information reporting requirements will apply to non-corporate U.S. Holders of the Bonds with respect to payments of principal, payments of interest, and the accrual of OID on a Bond and the proceeds of the sale of a Bond before maturity within the United States. Backup withholding may apply to U.S. Holders of Bonds under Section 3406 of the Code. Any amounts withheld under the backup withholding rules from a payment to a beneficial owner, and which constitutes over-withholding, would be allowed as a refund or a credit against such beneficial owner’s United States federal income tax provided the required information is furnished to the Internal Revenue Service.

U.S. Holders

The term “U.S. Holder” means a beneficial owner of a Bond that is: (i) a citizen or resident of the United States, (ii) a corporation, partnership or other entity created or organized in or under the laws of the United States or of any political subdivision thereof, (iii) an estate the income of which is subject to United States federal income taxation regardless of its source or (iv) a trust whose administration is subject to the primary jurisdiction of a United States court and which has one or more United States fiduciaries who have the authority to control all substantial decisions of the trust.

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 state law and 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 timely disclosure of certain events with respect to the Bonds. Pursuant to the Rule, the District has agreed to provide timely notice of certain events (the “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 Paying Agent, the information under the heading “Municipal Advisor” 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.

Rating

As noted on the cover page of this Official Statement, S&P Global Ratings, a Division of Standard & Poor's Financial Services LLC, has assigned their underlying rating of "A-1+" short term rating (corporate scale) to the Bonds. The District's rating on its outstanding long-term general obligation bonds is "AA- ". There is no assurance that the rating 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 rating 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 over allot 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

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[Closing Date], 2025

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 2025 (Federally Taxable)

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 2025 (Federally Taxable) (the “Bonds”), which are dated the date of their delivery. The Bonds are authorized by the applicable provisions of Oregon Revised Statutes Chapter 287A and Section 328.205, an authorizing vote of the electors of the District at the November 3, 2020 election, District Resolution No. 6209 adopted November 17, 2020 (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 the Declaration, 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. Interest on the Bonds is not excludable from gross income for federal income tax purposes pursuant to the Internal Revenue Code of 1986, as amended.
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.

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 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 2024 Fiscal Year.

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PORTLAND

Public Schools

PORTLAND PUBLIC SCHOOLS

Annual Comprehensive Financial Report

For the year ended June 30, 2024

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

Prepared by the Finance Department

SCHOOL DISTRICT NO.1J, MULTNOMAH COUNTY, OREGON

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

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SCHOOL DISTRICT NO.1J, MULTNOMAH COUNTY, OREGON

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

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December 12, 2024

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

We are pleased to submit the Annual Comprehensive Financial Report (ACFR) of School District No.1J, Multnomah County, Oregon (Portland Public Schools or the District or PPS) for the fiscal year ended June 30, 2024, together with the audit opinions of our auditors as required by Oregon Revised Statutes. Responsibility for both the accuracy of the presented data and the completeness and fairness of the presentation, including all disclosures, rests with District management. We believe the financial statements and related information reflecting the financial position and results of the operations of the District are stated fairly in all material aspects. All disclosures necessary to enable the reader to gain an understanding of the District's financial affairs have been included.

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

Financial Report Presentation

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

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

The **Introductory Section** includes the table of contents, this transmittal letter, the District's organizational chart, and copies of certificates awarded for Portland Public Schools' fiscal year 2022-23 ACFR.

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

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

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

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

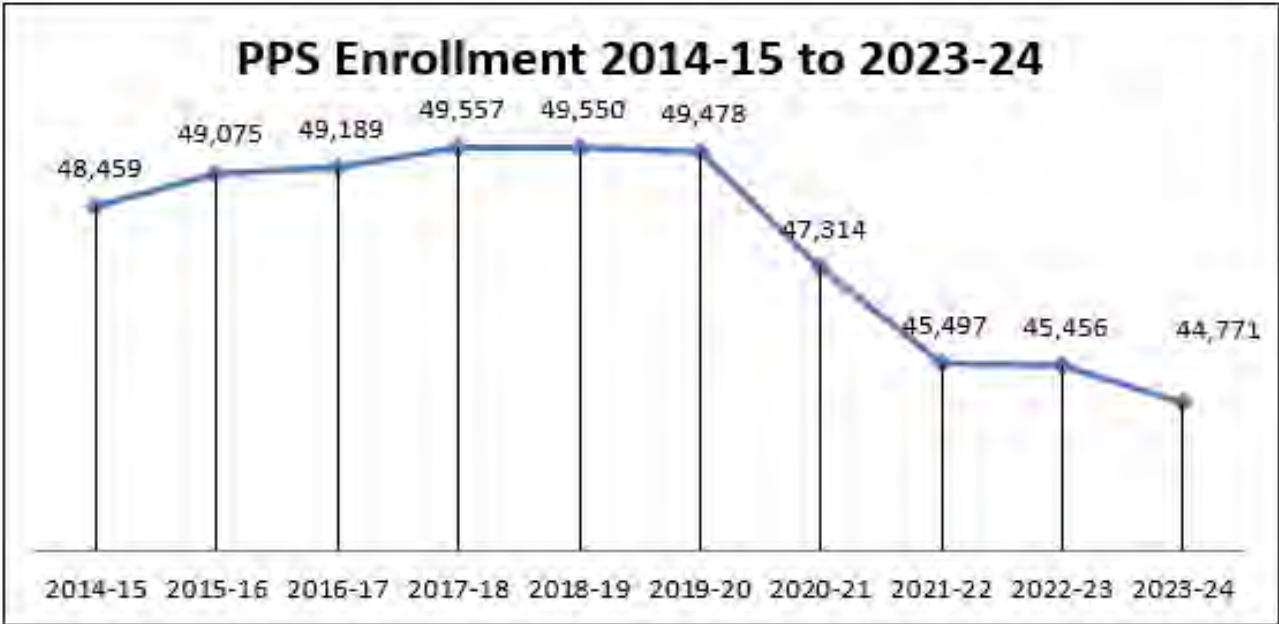
GAAP requires that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management’s Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The District’s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

Profile of the District

Portland Public Schools, founded in 1851, is a PreK-12 urban school district in Portland, Oregon. The District has no component units and is not a component unit of any other government. With more than 44,500 students in 113 schools and other programs, it is one of the largest school districts in the Pacific Northwest, and the largest and oldest school district in Oregon. With highly trained teachers and staff, an engaged parent community, strong partnerships, and a focus on closing the racial educational achievement gap, the PPS graduation rate continues to be higher than the State of Oregon average graduation rate. Thanks to Portland voters, school improvement general obligation bonds are fueling the modernization of our aging school buildings for 21st century learning.

The District covers an area of over 152 square miles, including portions of the cities of Portland (total population 630,498), Lake Oswego (total population 39,924), and Milwaukie (total population 21,594), based on 2023 estimates by the U.S. Census Bureau Population Estimates Program (PEP). The District maintains 90 campuses with more than 300 buildings and a total floor area of nearly 10 million square feet. The median age of PPS school buildings is 85 years for elementary schools, 85 years for middle schools, and 98 years for high schools. Please see Schedule 17 of the Statistical Section for additional details on each building’s size, age and enrollment.

Student enrollment as of October 2023 was 44,771. Enrollment counts are compiled annually on or about the first of October as required by the State of Oregon. An enrolled student is defined as a student who attends one or more schools or programs within the District. Regardless of the number of schools or programs attended, each student is counted only once; the counts are not duplicated.



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

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

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

The District continues to experience an enrollment decline from a recent high of 49,557 in the fiscal year 2017-18 to 44,771 in fiscal year 2023-24. Demographic studies conducted by Portland State University (PSU) project enrollment levels to continue to decrease. The PSU “Middle Series Forecast” scenario estimates enrollment reaching a low of 38,562 in fiscal year 2032-33. Additional details regarding enrollment projections may be found at: <https://www.pps.net/Page/1834>.

The Board of Education

An elected seven-member board establishes and oversees the District’s policies. The Board of Education is the chief governing body and is exclusively responsible for its public decisions. A list of board members can be found on page 9 of this report. The chief administrative officer of the District is the Superintendent, who is appointed by the Board. The Board of Education is accountable for all fiscal matters that significantly affect operations. Dr. Kimberlee Armstrong is the Superintendent of Portland Public Schools. Mr. Guadalupe Guerrero served as the chief administrative officer of the district from July 2023 - February 2024, and Dr. Sandra Husk served as interim chief administrative officer from February 2024 - June 30, 2024.

Budgetary Controls

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

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

District Budget Principles

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

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

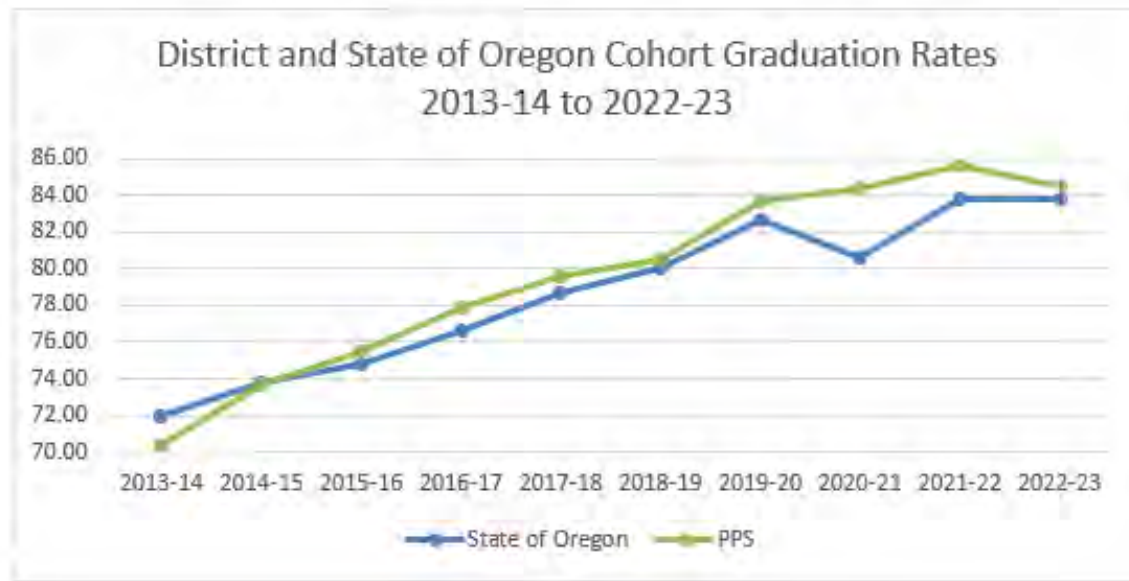
Service Efforts and Accomplishments

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

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

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

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



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

The PPS four-year graduation rate continues to outpace the average graduation rate for the State of Oregon. The graduation rate for the PPS Class of 2023 (the most recent year available from the Oregon Department of Education) was 84.45%, exceeding the average graduation rate for the State of Oregon Class of 2023 of 81.32%.

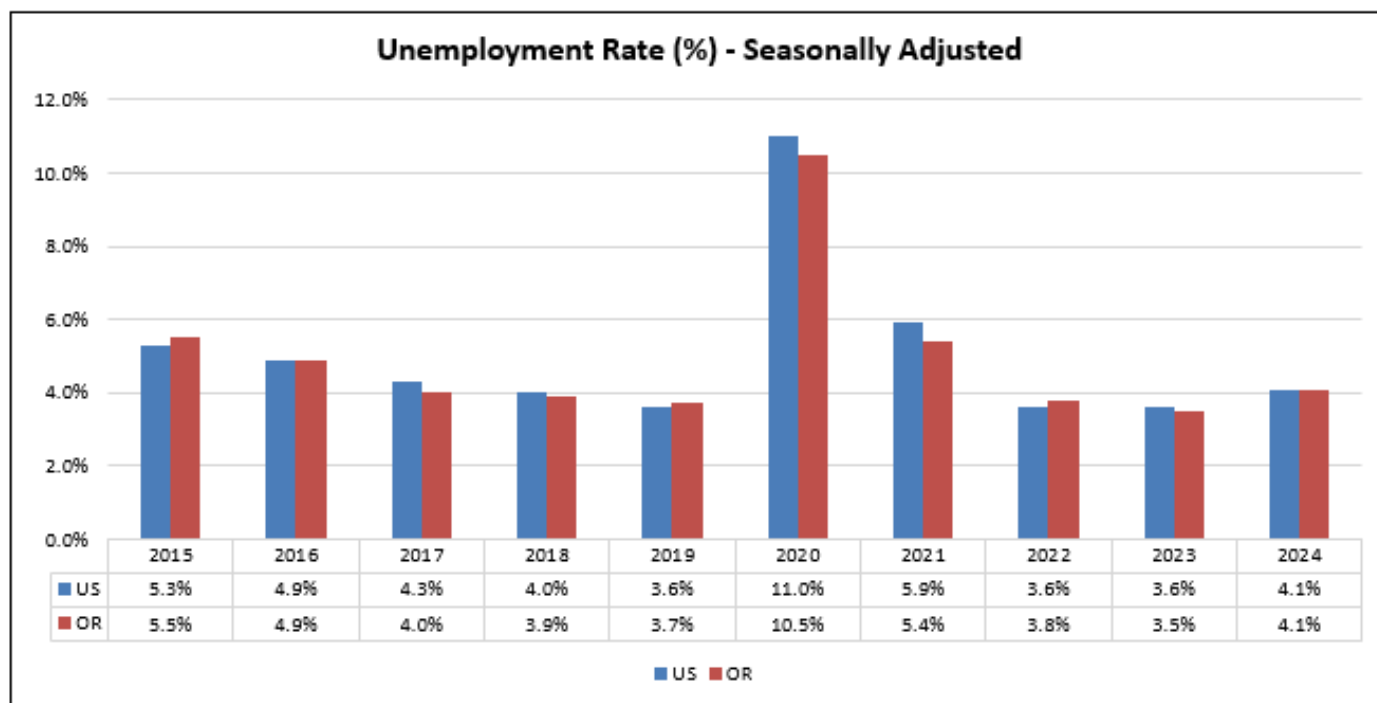
Factors Affecting Financial Condition

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

PPS derives approximately 81% of its General Fund revenues from the State School Fund and the allocation of certain property taxes within the associated funding distribution formula. Approximately 53% percent of the State School Fund money comes via the appropriation made by the state legislature, while the remainder is from statewide local property tax collections. The state budget and the legislative appropriation are highly dependent upon state revenues through income taxes. The outlook for the state economy is a leading indicator for the health of this revenue stream and is, therefore, of great importance for PPS.

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

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



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

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

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

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

Local Economy – Portland and the surrounding metropolitan area have a widely diversified economy. Its centralized location and excellent transportation facilities have established the area as a major distribution point on the West Coast for wholesale trade and high-tech exports. During 2023-24, Education, Health Services, and Hospitality accounted for 27.3% of the city's economy while Trades, Transportation and Utilities made up another 18.2%.

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

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

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

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

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

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

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

Charter Schools

Oregon statute provides state funding for charter schools that flow through districts for schools for which local school boards of education have granted a charter. The District had five charter schools in operation during the 2023-24 fiscal year. Due to their size relative to the District, the charter schools do not fall under the component unit reporting requirements set forth by GASB Statement No. 39.

Independent Audits

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

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

Awards and Acknowledgments

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the District for its Annual Comprehensive Financial Report for the fiscal year ended June 30, 2023. This was the 44th consecutive year that the District has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a governmental entity must publish an easily readable and efficiently organized ACFR that satisfies both GAAP and applicable legal requirements. A Certificate of Achievement is valid for a period of one year only. We believe our current report continues to conform to Certificate of Achievement Program requirements, and we are submitting it to GFOA to determine its eligibility for this coveted Certificate.

The Association of School Business Officials International (ASBO) awarded its Certificate of Excellence in Financial Reporting to the District for its Annual Comprehensive Financial Report for the fiscal year ending June 30, 2023. This was the 52nd consecutive year that the District has earned this significant award. The Certificate of Excellence recognizes the District has met the highest standards in school financial reporting, as adopted by ASBO. The District believes that this report for fiscal year 2023-24, which will be submitted to ASBO for review, will also conform to these standards.

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

Respectfully submitted,



Myong Leigh
Interim Chief Financial Officer

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

SCHOOL BOARD

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

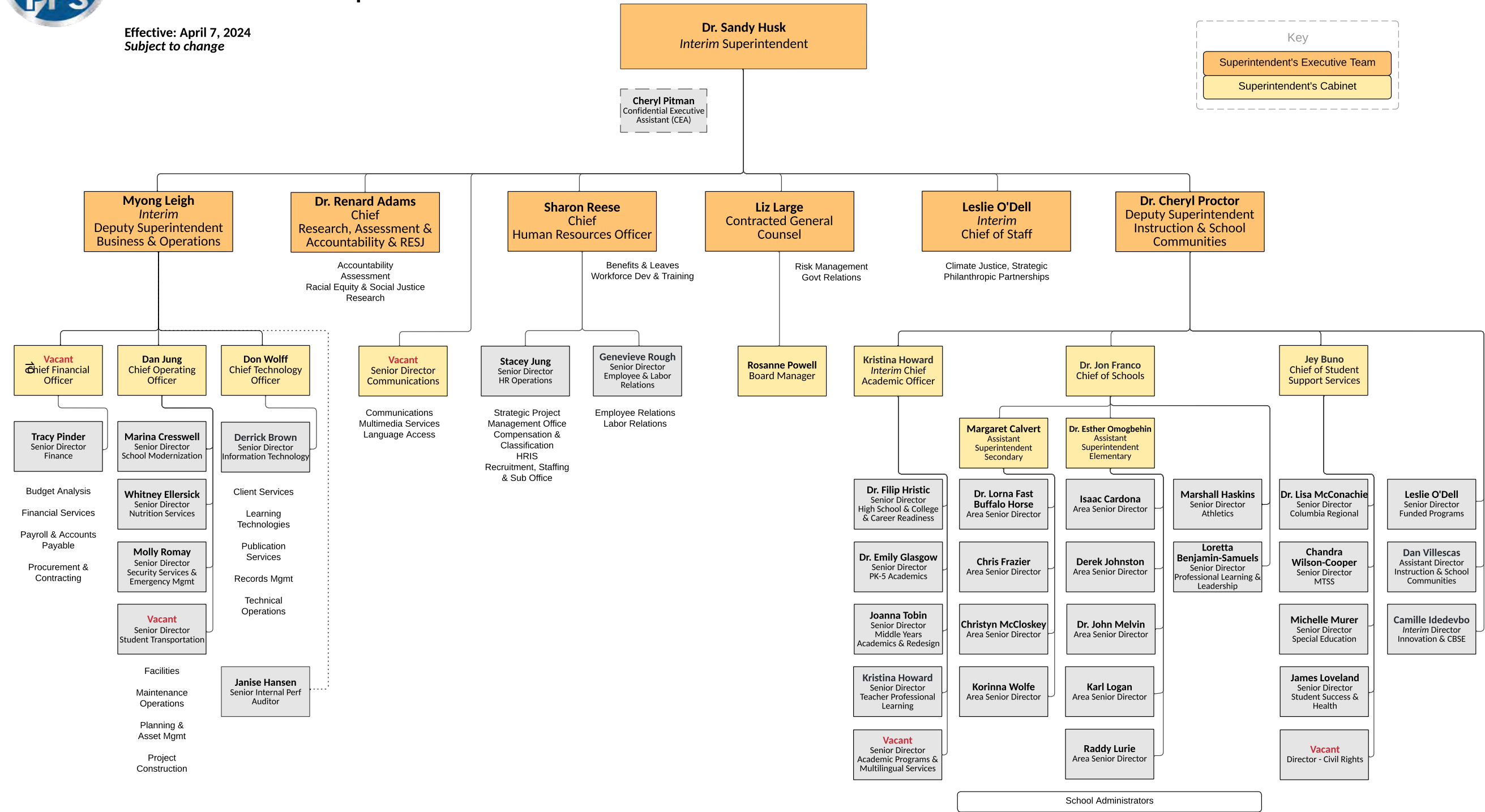
ADMINISTRATIVE STAFF

Dr. Sandra Husk	Interim Superintendent
Dr. Cheryl Proctor	Deputy Superintendent, Instruction and School Communities
Myong Leigh	Interim Deputy Superintendent, Business and Operations
Liz Large	Contracted General Counsel
Leslie O'Dell	Interim Chief of Staff
Jey Buno	Chief of Student Support Services
Dan Jung	Chief Operating Officer
Vacant	Senior Director Communications
Don Wolff	Chief Technology Officer
Kristina Howard	Interim Chief Academic Officer
Vacant	Chief Financial Officer
Rosanne Powell	Board Manager
Sharon Reese	Chief Human Resources Officer
Jon Franco	Chief of Schools
Dr. Renard Adams	Chief of Research, Assessment, and Accountability
Margaret Calvert	Assistant Superintendent, Secondary
Dr. Esther Omogbehin	Assistant Superintendent, Elementary



2023-24 PPS Leadership Staff

Effective: April 7, 2024
Subject to change





ASSOCIATION OF
SCHOOL BUSINESS OFFICIALS
INTERNATIONAL

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

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

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

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



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

**Ryan S. Stechschulte
President**

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

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



Government Finance Officers Association

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

Presented to

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

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

June 30, 2023

Christopher P. Morill

Executive Director/CEO



Your peace of mind is our passion.

INDEPENDENT AUDITOR'S REPORT

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

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the School District No. 1J, Multnomah County, Oregon (the District), as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the Table of Contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the District, as of June 30, 2024, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

INDEPENDENT AUDITOR'S REPORT (Continued)

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

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

INDEPENDENT AUDITOR'S REPORT (Continued)

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

Supplementary Information

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

Other Information

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 12, 2024 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering District's internal control over financial reporting and compliance.

INDEPENDENT AUDITOR'S REPORT (Continued)

Other Reporting Required by Oregon Minimum Standards

In accordance with *Minimum Standards for Audits of Oregon Municipal Corporations*, we have also issued our report dated December 12, 2024, on our consideration of the District's compliance with certain provisions of laws and regulations, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules. The purpose of that report is to describe the scope of our testing of compliance and the results of that testing and not to provide an opinion on compliance.

A handwritten signature in blue ink, reading "Daniel A. Wiley".

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

SCHOOL DISTRICT NO. 1J, MULTNOMAH COUNTY, OREGON

Management's Discussion and Analysis

As management of School District No.1J, Multnomah County, Oregon (Portland Public Schools or the District or PPS), we offer readers this narrative overview and analysis of the financial activities of Portland Public Schools for the fiscal year ended June 30, 2024. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found on pages 1-8 of this report.

FINANCIAL AND BUDGETARY HIGHLIGHTS

Budget

On June 13, 2023, the Board of Education (the Board) adopted the fiscal year 2023-24 budget by way of Board Resolution No. 6718. The District's fiscal year 2023-24 budget was based on the Oregon Legislature's biennial budget cycle for 2023-2025 that includes a State School Fund allocation of \$10.2 billion, a Student Investment Account (SIA) allocation of \$1.1 billion, and a High School Success (Measure 98 or M98) allocation of \$176.8 million.

The fiscal year 2023-24 budget continued to focus available resources on the PPS Vision ("PPS Reimagined") and Strategic Plan ("Forward Together"). Five strategic system shifts will be prioritized through 2025: a connected and transformative school District; racial equity aligned systems and structures; cultivating system-wide learning and a diverse workforce; transformative curriculum and pedagogy; and a culture of physical and emotional safety. The fiscal year 2023-24 budget focused on two specific areas: addressing the core needs of students and staff; and increasing academic achievements and reducing academic disparities.

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

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

Other Highlights

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

At June 30, 2024, the 2012 authorization had a remaining balance of \$484 thousand, comprised of investment earnings on bond proceeds.

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

The health and safety projects include:

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

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

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

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

Continuing health and safety projects include:

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

In December 2020, the District issued \$365.5 million of the \$1.208 billion authorized. A premium of \$29.6 million was realized on that sale. In April 2023, the District issued an additional \$420.0 million of the 2020 authorization. A premium of \$44.8 million was realized on the sale. At June 30, 2024, \$364.9 million of the related cash and investments available for capital projects is comprised of unspent bond proceeds and related investment earnings.

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

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

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

OVERVIEW OF THE FINANCIAL STATEMENTS

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

Government-Wide Financial Statements are designed to provide readers with a broad overview of the District's finances in a manner similar to a private-sector business. The government-wide financial statements can be found on pages 28-30 of this report.

Fund Financial Statements are designed to demonstrate compliance with finance-related legal requirements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities and objectives. Portland Public Schools' funds can be divided into two categories: governmental funds and proprietary funds. Reports by fund are shown in the Financial Section of the report beginning on page 31.

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

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

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

Portland Public Schools adopts an annual appropriated budget for each of its funds. A budgetary comparison statement has been provided for each fund individually in either required or supplementary information to demonstrate compliance with the fund level budgets. The basic governmental fund financial statements can be found on pages 31-36 of this report.

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

Internal service funds provide the same type of information as the government-wide financial statements. The internal service fund financial statements provide separate information for the self-insurance fund. The basic internal service fund financial statements can be found on pages 37-39 of this report.

Notes to the Basic Financial Statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. These notes can be found on pages 40-85 of this report.

Required Supplementary Information (RSI) is located directly after the notes to the basic financial statements on pages 86-97 and represents the required comparison of the budget and actual results on the District's budgetary basis for the General Fund and Special Revenue Fund. In addition, the RSI discloses the District's proportionate share of liabilities/assets and related employer contributions for pension and other post-employment healthcare benefits obligations.

Supplementary Information (SI) presented on pages 98-100 includes budgetary comparison schedules for the Debt Service Fund, Capital Projects Fund and the Proprietary Fund.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Analysis of Deferred Outflows and Inflows of Resources

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

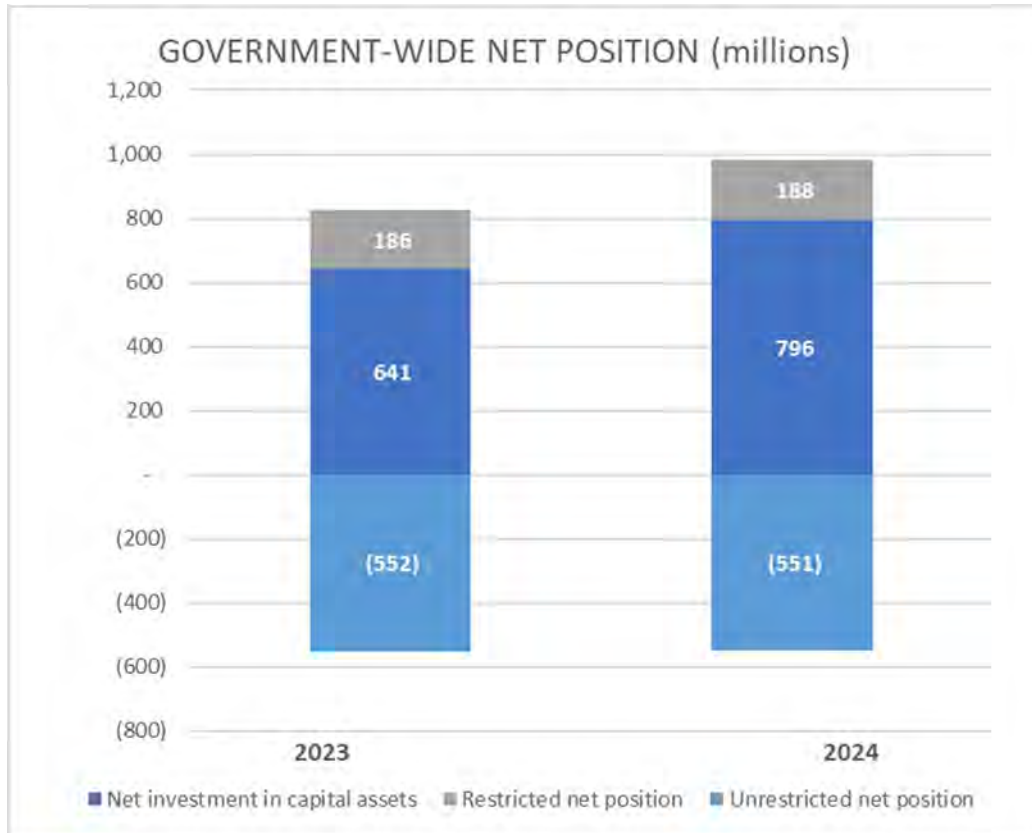
Analysis of Net Position

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

Net Position: 2023 compared to 2024

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

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



Net Investment in Capital Assets has increased to \$796 million, a \$154 million increase over prior year. The increase is primarily driven by increases in capital assets related to the capital bond work and payment on related debt.

Restricted Net Position represents the unspent portions of capital project funds, debt service funds, and net assets restricted by grants, donations, and post-employment benefits. Restricted Net Position increased by \$2 million to \$188 million this year, primarily due to the receipt of proceeds from the loss of property from a winter storm.

Unrestricted Net Position consists of all other amounts not included in the categories noted above. Unrestricted Net Position at June 30, 2024 is a negative \$551 million, a decrease of \$1 million over the prior year.

Analysis of Activities

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

The Statement of Activities of the government-wide financial statements distinguishes functions that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). Portland Public Schools currently does not have any business-type or enterprise fund activities. Additional details regarding revenue and expense changes are presented to provide a better understanding of the District's operations in fiscal year 2023-24 compared to fiscal year 2022-23.

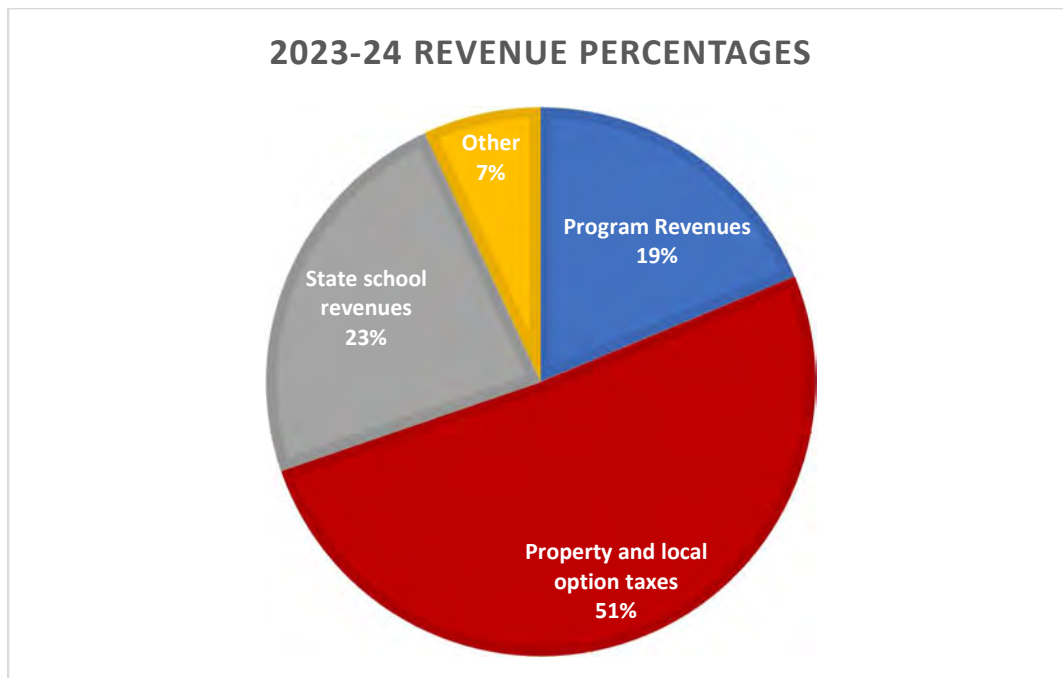
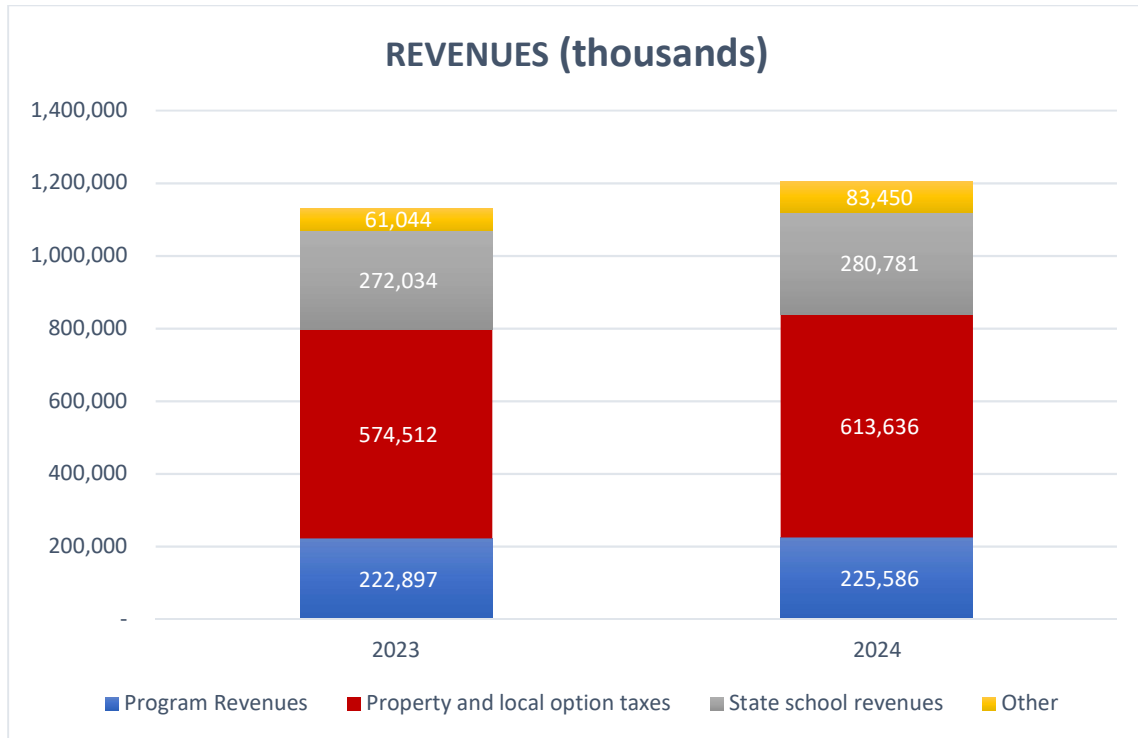
Statement of Activities

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

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

Revenue and Expenses: 2023 compared to 2024

Revenues for fiscal year 2023-24 were \$1.203 billion, an increase of \$73.0 million, or 6.5 percent, from prior year revenues of \$1.130 billion. Operating grants and contributions revenues decreased by \$11.1 million. Capital grants and contributions increased by \$11.1 million. The major decreases in federal and state funding were related to the Elementary and Secondary School Emergency Relief Fund (ESSER), while modest increases occurred in Student Investment Account (SIA), Measure 98 (M98), and Student Success Act Summer Learning grants. In aggregate, property taxes plus local option taxes increased by \$39.1 million over the prior year as assessed values rose and collection rates were consistent with prior years. State School Fund revenues increased \$8.7 million from the prior year. Investment revenues increased \$27.3 million from the prior year due to improved interest rates and the investment of bond proceeds related to capital projects.



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

Current year total expenses were \$1.046 billion, which is an increase of 4.8 percent, or \$47.6 million, over prior year. Instruction expenses increased \$16.8 million, or 3.4 percent, compared to 2022-23. The major components of this change were staffing and other increases due to additional grant funding, plus step and COLA increases. Support Services expenses increased \$17.1 million, or 4.1 percent, from the prior year. The major components of this change were the acquisition of software subscription services and wage increases due to step and COLA increases. Instruction and Support Services together accounted for 89.8 percent of the District's total expenses in fiscal year 2023-24, compared to 90.7 percent in fiscal year 2022-23. Interest and fees on long-term debt increased \$12.2 million.

FINANCIAL ANALYSIS OF THE DISTRICT'S MAJOR FUNDS

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

General Fund. The General Fund is the major operating fund of the District. The fund's ending fund balance decreased by \$19.4 million to \$86.1 million in fiscal year 2023-24. The General Fund saw an increase of \$37.6 million in revenue, largely due to an increase in property taxes, State School Fund and investment earnings. Instructional expenditures increased by \$34.9 million, or 9.3 percent, in fiscal year 2023-24. Support services increased by \$27.6 million, or 8.1 percent. Increases are primarily related to wage and benefit increases and additional staffing for counselors, school administrators, substitutes, and custodians.

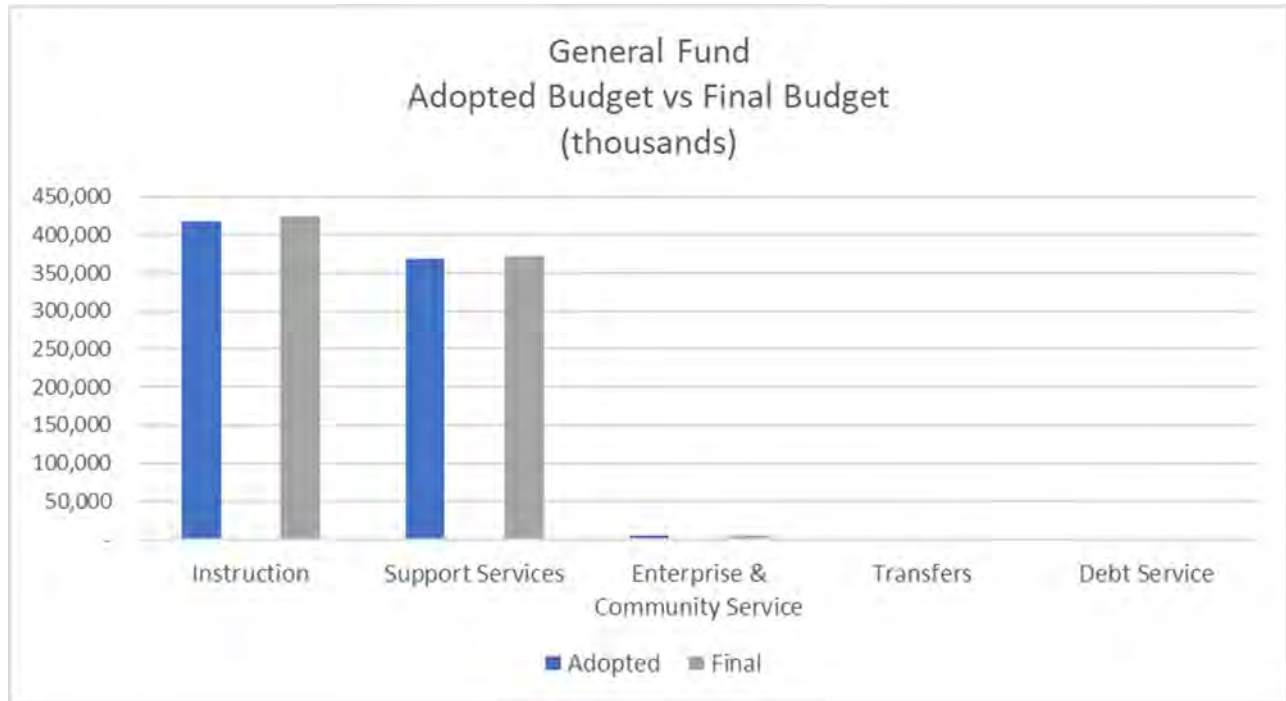
Special Revenue Fund. The Special Revenue Fund ending fund balance increased by \$8.4 million, or 23.0 percent, in fiscal year 2023-24. The Special Revenue Fund saw a decrease of \$3.4 million in revenue, largely driven by decreases in charges for services and federal and state sources. Expenditures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

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

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

BUDGETARY HIGHLIGHTS FOR THE GENERAL FUND

Adopted budget compared to final budget. There were two amendments to the fiscal year 2023-24 budget. The first amendment allocated funds across Instruction, Support Services, Enterprise & Community Services, Facilities Acquisition & Construction, Debt Service (PERS UAL) and Transfers of Funds to align the budget with updated projections. The second amendment was to transfer Special Revenue Funds appropriations between Instruction and Support Services.



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

Final Budget vs Actual Expenditures (thousands)				
	Final Budget	Actual Expenditures	\$ Variance	% of Budget
Instruction	\$ 424,664	\$ 411,711	\$ (12,953)	96.9%
Support Services	371,425	370,577	(848)	99.8%
Enterprise & Community Service	4,194	4,123	(71)	98.3%
Transfers	1,075	887	(188)	82.5%
Debt Service	727	-	(727)	0.0%
	<u>802,085</u>	<u>787,298</u>	<u>(14,787)</u>	<u>98.2%</u>
Operating Contingency	46,839	-	(46,839)	0.0%
	<u>\$ 848,924</u>	<u>\$ 787,298</u>	<u>\$ (61,626)</u>	<u>92.7%</u>

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets. The District's investment in capital assets includes land, building and improvements, vehicles and equipment, construction in progress, and right-of-use leases and subscription assets. As of June 30, 2024, the District had invested \$1.88 billion in capital assets, net of depreciation and amortization, as shown in the following table:

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

District-wide, net capital assets increased by \$255 million in fiscal year 2023-24, and the District recognized \$425.6 million of depreciation and amortization. Capital construction accounted for the majority of the increase. Further discussion of capital and right-of-use assets can be found in Note 7 of the financial statements.

Debt Administration. At the end of the current fiscal year, the District had total debt outstanding of \$1.8 billion (excluding premiums and discounts), which is comprised of limited tax pension and refunding bonds (\$578.7 million) and debt backed by the full faith and credit of the District (\$1,217.8 billion). Further explanation of debt is shown in Note 10 of the Financial Statements.

Outstanding Debt	Government-wide (thousands)				
	2023	Increases	Decreases	2024	% change
Limited tax pension and refunding bonds	\$640,890	\$ -	(\$62,240)	\$578,650	-9.7%
Other debt	1,329,588	-	(111,775)	1,217,813	-8.4%
Lease payable	897		(186)	711	-20.7%
Subscription payable	1,688	3,052	(2,078)	2,662	-123.1%
Total Long Term Debt	1,973,063	3,052	(176,279)	1,799,836	
Unamortized Bond Premium/(Discount)	155,948	-	(9,307)	146,641	-6.0%
Total Long Term Debt, net of Premium (Discount)	<u>2,129,011</u>	<u>\$-</u>	<u>(185,586)</u>	<u>1,946,477</u>	-8.7%

State statutes limit the amount of general obligation debt a school district may issue based on a formula for determining the percentage of the Real Market Value of all taxable properties within the District. The District's general obligation bond debt capacity is 7.95 percent of Real Market Value or \$12.5 billion.

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

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

NEXT YEAR'S BUDGET AND ECONOMIC FACTORS

The 2024-25 budget will continue to support the District's Vision ("PPS Reimagined") and Strategic Plan ("Forward Together") as well as the goals set by the Board. The budget coincides with the Oregon Legislature's biennial budget cycle for 2023-25, which includes a \$10.2 billion State School Fund, and full funding for SIA and M98. One significant unknown for the District continues to be enrollment. The 2024-25 budget assumes enrollment will gradually decrease which represents a continuing decline from pre-pandemic enrollment levels. Enrollment for the District as of October 1, 2023, was 44,771 students, a decline of 4,749 from a pre-pandemic high of 49,550. The enrollment decrease is most significant in PPS Elementary schools, which has been offset somewhat by increases at Middle and High schools, as well as Alternative Programs.

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

The 2024-2025 budget takes steps to institutionalize equity-centered strategies including plans to launch our Center for Black Student Excellence. Despite gains, our system continues to see achievement gaps among our Black students, and we're hopeful the Center will help address these. We also intend to hire a civil rights coordinator to ensure students are provided school environments free from discrimination, harassment, and bullying.

And we remain deeply committed to providing multi-tiered systems of support. We will continue to fund increased mental and behavioral health services, school counselors, school-based social workers, school psychologists, and substance abuse support. We will continue funding work to strengthen safety and security and create school-based restorative justice systems that address conflicts in our learning spaces.

REQUESTS FOR INFORMATION

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

BASIC FINANCIAL STATEMENTS

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

	Governmental Activities
ASSETS	
Cash and cash equivalents	\$ 388,580
Cash and cash equivalents-restricted	19,678
Cash and cash equivalents held by fiscal agents	5,192
Investments	476,225
Accounts and other receivables	79,378
Property taxes and other taxes receivable	17,397
Leases Receivable	7,516
Inventories	1,632
Prepaid items	1,014
Total current assets	<u>996,612</u>
Noncurrent assets:	
Net OPEB asset-RHIA	10,722
Capital assets, not depreciated:	
Land	9,174
Construction in progress	601,250
Capital assets, net of accumulated depreciation and amortization:	
Buildings and capital improvements	1,223,040
Vehicles and equipment	39,247
Right-of-use lease	686
Right-of-use subscriptions	11,289
Total assets	<u>2,892,020</u>
DEFERRED OUTFLOWS OF RESOURCES	
OPEB contributions subsequent to measurement date	6,537
OPEB differences between expected and actual experience	10,322
OPEB differences between actual and expected earnings	30
OPEB differences due to changes in assumptions	3,878
OPEB changes in employer proportion	3,815
Pension changes in employer proportion	21,997
Pension differences between employer contribution and proportionate share of contributions	220,203
Pension differences between expected and actual experience	5,329
Pension differences due to changes in assumptions	8,482
Pension differences employer share, system	1,716
Pension contributions subsequent to measurement date	751
Total deferred outflows of resources	<u>283,060</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, 2024
(amounts expressed in thousands)

LIABILITIES

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

DEFERRED INFLOWS OF RESOURCES

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

NET POSITION

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

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

SCHOOL DISTRICT NO.1J, MULTNOMAH COUNTY, OREGON
Statement of Activities
For the year ended June 30, 2024
(amounts expressed in thousands)

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

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



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

	General Fund	Special Revenue Fund
ASSETS		
Cash and cash equivalents-unrestricted	\$ 135,775	\$ 36,690
Cash and cash equivalents-restricted	-	-
Cash and cash equivalents held by fiscal agents	4,683	-
Investments	19,913	15,957
Prepaid items	96	-
Accounts receivable	1,456	67,389
Leases receivable	7,516	-
Property taxes and other taxes receivable	13,065	-
Due from other funds	51,034	744
Inventories	570	1,062
Total assets	<u>\$ 234,108</u>	<u>\$ 121,842</u>
LIABILITIES		
Accounts payable	\$ 22,847	\$ 7,880
Accrued wages and benefits	104,651	9,511
Due to other funds	744	51,034
Unearned revenues	1,228	8,305
Total liabilities	<u>129,470</u>	<u>76,730</u>
DEFERRED INFLOWS OF RESOURCES		
Unavailable property tax revenue	11,630	-
Unavailable leases revenue	6,930	-
Total deferred inflows of resources	<u>18,560</u>	<u>-</u>
FUND BALANCES		
Nonspendable	666	1,062
Restricted	-	22,476
Committed	-	21,574
Assigned	85,412	-
Unassigned	-	-
Total fund balances	<u>86,078</u>	<u>45,112</u>
Total liabilities, deferred inflows and fund balances	<u>\$ 234,108</u>	<u>\$ 121,842</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
\$ 11,284	\$ 196,413	\$ 380,162
19,678	-	19,678
509	-	5,192
-	440,355	476,225
-	543	639
-	10,533	79,378
-	-	7,516
4,331	-	17,396
-	-	51,778
-	-	1,632
<u>\$ 35,802</u>	<u>\$ 647,844</u>	<u>\$ 1,039,596</u>
\$ 17,191	\$ 53,073	\$ 100,991
-	275	114,437
-	-	51,778
-	119,861	129,394
<u>17,191</u>	<u>173,209</u>	<u>396,600</u>
3,895	-	15,525
-	-	6,930
<u>3,895</u>	<u>-</u>	<u>22,455</u>
-	543	2,271
12,491	467,558	502,525
2,225	8,328	32,127
-	-	85,412
-	(1,794)	(1,794)
<u>14,716</u>	<u>474,635</u>	<u>620,541</u>
<u>\$ 35,802</u>	<u>\$ 647,844</u>	<u>\$ 1,039,596</u>

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

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

Fund balances - governmental funds (page 32)	\$ 620,541
Amounts reported for governmental activities in the Statement of Net Position are different because:	
Capital assets are not financial resources and are not reported in governmental funds.	1,884,661
Long-term taxes and other receivables are not available to pay for current-period expenditures and therefore are a deferred inflow of resources in the governmental funds.	15,525
Assets, deferred outflows, liabilities and deferred inflows of the internal service funds are included in activities in the Statement of Net Position.	4,276
Bonds payable are not due and payable in the current period and therefore are not reported in the governmental funds.	(1,943,104)
Lease payable is not recognized as a liability in the governmental funds.	(710)
Subscription payable is not recognized as a liability in the governmental funds.	(2,636)
Actuarially determined pension activity is not reported in the governmental funds.	(81,948)
Accrued compensated absences are reported when earned as a liability in the Statement of Net Position while in the governmental funds only the unpaid balance of reimbursable unused vacation is reported as a liability.	(7,367)
Accrued property and liability insurance claims incurred but not reported are not due and payable in the current period and therefore are not reported in the governmental funds.	(3,843)
Accrued interest payable is not recognized as a liability in the governmental funds.	(1,966)
Actuarially determined OPEB activity is not reported in the governmental funds.	(50,974)
Net position of governmental activities (page 29)	<u>\$ 432,455</u>

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



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

	General Fund	Special Revenue Fund
REVENUES		
Property and other taxes	\$ 348,010	\$ 373
State School Fund	274,366	-
State Common School Fund	6,415	-
Federal and state support	28	188,599
Local option taxes	108,408	-
County and intermediate sources	7,228	2,173
Charges for services	2,813	2,569
Extracurricular activities	-	6,308
Investment earnings	11,687	991
Other	8,809	9,806
Total revenues	<u>767,764</u>	<u>210,819</u>
EXPENDITURES		
Current:		
Instruction	411,658	89,127
Support services	370,633	84,734
Enterprise and community services	4,123	28,006
Facilities acquisition and construction	-	202
Debt Service:		
Principal	1,065	365
Interest and fiscal charges	37	15
Total expenditures	<u>787,516</u>	<u>202,449</u>
Excess (deficit) of revenues over expenditures	<u>(19,752)</u>	<u>8,370</u>
OTHER FINANCING SOURCES (USES)		
Transfers in	-	77
Transfers out	(887)	-
Issuance from the sale of capital assets	115	-
Issuance of subscriptions	1,105	-
Proceeds from the loss of property	-	-
Total other financing sources (uses)	<u>333</u>	<u>77</u>
Net change in fund balances	(19,419)	8,447
Fund balances - beginning of year	105,497	36,665
Fund balances - end of year	<u>\$ 86,078</u>	<u>\$ 45,112</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
\$ 158,490	\$ 1,786	\$ 508,659
-	-	274,366
-	-	6,415
-	2,903	191,530
-	-	108,408
-	-	9,401
81,706	190	87,278
-	-	6,308
6,467	36,767	55,912
-	2,195	20,810
<u>246,663</u>	<u>43,841</u>	<u>1,269,087</u>
-	-	500,785
-	1,232	456,599
-	-	32,129
-	310,148	310,350
174,015	809	176,254
76,854	5	76,911
<u>250,869</u>	<u>312,194</u>	<u>1,553,028</u>
<u>(4,206)</u>	<u>(268,353)</u>	<u>(283,941)</u>
619	810	1,506
-	(619)	(1,506)
-	-	115
-	1,947	3,052
-	10,300	10,300
<u>619</u>	<u>12,438</u>	<u>13,467</u>
(3,587)	(255,915)	(270,474)
18,303	730,550	891,015
<u>\$ 14,716</u>	<u>\$ 474,635</u>	<u>\$ 620,541</u>

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

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

Net change in fund balances - total governmental funds (page 35) \$ (270,474)

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

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

255,047

Property tax revenues that do not provide current financial resources are not reported as revenues in the governmental funds. This is the change in deferred inflow of resources related to property taxes.

2,214

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

128

Incurred but not reported property and liability insurance claims expenses are reported in the Statement of Activities but they are not reported as expenditures in the governmental funds.

(660)

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

182,508

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

(11,755)

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

(132)

Change in compensated absences

(343)

Change in interest payable

446

Change in net position of governmental activities (page 30)

\$ 156,979

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

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

ASSETS

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

DEFERRED OUTFLOWS OF RESOURCES

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

LIABILITIES

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

DEFERRED INFLOWS OF RESOURCES

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

NET POSITION

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

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

SCHOOL DISTRICT NO.1J, MULTNOMAH COUNTY, OREGON
Proprietary Fund - Internal Service Fund
Statement of Revenues, Expenses, and Changes in Net Position
For the year ended June 30, 2024
(amounts expressed in thousands)

OPERATING REVENUES

Charges for services	\$ 2,847
Total operating revenues	<u>2,847</u>

OPERATING EXPENSES

Salaries and benefits	525
Materials and services	541
Claims expense	<u>2,340</u>
Total operating expenses	<u>3,406</u>

Operating income (loss)	<u>(559)</u>
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NON-OPERATING REVENUES

Federal and state support	422
Investment earnings	<u>265</u>
Total non-operating revenues	<u>687</u>

Change in net position	128
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Net position - beginning of year	<u>4,148</u>
Net position - end of year	<u>\$ 4,276</u>

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

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

CASH FLOWS FROM OPERATING ACTIVITIES

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

CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES

Principal payments on subscriptions payable	(26)
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	422
Net cash provided by (used for) noncapital financing activities	<u>422</u>

CASH FLOWS FROM INVESTING ACTIVITIES

Investment earnings	265
Net cash provided by investing activities	<u>265</u>

Net increase in cash and cash equivalents (151)

Cash and cash equivalents at beginning of year	8,571
Cash and cash equivalents at end of year	<u>\$ 8,420</u>

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

Operating income	\$ (559)
Adjustments to reconcile operating income to net cash from operating activities:	
Decrease in accounts and other payables	(6)
Decrease in claims payable	(405)
Increase in accrued wages and benefits	58
Amortization of right-of-use subscription	26
Increase in pension related deferred outflows	(144)
Increase in pension liability and pension related deferred inflows	189
Decrease in OPEB asset and OPEB related deferred outflows	(19)
Decrease in OPEB liability and OPEB related deferred inflows	48
Total adjustments	<u>(253)</u>
Net cash used for operating activities	<u>\$ (812)</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, 2024

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

A. Government-wide and fund financial statements

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

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

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

Measurement focus, basis of accounting, and financial statement presentation

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

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

School District No. 1J, Multnomah County, Oregon

Notes to the Basic Financial Statements

For the Year Ended June 30, 2024

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

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

The District reports the following major governmental funds:

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

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

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

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

Additionally, the District reports the following internal service fund:

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

B. Appropriations and Budgetary Controls

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

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

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

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

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

After the original budget is adopted, the Board of Education may approve appropriation transfers between the levels of control without limitation. Supplemental appropriations may be approved by the Board of Education if any occurrence, condition, or need exists which had not been anticipated at the time the budget was adopted. An appropriation transfer that alters estimated total expenditures by less than 10.00 percent of any individual fund may be adopted at the regular meeting of the Board of Education. For conditions that require either supplemental appropriations or an increase in expenditures greater than 10.00 percent of an individual fund, a supplemental budget must be adopted, requiring public hearings, publications in newspapers and approval by the Board of Education. Supplemental budgets are submitted, reviewed and certified, similar to the original budget, by the Multnomah County Tax Supervising and Conservation Commission subsequent to approval by the Board of Education. Appropriations lapse at the end of each fiscal year. The District had one supplemental budget during budget year 2024.

C. Encumbrances

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

D. Cash and Cash Equivalents and Investments

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

E. Property Taxes

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

F. Inventories and Prepaid Items

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

School District No. 1J, Multnomah County, Oregon

Notes to the Basic Financial Statements

For the Year Ended June 30, 2024

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

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

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

G. Capital Assets

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

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

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

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

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

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

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

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

J. Compensated Absences

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

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

K. Receivables and Payables

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

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

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

L. Long-term Obligations

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

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

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

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

M. Retirement Plans

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

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

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

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

N. Other Post-Employment Benefits

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

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

T. Use of Restricted Resources

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

U. Fund Balance Policy

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

V. Stabilization Arrangements

The District established a PERS Rate Stabilization Reserve Fund by Board Resolutions 2679, adopted on June 16, 2003, and 4471, adopted on June 27, 2011. The purpose of the Fund is to minimize effects of large fluctuations in the PERS rate assessed against District salaries and wages, and to repay the 2002 and 2003 PERS UAL borrowings. This Fund resides within the Special Revenue Fund, and the primary revenue source is 0.11 percent of Current Year Permanent Rate and GAP Property Taxes. Use of the resources must be authorized through formal Board resolution. In any given year, funds may be transferred to the General Fund not to exceed either 1) the increase in PERS rate over rates in effect at June 30, 2011; or 2) the increase in the internally charged PERS UAL fringe rate over the fringe rate in effect at June 30, 2011, multiplied by the PERS eligible budgeted salary base for that year. The ending fund balance in the PERS Rate Stabilization Reserve Fund at June 30, 2024 is \$21,573.

NOTE 2 – BUDGETARY BASIS OF ACCOUNTING

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

NOTE 3 – STATE CONSTITUTIONAL PROPERTY TAX LIMITS

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

School District No. 1J, Multnomah County, Oregon

Notes to the Basic Financial Statements

For the Year Ended June 30, 2024

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

NOTE 3 – STATE CONSTITUTIONAL PROPERTY TAX LIMITS – continued

The District's tax rates for the year ended June 30, 2024 are as follows:

Permanent rate	\$ 5.2781 per \$1 thousand of assessed value
Local option rate	\$ 1.9900 per \$1 thousand of assessed value
GO Bond Levy amount	\$ 165,000,000 (unrounded dollars)

NOTE 4 – CASH, CASH EQUIVALENTS AND INVESTMENTS

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

The District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. At June 30, 2024, the District's cash, cash equivalents, and investments were comprised of the following:

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

A. Investments

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

School District No. 1J, Multnomah County, Oregon

Notes to the Basic Financial Statements

For the Year Ended June 30, 2024

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

NOTE 4 – CASH, CASH EQUIVALENTS AND INVESTMENTS – continued

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

The District requires all securities to be purchased in the District's name and held in third party safekeeping. The Oregon Local Government Investment Pool is unrated. Other investments held at June 30, 2024 are categorized by Moody's and Standard and Poor's ratings as follows:

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

Interest rate risk

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

School District No. 1J, Multnomah County, Oregon

Notes to the Basic Financial Statements

For the Year Ended June 30, 2024

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NOTE 4 – CASH, CASH EQUIVALENTS AND INVESTMENTS – continued

Credit risk

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

Concentration of credit risk-investments

In accordance with GASB 40, the District is required to report all individual non-federal investments which exceed 5.00 percent of total invested funds. As of June 30, 2024, the District held the following individual non-federal assets that exceeded 5.00 percent of total invested funds:

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

Custodial risk-deposits

The District's deposits with financial institutions are insured by the Federal Depository Insurance Corporation (FDIC); interest and non-interest bearing accounts are insured up to \$250 thousand. To provide additional security required and authorized by Oregon Revised Statutes, Chapter 295, deposits above insurance limits are covered by collateral held in a multiple financial institution collateral pool administered by the State of Oregon. At June 30, 2024, bank balances of \$1,250 were insured by the FDIC. Funds not covered by FDIC insurance are covered by the Oregon State Treasury Collateral Pool. At June 30, 2024, the carrying amount of the District's balance was \$285,330 and the bank balance was \$290,558.

Custodial credit risk-investments

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

The LGIP is administered by the Oregon State Treasury with the advice of other state agencies and is not registered with the U.S. Securities and Exchange Commission. The LGIP is an open-ended no-load diversified portfolio offered to any agency, political subdivision, or public corporation of the State that by law is made the custodian of, or has control of any fund. The LGIP is commingled with the State's short-term funds. In seeking to best serve local governments of Oregon, the Oregon Legislature established the Oregon Short Term Fund Board, which has established diversification percentages and specifies the types and maturities of the investments. The purpose of the Board is to advise the Oregon State Treasury in the management and investment of the LGIP. Investments within the LGIP must be invested and managed as a prudent investor would, exercising reasonable care, skill and caution.

Professional standards indicate that the investments in external investment pools are subject to custodial risk because they are not evidenced by securities that exist in physical or book entry form. Nevertheless, management does not believe that there is any substantial custodial risk related to LGIP investments.

School District No. 1J, Multnomah County, Oregon

Notes to the Basic Financial Statements

For the Year Ended June 30, 2024

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

NOTE 5 – RECEIVABLES

Receivables at June 30, 2024 are summarized as follows:

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

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

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

School District No. 1J, Multnomah County, Oregon

Notes to the Basic Financial Statements

For the Year Ended June 30, 2024

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

NOTE 6 – PREPAID ITEMS

A summary of changes in prepaid items for the year ended June 30, 2024 is as follows:

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

Prepaid insurance consists of Owner Controlled Insurance Program (OCIP), which provide liability coverage for major construction contracts, and builders risk insurance for high school rebuilds. The District has two OCIP policies being amortized over five years. OCIP I has been amortized April 2019 to April 2024. OCIP II is being amortized June 2020 to June 2025. The District has two builder's risk policies for Benson High School. One has been amortized over 22 months, August 2022 to May 2024 and the other being amortized over 22 months, December 2022 to September 2024.

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

School District No. 1J, Multnomah County, Oregon

Notes to the Basic Financial Statements

For the Year Ended June 30, 2024

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

NOTE 7 – CAPITAL AND RIGHT-OF-USE ASSETS

A summary of changes in capital assets for the year ended June 30, 2024 is as follows:

	Beginning Balance	Additions	Deletions	Transfers	Ending Balance
Capital assets not being depreciated or amortized					
Land	\$ 9,174	\$ -	\$ -	\$ -	\$ 9,174
Construction in progress	565,187	304,733	(1,148)	(267,522)	601,250
Total capital assets not being depreciated or amortized	574,361	304,733	(1,148)	(267,522)	610,424
Capital assets being depreciated or amortized					
Buildings and site improvements	1,306,539	296	-	267,522	1,574,357
Vehicles and equipment	101,414	2,638	(248)	-	103,804
Right-of-use leased equipment	958	-	-	-	958
Right-of-use subscription asset	19,065	3,052	(1,340)	-	20,777
Total capital assets being depreciated or amortized	1,427,976	5,986	(1,588)	267,522	1,699,896
Total general capital assets	2,002,337	310,719	(2,736)	-	2,310,320
Less accumulated depreciation and amortization					
Buildings and site improvements	(314,361)	(36,956)	-	-	(351,317)
Vehicles and equipment	(53,270)	(11,518)	231	-	(64,557)
Right-of-use leased equipment	(80)	(192)	-	-	(272)
Right-of-use subscription asset	(4,960)	(5,868)	1,340	-	(9,488)
Total accumulated depreciation and amortization	(372,671)	(54,534)	1,571	-	(425,634)
Total capital assets, net of accumulated depreciation	\$ 1,629,666	\$ 256,185	\$ (1,165)	\$ -	\$ 1,884,686

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

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

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

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

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

School District No. 1J, Multnomah County, Oregon

Notes to the Basic Financial Statements

For the Year Ended June 30, 2024

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

NOTE 8 – INTERFUND RECEIVABLES, PAYABLE AND TRANSFERS

Interfund balances represent cash owed by one fund to another. Interfund receivables and payables at June 30, 2024 are as follows:

	Due From	Due To
General Fund	\$ 51,034	\$ 744
Special Revenue Fund	744	51,034
	<u>\$ 51,778</u>	<u>\$ 51,778</u>

There is a \$744 interfund balance between the General Fund and the Special Revenue Fund for monies invested on behalf of Student Body Fund accounts. The Special Revenue Fund was advanced \$51,034 by the General Fund to cover unbilled expenditures.

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

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

The District's General Fund also made transfers totaling \$77 to the Special Revenue Fund to cover write-offs. The District's General Fund made transfers of \$810 to the Capital Asset Fund for capital asset renewals. The Capital Projects Fund made transfers of \$619 to the Debt Service Fund for principal and interest payments on the District's Full Faith & Credit and QZAB obligations.

NOTE 9 – ACCRUED COMPENSATED ABSENCES

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

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

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

School District No. 1J, Multnomah County, Oregon

Notes to the Basic Financial Statements

For the Year Ended June 30, 2024

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

NOTE 10 – BONDED DEBT AND OTHER FINANCING SOURCES

Changes in District long-term debt during fiscal year 2024 were as follows:

	Original Amount	Beginning Balance	Additions	Matured and Redeemed	Ending Balance	Due Within One Year
Pension debt:						
Limited tax pension bonds						
Series 2002	\$ 210,104	\$ 108,735	\$ -	\$ (20,155)	\$ 88,580	\$ 22,550
Series 2003	281,170	156,370	-	(28,665)	127,705	31,550
Series 2021	399,390	375,785	-	(13,420)	362,365	14,220
Total pension debt (Note 11)	890,664	640,890	-	(62,240)	578,650	68,320
Other Debt:						
General Obligation Bonds						
Series 2015B	244,700	104,070	-	(6,980)	97,090	7,665
QZAB Series 2016	4,000	2,800	-	(200)	2,600	200
Full Faith and Credit						
Obligations Series 2016	5,048	3,298	-	(325)	2,973	335
General Obligation Bonds						
Series 2017B	241,890	172,730	-	(2,985)	169,745	3,345
General Obligation Bonds						
Series 2020	441,320	307,820	-	(40,430)	267,390	44,140
General Obligation Bonds						
Series 2020B	365,465	267,255	-	-	267,255	-
General Obligation Bonds						
Series 2020C	53,965	51,615	-	(4,070)	47,545	4,295
General Obligation Bonds						
Series 2023	420,000	420,000	-	(56,785)	363,215	64,870
Total other debt	1,776,388	1,329,588	-	(111,775)	1,217,813	124,850
Total long-term debt	<u>\$2,667,052</u>	1,970,478	-	(174,015)	1,796,463	193,170
Unamortized bond premium						
(discount)		155,948	-	(9,307)	146,641	9,307
Total long-term debt, net of						
premiums (discounts)		<u>\$2,126,426</u>	<u>\$ -</u>	<u>\$ (183,322)</u>	<u>\$1,943,104</u>	<u>\$ 202,477</u>

A. Limited Tax Pension Bonds

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

School District No. 1J, Multnomah County, Oregon

Notes to the Basic Financial Statements

For the Year Ended June 30, 2024

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

NOTE 10 – BONDED DEBT AND OTHER FINANCING SOURCES – continued

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

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

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

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

B. General Obligation Bonds

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

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

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

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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 \$9,854 which is being amortized over the life of the bonds.

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

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

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

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

On December 30, 2020 the District issued \$365,465 in General Obligation Bonds, Series 2020B. The interest rate is fixed at rates ranging from 1.50 to 5.00 percent. Interest payments on the bonds are payable semiannually in June and December, beginning December 15, 2021. The Series 2020B Bonds maturing on June 15, 2031 and on any date thereafter are subject to redemption at the option of the District prior to their stated maturity dates at any time on or after June 15, 2030 in whole or in part; and, if in part, with maturities to be selected by the District at a price of par plus accrued interest, if any, to the date of redemption. The bonds mature on June 15, 2046 with principal payments due annually on June 15. The bonds were issued at a premium of \$29,574 which is being amortized over the life of the bonds.

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

School District No. 1J, Multnomah County, Oregon

Notes to the Basic Financial Statements

For the Year Ended June 30, 2024

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

NOTE 10 – BONDED DEBT AND OTHER FINANCING SOURCES – continued

On April 27, 2023 the District issued \$420,000 in General Obligation Bonds, Series 2023. The interest rate is fixed at rates ranging from 4.00 to 5.00 percent. Interest payments on the bonds are payable semiannually in June and December, beginning December 15, 2023. The Series 2023 Bonds maturing on June 15, 2034 and on any date thereafter are subject to redemption at the option of the District prior to their stated maturity dates at any time on or after June 15, 2033 in whole or in part; and, if in part, with maturities to be selected by the District at a price of par plus accrued interest, if any, to the date of redemption. The bonds mature on June 15, 2049 with principal payments due annually on June 15. The bonds maturing on June 15, 2049 are subject to partial mandatory redemption on June 15, 2047 and June 15, 2048. The bonds were issued at a premium of \$44,832 which is being amortized over the life of the bonds.

C. Other Debt

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

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

Article XI-K of the Oregon Constitution allows the state to guarantee the general obligation bonded indebtedness of school districts. For the Series 2013B, 2015B, 2017B, 2020, 2020B, 2020C and 2023 GO Bonds mentioned immediately above, the District participated in the Oregon School Bond Guaranty program (ORS 328.321 to 328.356), whereby the State of Oregon (State) guarantees all principal and interest payments until maturity will be made to bondholders when due. Should the District fail to make a payment of debt service on these bonds when due, the State will make the payment on behalf of the District, and then will seek recovery from the District. The State may recover funds by means of intercepting any source of operating moneys normally remitted from the State to the District. Since the inception of the bonds, the District has not used the guarantee, and there are no outstanding amounts due to the State of Oregon as of June 30, 2024.

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

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

NOTE 10 – BONDED DEBT AND OTHER FINANCING SOURCES – continued

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

Fiscal Year	Limited Tax Pension Bonds	Other Full Faith & Credit	General Obligation Bonds	QZAB	Total
Principal:					
2025	\$ 68,320	\$ 335	\$ 124,315	\$ 200	\$ 193,170
2026	76,755	345	55,205	200	132,505
2027	83,940	355	60,690	200	145,185
2028	50,670	365	66,345	200	117,580
2029	18,495	375	72,460	200	91,530
2030-2034	111,525	1,198	275,165	1,000	388,888
2035-2039	151,345	-	227,180	600	379,125
2040-2044	17,600	-	194,190	-	211,790
2045-2049	-	-	136,690	-	136,690
Total Principal	578,650	2,973	1,212,240	2,600	1,796,463
Interest:					
2025	\$ 19,625	\$ 84	\$ 46,220	\$ -	\$ 65,929
2026	16,447	74	40,133	-	56,654
2027	12,818	63	37,509	-	50,390
2028	8,811	52	34,801	-	43,665
2029	6,686	41	31,721	-	38,449
2030-2034	27,858	54	119,816	-	147,728
2035-2039	13,410	-	73,434	-	86,844
2040-2044	440	-	38,433	-	38,873
2045-2049	-	-	14,128	-	14,128
Total Interest	106,095	369	436,195	-	542,660
Total Debt Service	<u>\$ 684,745</u>	<u>\$ 3,342</u>	<u>\$ 1,648,435</u>	<u>\$ 2,600</u>	<u>\$ 2,339,123</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 final lease payment is due January 31, 2033. The lease agreement provides for up to five extension options of twelve months each. The District has a termination period of one month as of the lease commencement date.

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

Changes in lease payable are as follows:

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

Future lease payments are as follows:

Fiscal Year	Principal	Interest	Total
2025	\$ 192	\$ 16	\$ 208
2026	197	11	208
2027	202	6	208
2028	120	1	121
	<u>\$ 711</u>	<u>\$ 34</u>	<u>\$ 745</u>

E. Subscription Based Information Technology Agreement (SBITA) Payables

Per GASB 96, SBITA Payables are recognized at the net present value of payments expected to be made during the agreement term at a borrowing rate either explicitly described in the agreement or implicitly determined by the District. The District has multiple agreements with various entities. SBITA expenses totaled approximately \$2,078 for the year ended June 30, 2024.

Changes in SBITA payables during the year are as follows:

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

School District No. 1J, Multnomah County, Oregon

Notes to the Basic Financial Statements

For the Year Ended June 30, 2024

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

NOTE 10 – BONDED DEBT AND OTHER FINANCING SOURCES – continued

The District has previously entered into multiple subscription-based information technology arrangements (SBITA) for software licenses that extend over a year. All SBITAs either had an initial payment for the entire period or have a schedule of payments over the contract period.

The SBITAs in effect during the year are as follows:

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

Future subscription payments are as follows:

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

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

For the Year Ended June 30, 2024

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

NOTE 10 – BONDED DEBT AND OTHER FINANCING SOURCES – continued**F. Accrued Interest Payable**

Changes in District accrued interest during fiscal year 2024 were as follows:

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

NOTE 11 – PENSION PLANS**Pension Plans -Summary**

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

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

A. Oregon Public Employees Retirement System (OPERS)**General Information about the Pension Plan**

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

2. *Death Benefits.* Upon the death of a non-retired member, the spouse or other person who is constitutionally required to be treated in the same manner as the spouse receives for life 50 percent of the pension that would otherwise have been paid to the deceased.
3. *Disability Benefits.* A member who has accrued 10 or more years of retirement credits before the member becomes disabled or a member who becomes disabled due to job-related injury shall receive a disability benefit of 45 percent of the member's salary determined as of the last full month of employment before the disability occurred.
4. *Benefit Changes after Retirement.* Under ORS 238A.210 monthly benefits are adjusted annually through cost-of-living changes. The cap on the COLA vary based on the amount of the annual benefit.

Contributions:

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

Employer contribution rates during the period were based on the December 31, 2021 actuarial valuation. The rates based on a percentage of payroll, first became effective July 1, 2023. The state of Oregon and certain schools, community colleges, and political subdivisions have made unfunded actuarial liability payments to establish side accounts, and their rates have been reduced.

The District's rates in effect for the fiscal year ended June 30, 2024 were:

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

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

School District No. 1J, Multnomah County, Oregon

Notes to the Basic Financial Statements

For the Year Ended June 30, 2024

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

NOTE 11 – PENSION PLANS – continued

Actuarial Valuations:

The employer contribution rates effective July 1, 2023 through June 30, 2024, were set using the entry age normal actuarial cost method. For the Tier One / Tier Two component of the OPERS Defined Benefit Plan, this method produced an employer contribution rate consisting of (1) an amount for normal cost (the estimated amount necessary to finance benefits earned by the employees during the current service year), and (2) an amount for the amortization of unfunded actuarial accrued liabilities, which are being amortized over a fixed period with new unfunded actuarial accrued liabilities being amortized over 20 years.

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

Actuarial Methods and Assumptions:

Valuation Date	December 31, 2021
Measurement Date	June 30, 2023
Experience Study	2020, published July 20, 2021
Actuarial Assumptions:	
Actuarial cost method	Entry Age Normal
Inflation rate	2.40 percent
Long-term expected rate of return	6.90 percent
Discount Rate	6.90 percent
Projected salary increases	3.40 percent
COLA	Blend of 2.00% COLA and graded COLA (1.25%/0.15%) in accordance with <i>Moro</i> decision; blend based on service
Mortality	<p><i>Healthy retirees and beneficiaries:</i></p> <p>Pub-2010 Healthy Retiree, sex distinct, generational with Unisex, Social Security Data Scale, with job category adjustments and set-backs as described in the valuation</p> <p><i>Active members:</i></p> <p>Pub-2010 Employee, sex distinct, generational with Unisex, Social Security Data Scale, with job category adjustments and set-backs as described in the valuation.</p> <p><i>Disabled retirees:</i></p> <p>Pub-2010 Disabled Retiree, sex distinct, generational with Unisex, Social Security Data Scale, with job category adjustments and set-backs as described in the valuation.</p>

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

School District No. 1J, Multnomah County, Oregon

Notes to the Basic Financial Statements

For the Year Ended June 30, 2024

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

NOTE 11 – PENSION PLANS – continued

Actuarial valuations of an ongoing plan involve estimates of the value of projected benefits and assumptions about the probability of events far into the future. Actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. Experience studies are performed as of December 31 of even numbered years. The methods and assumptions shown above are based on the 2020 Experience Study.

Discount Rate:

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

Depletion Date Projection:

GASB 68 generally requires that a blended discount rate be used to measure the Total Pension Liability (the Actuarial Accrued Liability calculated using the Individual Entry Age Normal Cost Method). The long-term expected return on plan investments may be used to discount liabilities to the extent that the plan's Fiduciary Net Position (fair value of assets) is projected to cover benefit payments and administrative expenses. A 20-year high quality (AA/Aa or higher) municipal bond rate must be used for periods where the Fiduciary Net Position is not projected to cover benefit payments and administrative expenses. Determining the discount rate under GASB 67 will often require that the actuary perform complex projections of future benefit payments and asset values. GASB 67 (paragraph 43) does allow for alternative evaluations of projected solvency, if such evaluation can reliably be made. GASB does not contemplate a specific method for making an alternative evaluation of sufficiency; it is left to professional judgment.

The following circumstances justify an alternative evaluation of sufficiency for the plan:

- PERS has a formal written policy to calculate an Actuarially Determined Contribution (ADC), which is articulated in the actuarial valuation report.
- The ADC is based on a closed, layered amortization period, which means that payment of the full ADC each year will bring the plan to a 100% funded position by the end of the amortization period if future experience follows assumption.
- GASB 68 specifies that the projections regarding future solvency assume that plan assets earn the assumed rate of return and there are no future changes in the plan provisions or actuarial methods and assumptions, which means that the projections would not reflect any adverse future experience which might impact the plan's funded position.

Based on these circumstances, it is PERS' independent actuary's opinion that the detailed depletion date projections outlined in GASB 68 would clearly indicate that the Fiduciary Net Position is always projected to be sufficient to cover benefit payments and administrative expenses.

School District No. 1J, Multnomah County, Oregon

Notes to the Basic Financial Statements

For the Year Ended June 30, 2024

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

NOTE 11 – PENSION PLANS – continued

Assumed Asset Allocation:

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

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

Long-Term Expected Rate of Return:

To develop an analytical basis for the selection of the long-term expected rate of return assumption, in January 2023 the OPERS Board reviewed long-term assumptions developed by both Milliman’s capital market assumptions team and the Oregon Investment Council’s (OIC) investment advisors. The table below shows Milliman’s assumptions for each of the asset classes in which the plan was invested at that time based on the OIC long-term target asset allocation. The OIC’s description of each asset class was used to map the target allocation to the asset classes shown below. Each asset class assumption is based on a consistent set of underlying assumptions, and includes adjustment for the inflation assumption. These assumptions are not based on historical returns, but instead are based on a forward-looking capital market economic model.

Asset Class	Target Allocation	20-Year Annualized Geometric Mean
Global Equity	27.50 %	7.07 %
Private Equity	25.50	8.83
Core Fixed Income	25.00	4.50
Real Estate	12.25	5.83
Master Limited Partnerships	0.75	6.02
Infrastructure	1.50	6.51
Hedge Fund of Funds - Multistrategy	1.25	6.27
Hedge Fund Equity - Hedge	0.63	6.48
Hedge fund - Macro	5.62	4.83
Assumed Inflation – Mean		2.35 %

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

School District No. 1J, Multnomah County, Oregon

Notes to the Basic Financial Statements

For the Year Ended June 30, 2024

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

NOTE 11 – PENSION PLANS – continued

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

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

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

Pension plan fiduciary net position:

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

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

At June 30, 2024, the District reported a liability of \$95,458 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2021. The District's proportion of the net pension liability was based on the District's projected long-term contribution effort as compared to the total projected long-term contribution effort of all employers. At June 30, 2024, the District's proportion was 0.51 percent, which is a decrease of 0.81 from the District's proportion of 1.32 percent for the year ended June 30, 2023.

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

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

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

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

NOTE 11 – PENSION PLANS – continued

The deferred outflow of resources of \$56 thousand resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Employer subsequent fiscal years	Deferred Outflow/(Inflow) of Resources (prior to post-measurement date contributions)
Fiscal Year 2025	\$ 10,970
Fiscal Year 2026	1,863
Fiscal Year 2027	17,063
Fiscal Year 2028	(2,866)
Fiscal Year 2029	(9,329)
Total	\$ <u>17,701</u>

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

Defined Contribution Plan

OPSRP Individual Account Program (OPSRP IAP)

Plan Description:

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

Pension Benefits:

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

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

School District No. 1J, Multnomah County, Oregon

Notes to the Basic Financial Statements

For the Year Ended June 30, 2024

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

NOTE 11 – PENSION PLANS – continued

Death Benefits:

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

Contributions:

Employees of the District contribute 6.0 percent of their covered payroll. The District did not make any optional contributions to member IAP accounts for the year ended June 30, 2024. Included in accrued liabilities at June 30, 2024 are \$2.6 million for employee contributions owed to the plan.

B. District Plan – Stipend

Plan Description

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

Total Stipend Liability

The District's total stipend liability of \$5.5 million was measured as of June 30, 2023, rolled forward to June 30, 2024, and was determined by an actuarial valuation as of July 1, 2022.

School District No. 1J, Multnomah County, Oregon

Notes to the Basic Financial Statements

For the Year Ended June 30, 2024

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

NOTE 11 – PENSION PLANS – continued

Actuarial Assumptions and Other Inputs

The total Stipend liability in the June 30, 2024 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Valuation Date	July 1, 2022
Measurement Date	June 30, 2023
Inflation	2.40%
Projected salary growth	3.40%
Discount rate	3.65%
Withdrawal, retirement, and mortality rates	December 31, 2020 Oregon PERS valuation
Lapse rates	5% annual lapse rate
Actuarial cost method	Entry Age Normal Level Percent of Pay
Demographic Assumptions	
Mortality	Pub-2010 sex-distinct base tables, as specified below. Male retiree: Blend 80% Teachers and 20% general Employees, no set back Male spouse: General Employees, set back 12 months Female retiree: Teachers, no set back Female spouse: General Employees, no set back
Withdrawal	Based on Oregon PERS assumptions. Annual rates are based on gender and duration from hire date.
Retirement	Based on Oregon PERS assumption. Annual rates are based on age, Tier/OPSRP, and duration of service

Discount Rate – Under GASB 75, unfunded plans must use a discount rate that reflects a 20-year tax-exempt municipal bond yield or index rate. The discount rate in effect for the June 30, 2024 reporting date is 3.65 percent, reflecting the Bond Buyer 20-Year General Obligation Bond Index.

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

NOTE 11 – PENSION PLANS – continued

Changes in the Total Stipend Liability:

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

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

Sensitivity of the total stipend liability to changes in the discount rate. The following presents the total stipend liability of the District, as well as what the District's total stipend liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.54 percent) or 1-percentage-point higher (4.54 percent) than the current discount rate:

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

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

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

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

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

NOTE 11 – PENSION PLANS – continued

Deferred outflows of resources related to the stipend of \$696 resulting from the District’s contributions subsequent to the measurement date will be recognized as a reduction to the net pension liability in the year ended June 30, 2025.

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

Employer subsequent fiscal years	Deferred Outflow/(Inflow) of Resources (prior to post-measurement date contributions)
Fiscal Year 2024	\$ 245
Fiscal Year 2025	242
Fiscal Year 2026	20
Fiscal Year 2027	(1)
Total	<u>\$ 506</u>

School District No. 1J, Multnomah County, Oregon

Notes to the Basic Financial Statements

For the Year Ended June 30, 2024

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

NOTE 12 - OTHER POST-EMPLOYMENT BENEFITS

Other Post-Employment Benefits (OPEB) - Summary

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

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

A. Retirement Health Insurance Subsidy (RHIS)

Plan Description

The District provides a single-employer defined benefit plan that provides postemployment health, dental, vision and life insurance benefits to eligible employees and their spouses for employees who have retired from the District with a minimum of fifteen accumulated years of service and are eligible to retire from the Oregon retirement system. There are 6,011 active and 399 retired members or beneficiaries currently receiving benefit payments in the plan. Covered employees under the plan are eligible to receive full or part District-paid medical and pharmacy benefits for up to 60 months, or until reaching age 65, whichever comes first. The District also pays a portion of the spouse/domestic partner medical and pharmacy costs during the benefit period. The program was established under separate collective bargaining agreements with the certificated and classified employees and by precedent for all other District employees. The Portland Teachers Association (PAT) group terminated this benefit after September 30, 2019. All other bargaining units and employee groups, except the District Council Unions (DCU), agreed to terminate this benefit after June 30, 2014. The DCU agreed to terminate this benefit after December 31, 2014. Under Oregon Revised Statute (ORS) 243.303 any OPERS qualifying public employee is allowed to pay the full cost for continued coverage under the District group health plans until they become Medicare eligible. The plan does not issue a separate financial report, and there are no assets accumulated in a trust. The plan may be amended by the District under new collective bargaining agreements.

Benefits Provided

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

Employees covered by benefit terms

As of June 30, 2024, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	290
Inactive employees entitled to but not yet receiving benefit payments	109
Active employees	<u>6,011</u>
	<u>6,410</u>

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

NOTE 12 - OTHER POST-EMPLOYMENT BENEFITS - continued

Total RHIS Liability

The District's total RHIS liability of \$78.4 million was measured as of June 30, 2023, rolled forward to June 30, 2024, and was determined by an actuarial valuation as of June 30, 2022.

Actuarial Methods and Assumptions

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

Health Care Cost Trend – The actuarial calculations used an assumption that medical costs will increase to 6.75 percent in the first year and reach an eventual ultimate rate of 3.75 percent. These trends are based on a long-term medical trend model published and updated by the Society of Actuaries. Known as the "Getzen model", it produces long-range trend assumptions built on assumed long-term relationships between certain key economic factors. It also assumes that dental and vision costs will increase by the lesser of the medical cost trend previously described and 4.00 percent per year.

Changes in the Total RHIS Liability

	Increase (Decrease) in Total RHIS Liability
Balance at 6/30/2023	\$ 80,123
Changes for the year:	
Service cost	2,727
Interest	2,813
Effect of economic/demographic gains or losses	-
Effect of assumptions changes or inputs	(504)
Benefit payments	(6,794)
Net changes	(1,758)
Balance at 6/30/2024	\$ 78,365

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

School District No. 1J, Multnomah County, Oregon

Notes to the Basic Financial Statements

For the Year Ended June 30, 2024

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

NOTE 12 - OTHER POST-EMPLOYMENT BENEFITS - continued

Sensitivity of the total RHIS liability to changes in the discount rate. The following presents the total RHIS liability of the District, as well as what the District's total RHIS liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.65 percent) or 1-percentage-point higher (4.65 percent) than the current discount rate:

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

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

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

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

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

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

Deferred outflows of resources related to RHIS of \$6.4 million resulting from the District's contributions subsequent to the measurement date will be recognized as an increase in the net OPEB asset in the year ended June 30, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to RHIS will be recognized in RHIS expense as follows:

School District No. 1J, Multnomah County, Oregon
Notes to the Basic Financial Statements
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NOTE 12 - OTHER POST-EMPLOYMENT BENEFITS - continued

Employer subsequent fiscal years	Deferred Outflow/(Inflow) of Resources (prior to post-measurement date contributions)
Fiscal Year 2024	\$ 1,818
Fiscal Year 2025	2,134
Fiscal Year 2026	1,461
Fiscal Year 2027	650
Fiscal Year 2028	600
Thereafter	1,218
Total	<u>\$ 7,881</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, 2024

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

NOTE 12 - OTHER POST-EMPLOYMENT BENEFITS – continued

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

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

At June 30, 2024, the District reported an asset of \$10.7 million for its proportionate share of the OPERS net RHIA asset. The net RHIA asset was measured as of June 30, 2023, and the total RHIA liability used to calculate the net RHIA asset was determined by an actuarial valuation as of December 31, 2021. The District's proportion of the net RHIA asset was based on the District's actual, legally required contributions made to the RHIA program during the measurement period relative to total actual contributions from all participating employers. At June 30, 2024, the District's proportionate share was 2.93%, which is a decrease of 2.18% from its proportion of 5.11% as of June 30, 2023.

For the year ended June 30, 2024, the District recognized RHIA benefit from this plan of \$655. At June 30, 2024, the District reported deferred outflows of resources and deferred inflows of resources related to this RHIA plan from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
RHIA differences between expected and actual experience	\$ -	\$ (269)
RHIA differences due to changes in assumptions	-	(116)
RHIA net difference between projected and actual earnings on investments	30	-
RHIA changes in employer proportion	3,815	(1,240)
	<u>3,845</u>	<u>(1,625)</u>
RHIA contributions subsequent to measurement date	89	-
Total	<u>\$ 3,934</u>	<u>\$ (1,625)</u>

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

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

NOTE 12 - OTHER POST-EMPLOYMENT BENEFITS – continued

Deferred outflows of resources related to RHIA of \$89 resulting from the District’s contributions subsequent to the measurement date will be recognized as an increase in the net OPEB asset in the year ended June 30, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to RHIA will be recognized in RHIA expense as follows:

Employer subsequent fiscal years	Deferred Outflow/(Inflow) of Resources (prior to post-measurement date contributions)
Fiscal Year 2023	\$ 1,205
Fiscal Year 2024	477
Fiscal Year 2025	396
Fiscal Year 2026	142
Total	<u>\$ 2,220</u>

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

Actuarial Methods and Assumptions

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

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

The following presents the District’s proportionate share of the net RHIA liability (asset), as well as what the District’s proportionate share of the net RHIA liability (asset) would be if it were calculated using a discount rate that is 1-percentage-point lower (5.90 percent) or 1-percentage-point higher 7.90 percent) than the current discount rate:

	1% Decrease (5.90%)	Discount Rate (6.90%)	1% Increase (7.90%)
Net RHIA liability (asset)	\$ (9,747)	\$ (10,722)	\$ (11,559)

RHIA Plan Fiduciary Net Position

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

School District No. 1J, Multnomah County, Oregon

Notes to the Basic Financial Statements

For the Year Ended June 30, 2024

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

NOTE 13 - RISK MANAGEMENT

The Internal Service (Self-Insurance) Fund charges other funds for the costs incurred for workers' compensation claims. Charges to other funds by the Self-Insurance Fund are recognized as revenues in the Self-Insurance Fund and as expenditures in the fund incurring the charges. The Self-Insurance Fund recognized approximately \$2.8 million of revenues from other governmental funds for the year ended June 30, 2024.

The District is exposed to various risks of loss related to injuries; torts; theft or damage to and destruction of assets; errors and omissions; and natural disasters. The District is self-insured up to \$1 million and carries commercial excess insurance. Settlements have not exceeded insurance coverage for the years ended June 30, 2021 through 2024. There have been no reductions to the District's insurance coverage during the year ended June 30, 2024. The District anticipates that all accrued claims losses will be paid within twelve months.

The total claims payable at June 30, 2024 of \$7.9 million was made up of approximately \$4.1 million in worker's compensation claims (recorded in the Internal Service Fund) and \$3.8 million in property and general liability claims (accounted for in the General Fund and not accrued on the fund financial statements). Changes in the balances of claims liabilities during the years ended June 30, 2021, through June 30, 2024, were as follows:

Fiscal Year	Beginning Balance	New Claims	Payments on Claims	Ending Balance
2021	\$ 6,853	\$ 2,516	\$ (3,795)	\$ 5,574
2022	\$ 5,574	\$ 5,540	\$ (3,985)	\$ 7,129
2023	\$ 7,129	\$ 4,726	\$ (4,179)	\$ 7,676
2024	\$ 7,676	\$ 5,533	\$ (5,280)	\$ 7,929

NOTE 14 – COMMITMENTS AND CONTINGENT LIABILITIES

Contracts

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

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

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

NOTE 14 – COMMITMENTS AND CONTINGENT LIABILITIES - continued

Future District service commitments by fund are as follows:

	Commitments
General Fund	\$ 271,237
Capital Projects Fund	49,588
	<u>\$ 320,825</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, 2024, the Multnomah County Reserve balance held in the Facilities Capital Fund, a sub-fund of the Capital Projects Fund, was \$547.

Pending Legal Actions

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

Grantor Agencies

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

School Support Fund

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

School District No. 1J, Multnomah County, Oregon

Notes to the Basic Financial Statements

For the Year Ended June 30, 2024

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

NOTE 15 – FUND BALANCES

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

	General Fund	Special Revenue Fund	Debt Service Fund	Capital Projects Fund	Total Governmental Funds
Nonspendable					
Prepaid items	\$ 96	\$ -	\$ -	\$ 543	\$ 639
Inventories	570	1,062	-	-	1,632
	<u>666</u>	<u>1,062</u>	<u>-</u>	<u>543</u>	<u>2,271</u>
Restricted	-	22,476	12,491	467,558	502,525
Committed	-	21,574	2,225	8,328	32,127
Assigned	85,412	-	-	-	85,412
Unassigned	-	-	-	(1,794)	(1,794)
Total fund balances	<u>\$ 86,078</u>	<u>\$ 45,112</u>	<u>\$ 14,716</u>	<u>\$ 474,635</u>	<u>\$ 620,541</u>

NOTE 16 – RELATED ORGANIZATIONS

The District includes five charter schools that are legally separate, tax-exempt organizations. The most recent data available indicates charter school total students were 1,331 (representing 3.0% of the District's total enrollment); and that charter schools' Net Position was \$4,131. Because of their size relative to the District, the charter schools do not fall under the component unit reporting requirements set forth by GASB Statement No. 39.

NOTE 17 – ARTS TAX

In November, 2012, voters in the City of Portland passed Ballot Measure 26-146 to restore school arts and music education, funded through an income tax of \$35 per person per year. In December of 2012, the District entered into an intergovernmental agreement IGA/R 59656 with the City of Portland to receive a portion of this tax, to be used to provide arts and music education, through certified arts and music teachers, to all K-5 students, including charter schools within the District. Revenues and expenditures for the year ended June 30, 2024 are recorded in the General Fund as follows:

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

School District No. 1J, Multnomah County, Oregon

Notes to the Basic Financial Statements

For the Year Ended June 30, 2024

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

NOTE 18 – TAX ABATEMENTS

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

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

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

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

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

Transit Oriented Development (ORS 307.600 to 307.637)

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

Historic Property (ORS 358.475 to 545)

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

Housing Authority Partnership (ORS 456.225)

The property of a housing authority is declared to be public property used for essential public and governmental purposes. The property and the housing authority are exempt from all taxes and special assessments of the city, the county, the state or any political subdivision of the city, county or state.

School District No. 1J, Multnomah County, Oregon

Notes to the Basic Financial Statements

For the Year Ended June 30, 2024

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

NOTE 18 – TAX ABATEMENTS - continued

The Following schedule represents the District's portion of tax abatements granted by Multnomah County for 2023-2024. Programs with exemptions totaling more than \$500 thousand were listed separately; all other programs were grouped together:

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

NOTE 19 – SUBSEQUENT EVENTS

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

REQUIRED SUPPLEMENTARY INFORMATION

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

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

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

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

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

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

Total OPEB Liability

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

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

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

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

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

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

Schedule of District Contributions

	2017	2018	2019	2020
Contractually required contribution	\$ 1,575	\$ 1,547	\$ 1,641	\$ 209
Contributions in relation to the contractually required contribution	1,575	1,547	1,641	209
Contribution deficiency(excess)	<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>

2021	2022	2023	2024
2.928%	2.666%	5.109%	6.900%
\$ (5,966)	\$ (9,155)	\$ (18,153)	\$ (10,722)
\$ 386,877	\$ 435,531	\$ 435,224	\$ 496,863
-1.5%	-2.1%	-4.2%	-2.2%
150.05%	183.86%	194.65%	201.61%
6/30/2020	6/30/2021	6/30/2022	6/30/2023

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

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

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

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

¹

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

²

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

Schedule of District Contributions

	2015	2016 ³	2017 ³	2018 ⁴
Contractually required contribution	\$ 4,895	\$ -	\$ -	\$ -
Contributions in relation to the contractually required contribution	4,895	-	-	-
Contribution (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	\$ 283,935	\$ 316,998	\$ 327,668	\$ 344,646
Contributions as a percentage of covered payroll	1.72%	0.00%	0.00%	0.00%

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

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

⁵ Contribution excess reflects issuance of PERS pension bonds

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

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

Notes to Required Supplementary Information

Changes in Plan Provisions

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

<https://www.oregon.gov/pers/EMP/Pages/GASB.aspx>

Changes of Assumptions

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

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

<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>
2.286%	1.770%	2.389%	2.238%	1.318%	0.509%
\$ 346,266	\$ 306,140	\$ 521,329	\$ 267,828	\$ 201,914	\$ 95,458
\$ 344,646	\$ 356,540	\$ 375,041	\$ 386,877	\$ 435,531	\$ 435,224
100.5%	85.9%	139.0%	69.2%	46.4%	21.9%
82.07%	80.23%	75.79%	87.57%	84.55%	81.68%
6/30/2018	6/30/2019	6/30/2020	6/30/2021	6/30/2022	6/30/2023

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

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

Total Pension Liability

	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	\$ 8,465	\$ 7,877	\$ 6,753	\$ 6,824
Covered-employee payroll	N/A	\$ 70,988	68,838	63,301
Total pension liability as a percentage of covered-employee payroll	N/A	11.10%	9.81%	10.78%

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

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

Requests for Information:

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

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

SCHOOL DISTRICT NO.1J, MULTNOMAH COUNTY, OREGON

General Fund

**Schedule of Revenues, Expenditures, and
Changes in Fund Balance - Budget and Actual
For the year ended June 30, 2024
(amounts expressed in thousands)**

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

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

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

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

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

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

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

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

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

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

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

SUPPLEMENTARY INFORMATION

SCHOOL DISTRICT NO.1J, MULTNOMAH COUNTY, OREGON

Debt Service Fund

**Schedule of Revenues, Expenditures, and
Changes in Fund Balance - Budget and Actual**

For the year ended June 30, 2024

(amounts expressed in thousands)

	Budgeted Amounts		Actual	Variance from
	Original	Final	Amounts	Final Budget
				Positive/ (Negative)
REVENUES				
Property and other taxes	\$ 159,451	\$ 159,451	\$ 158,490	\$ (961)
Federal and state support	-	-	-	-
Charges for services	79,307	79,307	81,706	2,399
Investment earnings	8,326	8,326	6,467	(1,859)
Total revenues	<u>247,084</u>	<u>247,084</u>	<u>246,663</u>	<u>(421)</u>
EXPENDITURES				
Current:				
Debt service:				
Principal	174,668	174,668	174,015	653
Interest and fiscal charges	77,349	77,349	76,854	495
Total debt service	<u>252,017</u>	<u>252,017</u>	<u>250,869</u>	<u>1,148</u>
Total expenditures	<u>252,017</u>	<u>252,017</u>	<u>250,869</u>	<u>1,148</u>
Excess (deficit) of revenues over expenditures	<u>(4,933)</u>	<u>(4,933)</u>	<u>(4,206)</u>	<u>727</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	(4,314)	(4,314)	(3,587)	727
Fund balance - beginning of year	10,000	10,000	18,303	8,303
Fund balance - end of year	<u>\$ 5,686</u>	<u>\$ 5,686</u>	<u>\$ 14,716</u>	<u>\$ 9,030</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, 2024
(amounts expressed in thousands)

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

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

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

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

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

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>	101
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>	109
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>	115
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>	119
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>	121
These schedules contain service and infrastructure data to help the reader understand how the information in the District's financial report relates to the services the District provides and the activities it performs.	

Sources:

Unless otherwise noted, the information in these schedules is derived from the Annual Comprehensive Financial Reports for the relevant year.



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

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

Government-wide Activities

<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>
\$ 590,288	\$ 941,719	\$ 1,092,171	\$ 866,018	\$ 1,235,971	\$ 1,006,320
3,377	6,200	5,098	5,332	3,656	1,014
735,002	917,372	1,173,371	1,384,060	1,629,666	1,884,686
<u>1,328,667</u>	<u>1,865,291</u>	<u>2,270,640</u>	<u>2,255,410</u>	<u>2,869,293</u>	<u>2,892,020</u>
<u>207,186</u>	<u>158,473</u>	<u>249,580</u>	<u>574,645</u>	<u>395,025</u>	<u>283,060</u>
298,417	298,341	328,566	351,179	499,840	563,426
467,836	854,165	1,131,855	985,621	1,306,558	1,166,839
348,223	336,062	314,159	679,186	640,890	578,650
353,090	312,349	527,419	273,296	207,899	100,951
82,302	81,319	78,581	75,893	80,123	78,365
<u>1,549,868</u>	<u>1,882,236</u>	<u>2,380,580</u>	<u>2,365,175</u>	<u>2,735,310</u>	<u>2,488,231</u>
<u>64,329</u>	<u>111,145</u>	<u>101,191</u>	<u>320,993</u>	<u>253,532</u>	<u>254,394</u>
<u>64,329</u>	<u>111,145</u>	<u>101,191</u>	<u>320,993</u>	<u>253,532</u>	<u>254,394</u>
477,058	585,214	492,345	590,231	641,228	795,530
353,527	681,328	199,303	188,616	186,014	187,531
(908,929)	(1,236,159)	(653,199)	(634,960)	(551,766)	(550,606)
<u>\$ (78,344)</u>	<u>\$ 30,383</u>	<u>\$ 38,449</u>	<u>\$ 143,887</u>	<u>\$ 275,476</u>	<u>\$ 432,455</u>

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

	Government-wide Activities			
	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Expenses				
Instruction	\$ 326,935	\$ 364,964	\$ 380,939	\$ 421,311
Support services	212,213	241,016	272,816	283,984
Enterprise and community services	20,445	21,326	20,712	24,218
Facilities services	2,617	1,230	12,672	8,531
Interest and fees on long-term debt	31,600	40,116	39,094	46,416
Total expenses	<u>593,810</u>	<u>668,652</u>	<u>726,233</u>	<u>784,460</u>
Program Revenues				
Charges for services:				
Instruction	6,457	996	533	406
Support services	2,916	3,157	4,424	4,741
Enterprise and community services	4,214	4,521	3,471	4,006
Operating grants and contributions:				
Instruction	65,409	58,619	57,608	57,116
Support services	21,638	22,356	22,758	22,871
Enterprise and community services	2,704	3,085	2,934	3,019
Capital grants and contributions:				
Facilities services	-	-	-	-
Total program revenues	<u>103,338</u>	<u>92,734</u>	<u>91,728</u>	<u>92,159</u>
Net Expenses	<u>(490,472)</u>	<u>(575,918)</u>	<u>(634,505)</u>	<u>(692,301)</u>
General Revenues:				
Property taxes levied for general purposes	222,872	233,548	242,899	248,281
Property taxes levied for debt service	46,568	48,985	49,384	116,468
Construction excise tax	6,076	5,886	7,542	8,201
Local option taxes levied for general purposes	62,923	76,467	83,853	88,163
State School Fund - general support	179,505	211,253	207,182	239,804
State Common School Fund - general support	4,721	5,810	6,191	5,155
County and intermediate sources - general support	15,202	15,772	17,270	17,662
Investment earnings	1,285	3,140	4,007	3,473
Other	10,563	12,120	17,501	12,024
Total general revenues	<u>549,715</u>	<u>612,981</u>	<u>635,829</u>	<u>739,231</u>
Change in Net Position	<u>\$ 59,243</u>	<u>\$ 37,063</u>	<u>\$ 1,324</u>	<u>\$ 46,930</u>

Government-wide Activities

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

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

	Governmental Activities			
	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
General Fund				
Nonspendable	\$ 247	\$ 386	\$ 360	\$ 343
Restricted	-	-	-	-
Assigned	34,195	37,449	19,744	37,939
Unassigned	-	-	-	-
Total general fund	<u>34,442</u>	<u>37,835</u>	<u>20,104</u>	<u>38,282</u>
All Other				
Governmental Funds				
Nonspendable	2,452	2,286	1,417	1,017
Restricted	393,179	281,089	170,614	484,006
Committed	17,590	16,400	17,454	19,116
Assigned	5,549	6,182	7,164	10,400
Unassigned	-	-	-	-
Total all other governmental funds	418,770	305,957	196,649	514,539
Total Governmental Fund Balances	<u>\$ 453,212</u>	<u>\$ 343,792</u>	<u>\$ 216,753</u>	<u>\$ 552,821</u>

Governmental Activities

<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>
\$ 570	\$ 511	\$ 945	\$ 2,589	\$ 886	\$ 666
-	-	-	-	-	-
39,317	63,963	87,746	96,215	94,984	85,412
-	-	-	-	9,627	-
<u>39,887</u>	<u>64,474</u>	<u>88,691</u>	<u>98,804</u>	<u>105,497</u>	<u>86,078</u>
3,383	6,940	5,664	3,832	4,207	1,605
347,179	671,974	788,139	551,563	753,818	502,525
18,185	18,921	20,246	21,314	26,008	32,127
10,470	14,785	10,204	4,716	10,370	-
<u>(29)</u>	<u>-</u>	<u>(12,768)</u>	<u>(10,812)</u>	<u>(8,885)</u>	<u>(1,794)</u>
379,188	712,620	811,485	570,613	785,518	534,463
<u>\$ 419,075</u>	<u>\$ 777,094</u>	<u>\$ 900,176</u>	<u>\$ 669,417</u>	<u>\$ 891,015</u>	<u>\$ 620,541</u>

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

	Governmental Activities			
	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Revenues				
Property and other taxes	\$ 274,219	\$ 287,035	\$ 298,114	\$ 377,578
State School Fund	179,505	211,253	207,182	239,804
State Common School Fund	4,721	5,810	6,191	5,155
Federal and state support	75,793	71,024	70,667	69,771
Local option taxes	63,274	76,593	84,106	89,663
County and intermediate sources	15,201	15,771	17,270	17,663
Charges for services	54,233	49,312	52,953	56,836
Extracurricular activities	8,276	7,904	7,489	7,304
Investment earnings	1,255	3,096	3,930	3,392
Other	15,414	16,215	22,414	15,471
Total revenues	<u>691,891</u>	<u>744,013</u>	<u>770,316</u>	<u>882,637</u>
Expenditures				
Current:				
Instruction	349,667	362,126	369,841	386,975
Support services	229,254	248,377	266,961	278,758
Enterprise and community services	21,902	21,925	22,838	22,961
Facilities acquisition and construction	54,830	127,491	149,868	113,043
PERS UAL lump sum payment	-	-	-	-
Debt Service:				
Principal	55,033	47,020	50,065	109,874
Interest and fiscal charges	33,811	46,610	46,867	57,598
Total expenditures	<u>744,497</u>	<u>853,549</u>	<u>906,440</u>	<u>969,209</u>
Excess (deficit) of revenues over expenditures	<u>(52,606)</u>	<u>(109,536)</u>	<u>(136,124)</u>	<u>(86,572)</u>
Other Financing Sources (Uses)				
Transfers in	14,409	7,407	16,141	6,997
Transfers out	(14,409)	(7,407)	(16,141)	(6,997)
PERS Bond Proceeds	-	-	-	-
Proceeds from the sale of capital assets	44	116	37	740
Issuance of debt, including premium/discount	308,212	-	9,048	421,900
Issuance of refunding bonds	-	-	-	-
Premium on issuance of debt	-	-	-	-
Issuance of leases	-	-	-	-
Issuance of subscriptions	-	-	-	-
Proceeds from insurance recovery	-	-	-	-
Total other financing sources (uses)	<u>308,256</u>	<u>116</u>	<u>9,085</u>	<u>422,640</u>
Net change in fund balances	<u>\$ 255,650</u>	<u>\$ (109,420)</u>	<u>\$ (127,039)</u>	<u>\$ 336,068</u>
Debt service as a percentage of noncapital expenditures	12.9%	12.9%	12.6%	19.7%

Governmental Activities

<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>
\$ 398,930	\$ 403,864	\$ 421,602	\$ 452,027	\$ 468,529	\$ 508,659
225,135	266,607	263,622	259,314	265,672	274,366
5,493	5,012	5,628	5,693	6,362	6,415
81,482	90,493	108,683	175,128	204,165	191,530
97,188	98,789	102,417	106,124	110,472	108,408
17,362	19,072	17,185	15,566	11,067	9,401
56,311	59,597	57,059	78,343	85,530	87,278
7,191	4,914	1,237	4,020	5,727	6,308
19,954	12,400	3,018	969	28,748	55,912
13,074	12,717	14,628	17,540	21,032	20,810
<u>922,120</u>	<u>973,465</u>	<u>995,079</u>	<u>1,114,724</u>	<u>1,207,304</u>	<u>1,269,087</u>
394,080	408,759	417,112	460,824	471,504	500,785
300,421	319,604	347,414	379,062	432,422	456,599
22,830	21,936	23,914	30,630	34,878	32,129
164,764	207,452	287,538	256,688	285,448	310,350
-	-	-	398,666	-	-
114,537	117,984	119,759	129,626	148,555	176,254
59,304	59,750	72,016	90,940	79,370	76,911
<u>1,055,936</u>	<u>1,135,485</u>	<u>1,267,753</u>	<u>1,746,436</u>	<u>1,452,177</u>	<u>1,553,028</u>
<u>(133,816)</u>	<u>(162,020)</u>	<u>(272,674)</u>	<u>(631,712)</u>	<u>(244,873)</u>	<u>(283,941)</u>
6,125	1,931	2,466	1,825	1,901	1,505
(6,125)	(1,931)	(2,466)	(1,825)	(1,901)	(1,505)
-	-	-	399,390	-	-
70	10,517	152	114	66	115
-	509,522	365,465	-	420,000	-
-	-	53,965	-	-	-
-	-	31,205	1,449	44,832	-
-	-	-	-	958	-
-	-	(55,031)	-	615	3,052
-	-	-	-	-	10,300
<u>70</u>	<u>520,039</u>	<u>395,756</u>	<u>400,953</u>	<u>466,471</u>	<u>13,467</u>
<u>\$ (133,746)</u>	<u>\$ 358,019</u>	<u>\$ 123,082</u>	<u>\$ (230,759)</u>	<u>\$ 221,598</u>	<u>\$ (270,474)</u>
19.5%	19.2%	23.8%	14.8%	20.0%	20.4%

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

Fiscal Year Ending June 30,	Assessed Value (not including exempt property)					Total Assessed Value
	Real Property	Personal Property	Manufactured Structures	Public Utility		
2015	\$ 45,073,153	\$ 1,757,198	\$ 18,655	\$ 1,673,302	\$	\$ 48,522,308
2016	47,216,863	1,838,347	23,782	1,710,931		50,789,923
2017	49,437,875	1,943,596	23,198	1,799,222		53,203,891
2018	52,196,539	2,009,538	22,243	1,913,350		56,141,671
2019	53,550,558	2,212,720	23,701	2,194,854		57,981,833
2020	56,156,552	2,472,239	22,330	2,177,977		60,829,098
2021	58,784,786	2,344,506	22,738	2,437,442		63,589,472
2022	60,776,757	2,359,964	24,851	2,485,712		65,647,284
2023	63,253,507	2,405,740	24,540	2,696,487		68,380,274
2024	65,382,386	3,113,097	13,408	2,743,259		71,252,150

Notes

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

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

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

Sources

FY 2015-2024: Oregon Property Tax Statistics Supplement for the appropriate fiscal year. Values are the *combined* total for the taxing district, "Portland 1J School", in Multnomah, Clackamas and Washington counties.

<https://www.oregon.gov/dor/gov-research/pages/research-reports-and-statistics.aspx>

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

Add: Non- Profit Housing	Less: Urban Renewal Excess	Total Net Assessed Value	Total Direct Tax Rate	Amount tax rate will raise	Less: Reduction and Adjustments	Total Taxes Imposed (Net Levy)
\$ 22,213	\$ 4,907,733	\$ 43,636,788	\$ 8.3535	\$ 364,520	\$ 23,132	\$ 341,388
22,880	5,237,111	45,575,692	8.3632	381,159	12,569	368,590
23,566	5,882,588	47,344,869	8.3304	394,402	7,687	386,715
21,662	6,457,719	49,705,614	9.6863	481,463	4,666	476,797
22,055	6,891,397	51,112,491	9.7571	498,710	3,065	495,645
22,459	7,148,348	53,703,209	9.6734	519,493	4,575	514,918
23,246	7,567,172	56,045,546	9.6698	541,949	5,578	536,371
23,660	6,056,382	59,614,562	9.6016	572,395	5,011	567,384
24,101	5,910,772	62,493,603	9.5681	597,945	5,407	592,538
24,556	2,270,130	69,006,576	9.6509	665,976	29,979	635,997

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

District Direct Rates						
Fiscal Year	General Tax Permanent Rate	Local Option	General Obligation Debt Service Bonds	Total Direct Tax Rate		
2015	5.2781	1.9900	1.0854	8.3535		
2016	5.2781	1.9900	1.0951	8.3632		
2017	5.2781	1.9900	1.0623	8.3304		
2018	5.2781	1.9900	2.4182	9.6863		
2019	5.2781	1.9900	2.4890	9.7571		
2020	5.2781	1.9900	2.4053	9.6734		
2021	5.2781	1.9900	2.4017	9.6698		
2022	5.2781	1.9900	2.3335	9.6016		
2023	5.2781	1.9900	2.3000	9.5681		
2024	5.2781	1.9900	2.3828	9.6509		

Fiscal Year	Multnomah County	Port of Portland	Metro	City of Portland	Portland Community College	Multnomah Education Service District
2015	\$ 4.3434	\$ 0.0701	\$ 0.0966	\$ 4.5770	\$ 0.2828	\$ 0.4576
2016	4.3434	0.0701	0.0966	4.5770	0.2828	0.4576
2017	4.3434	0.0701	0.0966	4.5770	0.2828	0.4576
2018	4.3434	0.0701	0.0966	4.5770	0.2828	0.4576
2019	4.3434	0.0701	0.0966	4.5770	0.2828	0.4576
2020	4.3434	0.0701	0.0966	4.5770	0.2828	0.4576
2021	4.3434	0.0701	0.0966	4.5770	0.2828	0.4576
2022	4.3434	0.0701	0.0966	4.5770	0.2828	0.4576
2023	4.3434	0.0701	0.0966	4.5770	0.2828	0.4576
2024	4.3434	0.0701	0.0966	4.5770	0.2828	0.4576

Notes

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

Sources

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

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

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

Notes

¹ 2024 information not available at time of distribution

Sources

Multnomah County, Division of Assessment and Taxation

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

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

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

Notes

¹ 2024 information not available at time of distribution

Sources

Multnomah County, Division of Assessment and Taxation
Tax Supervising and Conservation Commission Annual Reports for the relevant fiscal year.

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

Fiscal Year Ending June 30,	Net Taxes Levied for the Fiscal Year ¹	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years ²	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2015	\$ 341,388	\$ 323,906	94.88%	\$ 8,248	\$ 332,154	97.30%
2016	368,590	350,212	95.01	6,999	357,211	96.91
2017	386,715	368,085	95.18	6,605	374,690	96.89
2018	476,797	451,059	94.60	7,920	458,979	96.26
2019	495,645	474,602	95.75	7,825	482,427	97.33
2020	514,918	490,715	95.30	8,752	499,467	97.00
2021	536,371	512,270	95.51	6,297	518,567	96.68
2022	567,384	544,882	96.03	4,013	548,895	96.74
2023	592,538	565,245	95.39	3,915	569,160	96.05
2024	635,997	603,722	94.93	-	603,722	94.93

Notes

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

¹ The net levy is the actual imposed tax after adjustments and constitutional property tax limitations due to the passing of Measure 5 in 1990 and Measure 50 in 1997. Additional information can be found on Schedule 5. Note that the Net Taxes Levied in Schedule 5 is based on the Assessed Value, while data for this schedule is based on the actual Net Taxes Levied.

² Collections in subsequent years includes current year revenue received for taxes levied in prior years.

Sources

Multnomah, Washington and Clackamas Counties, Division of Assessment and Taxation

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

General Bonded Debt							
Fiscal Year	General Obligation Bonds	Less Amount Available for Repayment	Net Unamortized Premium (Discount)	Net General Obligation Bonds Outstanding	Percentage of Assessed Taxable Value of Property ¹	Per Student ²	General Obligation Debt Per Capita ⁴
2015	\$ 343,575	\$ (1,363)	\$ 39,974	\$ 382,186	0.88%	\$ 7,887	\$ 484
2016	311,720	(2,698)	37,726	346,748	0.76%	7,066	433
2017	276,870	(3,301)	35,507	309,076	0.65%	6,283	383
2018	593,880	(4,229)	43,937	633,588	1.27%	12,785	780
2019	495,390	(10,552)	41,224	526,062	1.03%	10,617	647
2020	832,405	(13,568)	106,051	924,888	1.72%	18,693	1,134
2021	1,105,125	(10,482)	125,762	1,220,405	2.18%	25,794	1,496
2022	1,011,460	(11,780)	117,985	1,117,665	1.87%	24,566	1,406
2023	1,323,490	(15,516)	156,056	1,464,030	2.34%	32,208	N/A
2024	1,212,240	(12,491)	146,737	1,346,486	1.95%	30,075	N/A

Other Governmental Activities Debt					
Fiscal Year	Limited Tax Pension Bonds ⁵	Full Faith & Credit Obligations	Recovery Zone Bond	Qualified Zone Academy Bond (QZAB)	Leases and Subscriptions Payable
2015	\$ 395,958	\$ 9,970	\$ 7,611	\$ -	\$ -
2016	384,074	7,601	6,698	-	-
2017	372,250	10,200	5,757	4,000	-
2018	360,172	7,402	4,789	3,800	-
2019	348,222	4,503	3,790	3,600	-
2020	336,062	4,213	2,761	3,400	-
2021	314,159	3,918	1,700	3,200	-
2022	679,186	3,613	607	3,000	-
2023	640,890	3,298	-	2,800	2,585
2024	578,650	2,973	-	2,600	3,373

Notes

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

¹ See Schedule 5 for property value data. The actual value of taxable property cannot be reasonably estimated so assessed value is used here.

² Student enrollment data can be found in Schedule 17.

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

⁴ Per capita is calculated using the estimated District population from the US Department of Commerce, Bureau of Economic Analysis as reported in Schedule 13. Data for 2023 and 2024 not available at time of printing.

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

Net Unamortized Premium (Discount)	Total District ³	Per Student ²	Per Capita ⁴
\$ (198)	\$ 796,890	\$ 16,445	\$ 1,008
(187)	747,632	15,234	933
(176)	704,408	14,320	872
(165)	1,013,815	20,458	1,249
(153)	896,576	18,094	1,103
(142)	1,284,750	25,966	1,575
(131)	1,553,733	32,839	1,904
1,259	1,817,110	39,939	2,285
(108)	2,129,011	46,837	-
(96)	1,946,573	43,478	-

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

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

Notes

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

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

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

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

Sources

Oregon State Treasury, Debt Management Division: Overlapping Debt Report

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

Legal Debt Margin Calculation for Fiscal Year 2024

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

	Debt Limit	Total net debt applicable to limit	Legal debt margin	Total net debt applicable to the limit as a percentage of debt limit
2015	\$ 6,517,491	\$ 382,186	\$ 6,135,305	5.86%
2016	7,228,979	346,748	6,882,231	4.80
2017	8,501,342	309,076	8,192,266	3.64
2018	9,670,978	633,588	9,037,390	6.55
2019	10,472,898	526,062	9,946,836	5.02
2020	10,698,745	924,888	9,773,857	8.64
2021	11,149,825	1,220,405	9,929,420	10.95
2022	11,707,470	1,117,665	10,589,805	9.55
2023	12,487,714	1,464,030	11,023,684	11.72
2024	12,455,098	1,346,486	11,108,612	10.81

Allowable Percentage of Real Market Value:

^A Kindergarten through eighth grade, 9 x .0055	4.95%
^B Ninth through twelfth, 4 x .0075	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
2015	790,294	\$ 38,906,295	\$ 49,230	5.7%
2016	801,539	41,735,341	52,069	4.9
2017	807,555	43,873,915	54,329	4.1
2018	811,880	46,966,887	57,850	4.0
2019	812,855	49,399,774	60,773	4.0
2020	815,637	52,080,033	63,852	11.6
2021	815,871	56,502,646	70,331	5.6
2022	795,083	55,618,917	69,954	3.9
2023	- ¹	- ¹	- ¹	3.6
2024	- ¹	- ¹	- ¹	3.7

Notes

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

² Oregon unemployment rates as of June 30 each year.

Source As of July 2024, not seasonally adjusted.

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

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

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

Employer	2024				2015		
	Employees	Rank	Percentage of Total Employment		Employees	Rank	Percentage of Total Employment
Ten Largest Employers							
Providence	23,100	1	1.77 %		15,239	3	1.36 %
Intel	22,328	2	1.71		17,500	1	1.57
Oregon Health & Science University	19,603	3	1.50		14,616	4	1.31
Nike Inc	15,522	4	1.19		8,000	10	0.72
Legacy Health	13,087	5	1.00		10,436	7	0.93
Kaiser Permanente	12,514	6	0.96		11,881	6	1.06
Fred Meyer Stores	9,000	7	0.69		10,237	8	0.92
Portland Public Schools	7,111	8	0.54				
City of Portland	6,753	9	0.52		8,558	9	0.77
Multnomah County	6,317	10	0.48				
US Federal Government					17,500	1	1.57
State of Oregon					14,200	5	1.27
Subtotal of Ten Largest Employers	135,335		10.36		128,167		11.48
All Other Employers	1,172,292		89.64		989,333		88.52
Total Portland MSA ¹ Employment	1,307,627 ²		100.00 %		1,117,500		100.00 %

Notes

¹ Portland-Vancouver-Hillsboro MSA includes Clackamas, Columbia, Multnomah, Washington, and Yamhill counties in Oregon, and Clark and Skamania counties in Washington.

² As of June 2024, not seasonally adjusted. State of Oregon Employment Department

Sources

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

Oregon Employment Department, Workforce and Economic Research

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

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

Notes

¹ Beginning in fiscal year 2020, Special Education staff previously shown as District Level Administration were reclassified to School Level Administration

Sources

Internal: System Planning and Performance - Analytics

<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>
2,697.3	2,709.3	2,749.2	2,720.8	2,685.6	2,650.9
647.1	688.5	640.1	647.5	675.9	693.0
165.5	172.5	174.5	184.5	179.0	169.5
16.0	4.0	4.0	7.0	4.0	4.0
<u>2,048.1</u>	<u>2,234.4</u>	<u>2,330.2</u>	<u>2,383.0</u>	<u>2,595.8</u>	<u>2,628.4</u>
<u><u>5,574.0</u></u>	<u><u>5,808.7</u></u>	<u><u>5,898.0</u></u>	<u><u>5,942.8</u></u>	<u><u>6,140.3</u></u>	<u><u>6,145.8</u></u>

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

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

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

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

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

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

Transportation				
Number of buses	286		312	
Total miles traveled ⁴	3,429,840		3,575,635	
Cost per mile	\$ 12.33		\$ 13.07	
Area encompassed by District (sq mi)	160		160	

- Notes**
- ¹ Number of meals served includes breakfast, lunch, snack, and supper.
- ² Student Participation percentage is calculated based on the average daily lunches served at elementary schools, middle schools, and high schools, over the average daily attendance (enrollment adjusted per industry factors) at the schools where nutrition services meals are served.
- ³ Per USDA guidance, free meals were available to all students during the 2020-2021 & 2021-2022 school years.
- ⁴ Due to COVID and Comprehensive Distance Learning, fewer students were transported to school sites during the 2020-2021 & 2021-2022 school years.

Sources

Internal: District Nutrition Services and Transportation departments

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

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

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

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

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."



Your peace of mind is our passion.

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*), the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of School District No. 1J, Multnomah County, Oregon (the District) as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated December 12, 2024.

Report on Internal Control Over Financial Reporting

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

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

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

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS (Continued)

Purpose of This Report

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



Portland, Oregon
December 12, 2024



Your peace of mind is our passion.

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

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

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited School District No. 1J, Multnomah County, Oregon (the District's) compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on each of District's major federal programs for the year ended June 30, 2024. The District's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs.

In our opinion, the District complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2024.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the District's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to the District's federal programs.

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

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the District's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the District's compliance with the requirements of each major federal program as a whole.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the District's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the District's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control Over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

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

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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

Talbot, Kowala & Warwick, LLP

Portland, Oregon
December 12, 2024

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

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

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

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

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

CFDA/ Grant	Grant Description	Pass-Through Grantor's No.	Period Covered	Direct or Pass-Thru	Award Amount	Expenditures	Agency Total
Department of Health and Human Services Continued							
93.788 G1912	Substance Abuse and Mental Health Services Administration Opioid STR FED- Health for K-5	159879	04/15/19-09/30/25	Direct	931,716	14,209	
93.297 G1985	Office of Assistant Secretary for Health Teenage Pregnancy Prevention Program FED- MultCo Teen Pregnancy	HD-IGA-E-12731-2021	07/01/20-06/30/24	Direct	473,751	43,676	
93.778 G2023 G2025	Centers for Medicare and Medicaid Services Medicaid Cluster Medical Assistance Program FED- Medicaid- CRP Audiology FED- Medicaid- Special Education	Medicaid Medicaid	07/01/20-N/A 07/01/20-N/A	Pass-Thru Pass-Thru	104,215 212,288	45,167 <u>39,874</u> 85,041	
Total Medicaid Cluster						85,041	
						Direct Funding	8,277,742
						Pass-Thru from Multnomah County	43,676
						Pass-Thru from Oregon Health Authority	14,209
						Pass-Thru from Oregon Department of Human Services	<u>167,680</u>
Department of Health and Human Services Total							\$ 8,503,307
Department of Homeland Security							
97.036 G2027	Federal Emergency Management Agency Disaster Grants - Public Assistance (Presidentially Declared Disasters) FED- FEMA Covid-19 Reimbursement	Multiple	03/14/20-06/30/24	Pass-Thru	N/A	6,874,451	
						Pass-Thru from Oregon Office of Emergency Management	<u>6,874,451</u>
Department of Homeland Security Total							\$ 6,874,451
Department of The Interior							
15.808 G2119 G2564	US Geological Survey US Geological Survey Research and Data Collection FED- USGS Mt Tabor FED- USGS ShakeAlert STEM FY24	IGA/R-92396 4500174137	10/01/21-12/31/23 09/15/23-06/14/24	Direct Direct	170,031 155,000	47,100 <u>93,590</u> 140,690	
						Direct Funding	<u>140,690</u>
Department of The Interior Total							\$ 140,690
National Science Foundation							
47.076 G1923	Education and Human Resources FED- Developing Leaders	1906565	09/01/19-08/31/24	Direct	1,088,014	133,435	
						Direct Funding	<u>133,435</u>
National Science Foundation Total							\$ 133,435
Grand Total						\$ 108,595,735	\$ 108,595,735

This schedule is prepared on the modified accrual basis of accounting.
1 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, 2024

Purpose of the Schedule

The accompanying Schedule of Expenditures of Federal Awards (the "Schedule") includes the federal award activity of the District under programs of the federal government for the year ended June 30, 2024. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards ("Uniform Guidance"). Because the Schedule presents only a selected portion of the operations of the District, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the District.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

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

Indirect Cost Rate

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

Federal Financial Assistance

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

Major Programs

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

Reporting Entity

The reporting entity is fully described in notes to the financial statements. The Schedule includes all federal programs administered by the District for the year ended June 30, 2024.

Expenditure Recognition

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

Subrecipients

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

SCHOOL DISTRICT NO.1J, MULTNOMAH COUNTY, OREGON

Schedule of Findings and Questioned Costs

For the Year Ended June 30, 2024

SECTION I — SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP:

Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? Yes _____ No X
- Significant deficiency(ies) identified? Yes _____ No X
- Noncompliance material to financial statements noted? Yes _____ No X

Federal Awards

Internal control over major federal programs:

- Material weakness(es) identified? Yes _____ No X
- Significant deficiency(ies) identified? Yes _____ No X

Type of auditor's report issued on compliance for major federal programs:

Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?

Yes _____ No X

Identification of major federal programs:

Assistance Listing Number(s) Name of Federal Program or Cluster

84.334 Gaining Early Awareness and Readiness for Undergraduate Programs

84.425 Education Stabilization Fund

93.600 Head Start

97.036 Public Assistance (Presidentially Declared Disasters)

Dollar threshold used to distinguish between type A and type B programs: \$ 3,000,000

Auditee qualified as low-risk auditee? Yes _____ No X

SCHOOL DISTRICT NO.1J, MULTNOMAH COUNTY, OREGON

Schedule of Findings and Questioned Costs

For the Year Ended June 30, 2024

SECTION II — FINANCIAL STATEMENT FINDINGS

No financial statement findings were reported.

SECTION III — FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

No federal award findings and questioned costs were reported.

SCHOOL DISTRICT NO. 1J, MULTNOMAH COUNTY, OREGON
Summary of Prior Year Findings and Questioned Costs
For Non-Compliance with Federal and State Requirements
For the Year Ended June 30, 2024

SECTION II — FINANCIAL STATEMENT FINDINGS

Finding 2023-001

Condition:	A material weakness in controls over financial reporting was identified for controls over revenue recognition.
Cause:	The cause appears to be related to turnover in accounting positions, a lack of communication from other departments with the Finance department, and the complexity of the transactions.
Effect or potential effect:	Revenue and expenditures were overstated by \$9,304 thousand in the Special Revenue Fund, and revenue was overstated and unearned revenue was understated by \$119,899 thousand in the Capital Projects Fund prior to being corrected by the District. A lack of effective internal controls over financial reporting for revenue may allow a material misstatement due to error or fraud.
Recommendation:	The District should implement policies and procedures to ensure that revenue is properly recorded.
Corrective Action:	The District understands and concurs with this finding. The District has implemented their corrective action plan.

Document the plan of action

1. District executive financial leadership will meet with Senior Leadership team members receiving grant funding and finance team leadership to review the process for accepting and documenting receipt of federal and state grant funds. The process will be updated to include a proactive process requiring receipt of documentation of the source of funding prior to spending or receipt of funds.

2. Accounting and Grant Managers will attend ongoing professional development and have membership to professional organizations to ensure the District is well informed of all federal and state funding available to K-12 education.

Date of implementation: December 21, 2023

SECTION III — FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

No federal award findings and questioned costs were reported.



Your peace of mind is our passion.

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

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

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of School District No. 1J, Multnomah County, Oregon (the District) as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated December 12, 2024. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States.

Compliance

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

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

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

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

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

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

Internal Control Over Financial Reporting

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

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

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

Purpose of This Report

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


Portland, Oregon
December 12, 2024

Portland Public Schools Nondiscrimination Statement

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

Board of Education Policy 1.80.020-P

Contact Information for Civil Rights Matters

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

gmurr@pps.net
lobanion@pps.net
jlovelan@pps.net
hronline@pps.net

2023-24 ACFR Preparation

Prepared by the Finance Department

Myong Leigh, Interim Chief Financial Officer

Appendix C

Book Entry Only System

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**SAMPLE OFFERING DOCUMENT LANGUAGE
DESCRIBING BOOK-ENTRY-ONLY ISSUANCE**

(Prepared by DTC--bracketed material may apply only to certain issues)

1. The Depository Trust Company ("DTC"), New York, NY, will act as securities depository for the securities (the "Securities"). The Securities will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Security certificate will be issued for [each issue of] the Securities, [each] in the aggregate principal amount of such issue, and will be deposited with DTC. [If, however, the aggregate principal amount of [any] issue exceeds \$500 million, one certificate will be issued with respect to each \$500 million of principal amount, and an additional certificate will be issued with respect to any remaining principal amount of such issue.]

2. DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.6 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has a Standard & Poor's rating of: AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

3. Purchases of Securities under the DTC system must be made by or through Direct Participants, which will receive a credit for the Securities on DTC's records. The ownership interest of each actual purchaser of each Security ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Securities are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Securities, except in the event that use of the book-entry system for the Securities is discontinued.

4. To facilitate subsequent transfers, all Securities deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Securities with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Securities; DTC's records reflect only the identity of the Direct Participants to whose accounts such Securities are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

5. Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed

by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. [Beneficial Owners of Securities may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Securities, such as redemptions, tenders, defaults, and proposed amendments to the Security documents. For example, Beneficial Owners of Securities may wish to ascertain that the nominee holding the Securities for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.]

[6. Redemption notices shall be sent to DTC. If less than all of the Securities within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.]

7. Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Securities unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to Issuer as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts Securities are credited on the record date (identified in a listing attached to the Omnibus Proxy).

8. Redemption proceeds, distributions, and dividend payments on the Securities will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from Issuer or Agent, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, Agent, or Issuer, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of Issuer or Agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

[9. A Beneficial Owner shall give notice to elect to have its Securities purchased or tendered, through its Participant, to [Tender/Remarketing] Agent, and shall effect delivery of such Securities by causing the Direct Participant to transfer the Participant's interest in the Securities, on DTC's records, to [Tender/Remarketing] Agent. The requirement for physical delivery of Securities in connection with an optional tender or a mandatory purchase will be deemed satisfied when the ownership rights in the Securities are transferred by Direct Participants on DTC's records and followed by a book-entry credit of tendered Securities to [Tender/Remarketing] Agent's DTC account.]

10. DTC may discontinue providing its services as depository with respect to the Securities at any time by giving reasonable notice to Issuer or Agent. Under such circumstances, in the event that a successor depository is not obtained, Security certificates are required to be printed and delivered.

11. Issuer may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, Security certificates will be printed and delivered to DTC.

12. The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that Issuer believes to be reliable, but Issuer takes no responsibility for the accuracy thereof.

Appendix D

Form of Continuing Disclosure Certificate

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FORM OF CONTINUING DISCLOSURE CERTIFICATE

[\$[Principal Amount]
School District No. 1J, Multnomah County, Oregon
(Portland Public Schools)
Multnomah, Washington and Clackamas Counties, Oregon
General Obligation Bonds, Series 2025
(Federally Taxable)

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.

“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. 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 4. Termination. The Issuer’s obligation to provide notices of material events 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 5. Amendment. Notwithstanding any other provision of this Certificate, the Issuer may amend this Certificate under the following conditions:

A. 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 Issuer, or type of business conducted; and,

B. 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.

Section 6. 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 7. 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 8. 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 9. 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 10. 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 _____ 2025.

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

Authorized Officer

Appendix E

Form of Bond Declaration

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BOND DECLARATION

**School District No. 1J, Multnomah County, Oregon
(Portland Public Schools)
Multnomah, Washington and Clackamas Counties, Oregon
General Obligation Bonds, Series 2025
(Federally Taxable)**

**Executed on behalf of School District No. 1J, Multnomah County, Oregon
(Portland Public Schools)
Multnomah, Washington and Clackamas Counties, Oregon
as of [Closing Date], 2025**

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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], 2025, 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 2025 (Federally Taxable) 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.

“District Official” means the Deputy Superintendent of Business & Operations, Chief Financial Officer or the person designated by any of those individuals to act under this Declaration pursuant to the Resolution.

“DTC” means The Depository Trust Company, New York, New York, the securities depository for the Bonds.

“Event of Default” refers to an Event of Default listed in Section 8(1) of this Bond Declaration.

“Government Obligations” means direct noncallable and nonprepayable obligations of the United States, or noncallable and nonprepayable obligations the principal of and interest on which are fully and unconditionally guaranteed by the United States.

“Outstanding” refers to all Bonds authorized and delivered pursuant to this Bond Declaration except Bonds which have been paid, canceled, or defeased pursuant to Section 9 of this Bond Declaration, and Bonds which have matured but have not been presented for payment for the payment of which adequate money has been transferred to the Paying Agent.

“Owner” means the person shown on the Bond register maintained by the Paying Agent as the registered owner of a Bond.

“Paying Agent” means the registrar and paying agent for the Bonds, which, at the time of execution of this Bond Declaration, is U.S. Bank Trust Company, National Association.

“Record Date” means the last Business Day of the month preceding a payment date.

“Resolution” means District Resolution No. 6209 adopted by the Board of Education on November 17, 2020, 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, 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], 2025. The Bonds shall mature on June 15, 2026, as shown in the table below, and shall bear interest which is payable on December 15, 2025 and June 15, 2026. Interest is calculated based on 360 day year of twelve 30-day month.

Due	Principal	Interest	CUSIP No.
<u>June 15</u>	<u>Amount (\$)</u>	<u>Rate (%)</u>	[(625517)]
2026			

- (2) The Bond proceeds shall be used to finance capital costs described in Measure 26-215 from the November 3, 2020 election.
- (3) Interest on the Bonds is not excludable from gross income for federal income tax purposes, as provided in greater detail in the official statement for the Bonds. Interest on the Bonds is 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 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; or
 - (C) 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.
 - (D) 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. No Redemption of Bonds.

- (1) No Optional Redemption of the Bonds. The Bonds are not subject to optional redemption prior to maturity.
- (2) The District reserves the right to purchase Bonds in the open market.

Section 6. Authentication, Registration and Transfer.

- (1) No Bond shall be entitled to any right or benefit under this Bond Declaration unless it shall have been authenticated by an authorized officer of the Paying Agent. The Paying Agent shall authenticate all Bonds to be delivered at closing of the Bonds, and shall additionally authenticate all Bonds properly surrendered for exchange or transfer pursuant to this Bond Declaration.
- (2) The ownership of all Bonds shall be entered in the Bond register maintained by the Paying Agent, and the District and the Paying Agent may treat the person listed as owner in the Bond register as the owner of the Bond for all purposes.
- (3) While the Bonds are in book-entry only form, the Paying Agent shall transfer Bond principal and interest payments in the manner required by DTC.
- (4) If the Bonds cease to be in book-entry only form, the District shall amend this Bond Declaration to provide for an alternative system of registration and payment for the Bonds that is of general acceptance in the municipal bond market. If no better system is then available, the District shall amend this Bond Declaration to provide that printed, registered Bonds shall be issued to beneficial owners of the Bonds, and shall give notice of those amendments to all Owners.
- (5) Bonds may be exchanged for an equal principal amount of Bonds of the same maturity which are in different denominations, and Bonds may be transferred to other Owners if the Owner submits the following to the Paying Agent:
 - (A) written instructions for exchange or transfer satisfactory to the Paying Agent, signed by the Owner or attorney in fact and guaranteed or witnessed in a manner satisfactory to the Paying Agent and
 - (B) the Bonds to be exchanged or transferred.
- (6) The Paying Agent shall not be required to exchange or transfer any Bonds submitted to it during any period beginning with a Record Date and ending on the next following payment date; however, such Bonds shall be exchanged or transferred promptly following that payment date.
- (7) The Paying Agent shall note the date of authentication on each Bond. The date of authentication shall be the date on which the Owner's name is listed on the Bond register.
- (8) For purposes of this Section 6, Bonds shall be considered submitted to the Paying Agent on the date the Paying Agent actually receives the materials described in Section 6(5), above.
- (9) The District may alter these provisions regarding registration and transfer by mailing notification of the altered provisions to all Owners. The altered provisions shall take

effect on the date stated in the notice, which shall not be earlier than 45 days after notice is mailed.

Section 7. Amendment of Bond Declaration.

- (1) The District may amend this Bond Declaration without the consent of any Owner for any one or more of the following purposes:
 - (A) To cure any ambiguity or formal defect or omission in this Bond Declaration;
 - (B) To add to the covenants and agreements of the District in this Bond Declaration other covenants and agreements to be observed by the District which are not contrary to or inconsistent with this Bond Declaration as theretofore in effect;
 - (C) To confirm, as further assurance, any security interest or pledge created under this Bond Declaration or any Supplemental Declaration;
 - (D) To provide for the alternative system of registration and payment for the Bonds pursuant to Section 6(4) of this Bond Declaration; or
 - (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; 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.

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 _____, 2025.

**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 2025
(Federally Taxable)

Dated Date: [Closing Date], 2025

Interest Rate Per Annum: [_____]%

Maturity Date: June 15, 2026

CUSIP Number: [625517]____

Registered Owner: -----Cede & Co.-----

Principal Amount: ----- Dollars-----

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 on December 15, 2025 and June 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 2025 (Federally Taxable) (the "Bonds"). The Bonds are issued pursuant to the authority granted by the voters of the District at the election held on November 3, 2020, Resolution No. 6209 adopted by the Board of Education on November 17, 2020, and a Bond Declaration dated as of [Closing Date], 2025 (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 as described in the Resolution. The Bonds are not subject to optional redemption prior to maturity.

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 2025 (Federally Taxable), and is authorized to be issued under the terms of the Resolution described herein.

Date of authentication: [Closing Date], 2025.

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.